

Shubh Nivesh



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Structural levers in place for sustained outperformance

About the stock: Jindal Stainless (JSL), founded in 1970, is India's leading stainless-steel company and top five stainless steel makers globally (Ex China).

- Operates integrated stainless-steel plant capacity of ~4.2 million tons per annum (India- 3 MTPA & Indonesia- 1.2 MTPA).

Investment Rationale:

- Structural demand tailwinds and capacity addition to underpin long-term growth:** Stainless steel is gaining prominence across infrastructure applications, supported by its durability, lightweight properties and corrosion resistance. India's stainless-steel consumption grew at a healthy ~13% CAGR over FY21-25, while low per-capita consumption of ~3 kg versus ~6 kg globally provides significant headroom for growth. As India's largest stainless-steel producer with 3 MTPA capacity, JSL is well positioned to benefit from this structural demand growth, supported by its recently commissioned 1.2 MTPA melting facility in Indonesia, in which it holds a 49% stake. Moreover, JSL has retained its FY27E volume growth guidance of 7-9%, despite a 7% decline in Q1FY27, and targets ~3.5 MT of sales volume by FY29. The proposed ~4 MTPA greenfield project in Maharashtra is expected to provide the next leg of growth beyond FY29.
- Higher value-added products and backward integration to support margins:** JSL continues to strengthen its value-added product portfolio through HRAP and CRAP additions at its Odisha facility, along with ~₹900 crore investment in cold-rolling capacity. Additionally, its 49% stake in a 0.2 MTPA nickel pig iron project is expected to provide cost-efficient access to nickel, a key raw material for stainless-steel production. Despite temporary disruptions from lower LPG availability and West Asia-related logistics issues, consolidated EBITDA/tonne remained resilient at ~₹22,900 in Q1FY27, driven by favourable product mix. As operations normalise, EBITDA/ton is projected at ₹23k/₹24.5k in FY27E/FY28E.
- Healthy B/S leverage to support growth investments:** JSL continues to maintain a strong balance sheet, with net debt/EBITDA below 1x despite undertaking a ~₹5,400 crore capex programme. As newly commissioned capacities ramp up, annual operating cash flows are expected to exceed ₹5,000 crore, supporting further deleveraging. Consequently, return ratios are expected to improve, with RoCE projected to reach ~17.6% by FY28E.

Rating and Target Price:

- JSL is well positioned for sustained earnings growth, supported by capacity-led volume growth, healthy domestic stainless-steel demand, increasing contribution from value-added products, easing raw material and energy cost pressures, and deeper backward integration. Moreover, continued promoter buying from the open market reinforces our long-term investment thesis on the stock. Thus, we assign **BUY** rating on Jindal Stainless (JSL), with target price of **₹915** i.e. 10.5x on FY28E EV/EBITDA.

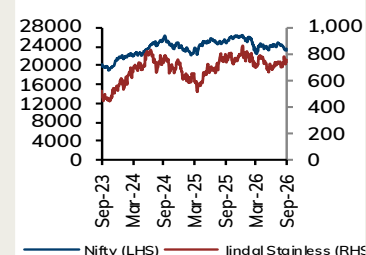
Particulars

Particulars	₹ crore
Market capitalisation	61,774
Total Debt (FY26)	7,342
Cash & Investment (FY26)	2,936
EV (₹ crore)	66,180
52-week H/L (₹)	884 / 652
Equity capital (₹ crore)	165
Face value (₹)	2

Shareholding pattern

	Sep-25	Dec-25	Mar-26	June-26
Promoters	61.2	61.2	62.0	62.0
FII	21.4	21.5	20.9	20.5
DII	7.1	7.2	7.2	7.4
Others	10.3	10.0	9.9	10.1

Price Chart



Key risks

- Reported steady Q1FY27 results Sales/PAT is expected to grow at ~13%/19% CAGR over FY26-28E.
- Key Risk:** i) sharp volatility in raw material prices could weigh on profitability (ii) surge in cheap imports can potentially put pressure on its margin profile.

Research Analyst

Shashank Kanodia, CFA
shashank.kanodia@icicisecurities.com

Manisha Kesari
manisha.kesari@icicisecurities.com

Himalaya Arora
himalaya.arora@icicisecurities.com

Key Financial Summary

Key Financials (₹ crore)	FY23	FY24	FY25	FY26	5-year CAGR (FY21-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Net Sales	35,697	38,562	39,312	42,955	7.0%	50,576	54,615	12.8%
EBITDA	3,586	4,704	4,667	5,560	2.2%	6,325	7,264	14.3%
EBITDA Margins (%)	10.0	12.2	11.9	12.9		12.5	13.3	
Net Profit	2,115	2,713	2,506	3,193	0.9%	3,746	4,552	19.4%
EPS (₹)	25.7	32.9	30.4	38.8		45.5	55.2	
P/E	29.2	22.8	24.7	19.4		16.5	13.6	
RoNW (%)	18.4	18.7	14.9	16.4		16.3	16.9	

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research
Desk,
ICICI Securities Limited,
Third Floor, Brillanto
House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservation@icicidirect.com Contact Number: 18601231122

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