

January 31, 2025

Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	715		739	
Sales (Rs. bn)	519	558	515	551
% Chng.	0.8	1.3		
EBITDA (Rs. bn)	63	69	65	71
% Chng.	(2.2)	(2.9)		
EPS (Rs.)	46.2	53.9	48.4	56.6
% Chng.	(4.6)	(4.9)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. bn)	386	430	519	558
EBITDA (Rs. bn)	47	50	63	69
Margin (%)	12.2	11.7	12.2	12.4
PAT (Rs. bn)	26	27	38	44
EPS (Rs.)	32.1	33.2	46.2	53.9
Gr. (%)	24.8	3.7	38.9	16.7
DPS (Rs.)	3.0	3.0	3.0	3.0
Yield (%)	0.5	0.5	0.5	0.5
RoE (%)	20.1	17.5	20.4	19.7
RoCE (%)	22.1	18.9	21.7	22.8
EV/Sales (x)	1.5	1.4	1.1	0.9
EV/EBITDA (x)	12.1	11.8	8.9	7.5
PE (x)	20.2	19.5	14.0	12.0
P/BV (x)	3.7	3.2	2.6	2.2

Key Data

JIST.BO | JDSL IN

52-W High / Low	Rs.848 / Rs.527
Sensex / Nifty	76,760 / 23,250
Market Cap	Rs.535bn / \$ 6,170m
Shares Outstanding	824m
3M Avg. Daily Value	Rs.480.38m

Shareholding Pattern (%)

Promoter's	60.71
Foreign	22.16
Domestic Institution	6.27
Public & Others	10.86
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(5.5)	(12.9)	13.5
Relative	(3.7)	(7.5)	5.2

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Strong domestic volume growth

Quick Pointers:

- The management maintained FY25E volume guidance at ~10% (at lower end of range given earlier) on weak export markets. Std. EBITDA/t at ~Rs17,000.
- Chromeni plant has started and being ramped up; contributing ~ 15kt/month (30% CU), expected to deliver ~30kt in FY25E.

Jindal Stainless (JDSL) reported in-line standalone operating performance in Q3FY25 led by strong volume growth. Volumes grew 15% YoY to 588kt led by strong 20% YoY domestic demand led by infra, processing and railways sector. Exports volume continued to decline and contributed ~8.5% to total volumes. Average realization declined 0.8% QoQ due to flattish Stainless Steel (SS) prices amid cheap imports from China and continued weakness in export market led by Europe. EBITDA/t was largely in-line with PLe at Rs17,075 despite tough market conditions. JDSL is strengthening its presence in export markets through offerings of niche products and working on product development for niche applications viz. defense, nuclear, aerospace sectors. Management remains hopeful for Gov measures to curb Chinese imports and no major increase in tariffs from USA (c.25%).

We expect domestic demand to remain strong over next few years aided by planned railway infrastructure expansion and Gov's focus on increasing usage of stainless steel (SS) in coastal areas. Ramp up of Chromeni over FY26-27E would aid cold rolled volume growth. Things to watch out for: a) uptick in domestic demand post budget, b) recovery in export volumes, and c) SS and nickel pricing spreads. We expect JDSL to deliver strong 12%+ CAGR over FY24-27E as it has adequate capacity. We cut our FY26/27E EBITDA estimates by 2%/3% incorporating lower SS pricing. We expect revenue/EBITDA/PAT CAGR of 13%/14%/20% over FY24-27E. At CMP, the stock is trading at 8.9x/7.5x EV of FY26E/FY27E EBITDA. Maintain 'Accumulate' rating with revised TP of Rs716 (earlier Rs739) valuing at 9x EV of Sep'26E EBITDA.

Revenue growth led by higher domestic volume growth: JDSL's standalone merged revenue grew 11% YoY to Rs100.6bn (+3% QoQ; PLe Rs99bn) on higher volumes. Average realization declined 0.8% QoQ to Rs171k/t (-3.5% YoY; PLe Rs171k/t) as export volume continued to decline amidst weak global demand. Imports grew 5% QoQ to 262kt during the quarter and remained ~30% of total market similar to FY24. Stainless steel (SS) volumes grew 15% YoY to 588kt (up 4% QoQ; PLe 579kt) on strong domestic volumes. Domestic volumes grew 20% YoY to 538kt while export volumes declined 21% YoY to 50kt forming 8.5% of total JDSL's volumes. JDSL tried to strengthen its presence in weak export markets through niche offerings to global customers, especially in lifts and elevators, auto, white goods and metro segments.

EBITDA/t was impacted by weak NSR from flat SS prices and lower exports: Std. EBITDA declined 1.7% YoY to Rs 10bn (PLe Rs10.1bn; flat QoQ). EBITDA/t declined 14% YoY to Rs17,075 (-4% QoQ; PLe Rs17,523/t) which was affected due to tad higher other expenses. RM cost/t declined 2% YoY to Rs116k, employee cost grew 21% YoY to Rs3158/t, Stores remained flat YoY at Rs8218, P&F declined 9% YoY to Rs10k while other expenses declined 2% YoY to Rs16.3k (tad higher despite higher volumes). Cons. EBITDA declined 3% YoY to Rs12.1bn tad lower than PLe of Rs 12.7bn. JUSL EBITDA declined 2.6% YoY to Rs1.91bn. Cons. reported PAT declined 5% YoY to Rs6.5bn (PLe Rs6.7bn).

Q3FY25 Conference Call Highlights:

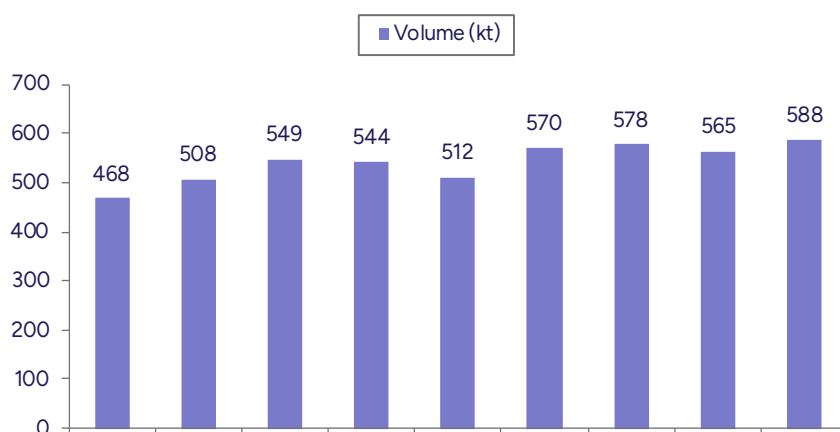
- Volume guidance for FY25 maintained at ~10%. EBITDA/t is expected to be Rs17,000 for FY25.
- JDSSL's std. net debt has reduced to Rs33.4bn. Consolidated debt guidance for end FY25 remains unchanged at Rs55bn.
- JDSSL's debt to equity and net debt to EBITDA stood at 0.2x and 0.9x, respectively
- Share of RE power has increased to 17% in Q3FY25 from 1% in FY24; resulting in significant reduction in Scope 2 emissions. This is supported by installation of a 3.7MW of solar roof off capacity at Hisar.
- SMS plant at Indonesia is on track to commission by H2FY27.
- Recently commissioned NPI project is being ramped up and currently operating at 65% utilisation.
- Chromeni plant has started and now being ramped up; contributing ~15kt/month, expected to deliver ~30kt in FY25E.
- Volume mix for 3QFY25 was 38%/46%/16% for Series 200/300/400, and 36%/46%/17% for 9MFY25.
- Management maintained its FY25 capex guidance of Rs55bn, out of which ~Rs2.7bn already spent on acquisitions (Chromeni, NPI pending, working capital and Indonesia SMS), and Rs11bn spent on other projects so far in 9MFY25.
- Out of total volume, value added products proportion was ~35-40% in Q3FY25.
- JDSSL is currently producing ~4kt per month from Rabirun plant.
- Out of total exports, Europe accounts ~60%-65% share, followed by US ~20%. Continued weakness in European economies is putting stress on export demand.

Exhibit 1: Q3FY25 Result Overview - Consolidated

Y/e March (Rs bn)	Q3FY25	Q3FY24	YoY gr. (%)	Q3FY25E	Var. %	Q2FY25	QoQ Gr. (%)	9MFY25	9MFY24	YoY Gr. (%)
Net Sales	99.1	91.3	8.5	103.1	-3.9	97.8	1.3	291.1	291.1	0.0
Raw material	67.0	61.5	9.0	70.8	-5.4	68.2	-1.6	198.1	202.0	-1.9
<i>% of Net Sales</i>	<i>67.7</i>	<i>67.4</i>		<i>68.7</i>	<i>-1.5</i>	<i>69.7</i>		<i>68.1</i>	<i>69.4</i>	
Staff Cost	2.2	1.6	37.1	2.2	-1.6	2.1	6.7	6.3	4.6	38.0
<i>% of Net Sales</i>	<i>2.2</i>	<i>1.8</i>		<i>2.2</i>	<i>2.4</i>	<i>2.1</i>		<i>2.2</i>	<i>1.6</i>	
Stores and spares consumed	5.3	4.4	20.1	5.2	3.5	4.6	16.1	14.8	12.8	15.8
<i>% of Net Sales</i>	<i>5.4</i>	<i>4.9</i>		<i>5.0</i>	<i>7.7</i>	<i>4.7</i>		<i>5.1</i>	<i>4.4</i>	
Power & fuel	6.2	6.0	2.3	6.0	3.0	5.4	14.7	17.7	16.2	9.0
<i>% of Net Sales</i>	<i>6.2</i>	<i>6.6</i>		<i>5.8</i>	<i>7.2</i>	<i>5.5</i>		<i>6.1</i>	<i>5.6</i>	
Other expenses	6.3	5.3	19.0	6.2	1.2	5.7	9.7	18.2	18.9	-3.3
<i>% of Net Sales</i>	<i>6.3</i>	<i>5.8</i>		<i>6.0</i>	<i>5.3</i>	<i>5.8</i>		<i>6.3</i>	<i>6.5</i>	
Total expenditure	87.0	78.8	10.4	90.4	-3.8	85.9	1.3	255.1	254.4	0.3
EBITDA	12.1	12.5	-3.1	12.7	-5.1	11.9	1.8	36.1	36.7	-1.7
<i>Margin (%)</i>	<i>12.2</i>	<i>13.7</i>		<i>12.3</i>	<i>-1.2</i>	<i>12.1</i>		<i>12.4</i>	<i>12.6</i>	
Depreciation	2.4	2.4	2.6	2.4	-1.4	2.4	0.3	7.1	6.5	10.8
EBIT	9.7	10.1	-4.4	10.3	-6.0	9.5	2.1	28.9	30.2	-4.4
Other income	1.0	0.4	154.3	0.4	149.3	0.5	110.6	2.0	1.1	72.5
Interest	1.6	1.5	10.1	1.6	1.2	1.6	1.2	4.6	4.0	15.2
PBT	9.0	9.0	0.1	9.1	-0.4	8.3	8.4	26.3	27.4	-4.0
Extraordinary income/(expense)	0.0	0.0	NA	0.0	NA	0.0	NA	0.0	1.0	NA
PBT (after EO)	9.0	9.0	0.1	9.1	-0.4	8.3	8.4	26.3	28.4	-7.5
Tax	2.4	2.3	4.5	2.4	-0.2	2.2	4.8	7.0	7.0	0.4
Reported PAT	6.7	6.8	-1.4	6.7	-0.5	6.1	9.8	19.3	21.4	-10.0
Minority interest	-0.0	0.0	NA	-0.0	NA	0.0	NA	0.0	-0.2	NA
Share of profit/(losses) in Associates	-0.1	0.1	NA	0.0	NA	0.0	NA	-0.2	0.5	NA
Net Profit attributable to shareholders	6.5	6.9	-5.4	6.7	-2.9	6.1	7.1	19.1	22.1	-13.5
Adjusted PAT	6.5	6.9	-5.4	6.7	-2.9	6.1	7.1	19.1	20.8	-8.2

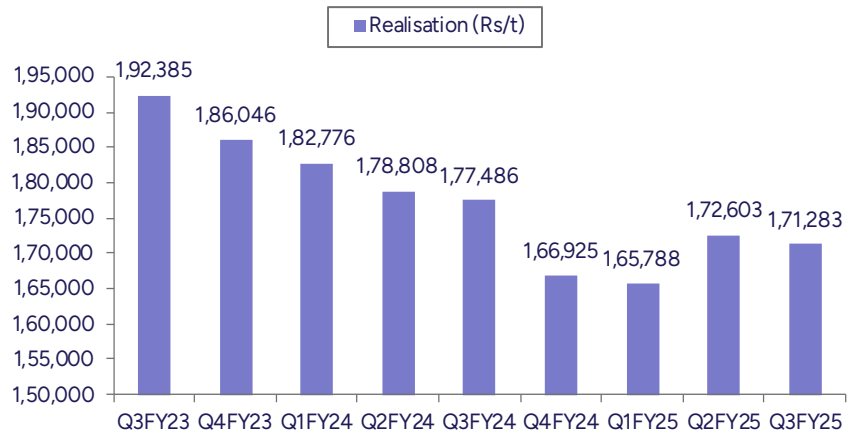
Source: Company, PL

Exhibit 2: Robust vol. growth of 15% YoY aided by domestic demand (20% YoY)



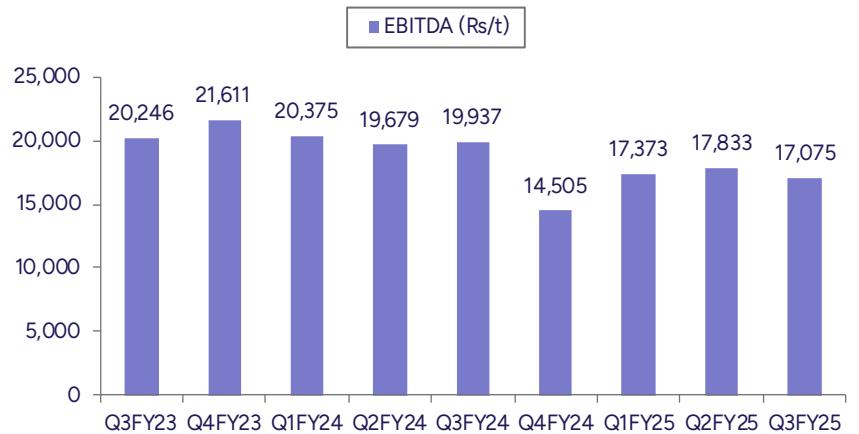
Source: Company, PL

Exhibit 3: Realization/t fell 0.8% QoQ on lower exports share and flat SS pricing



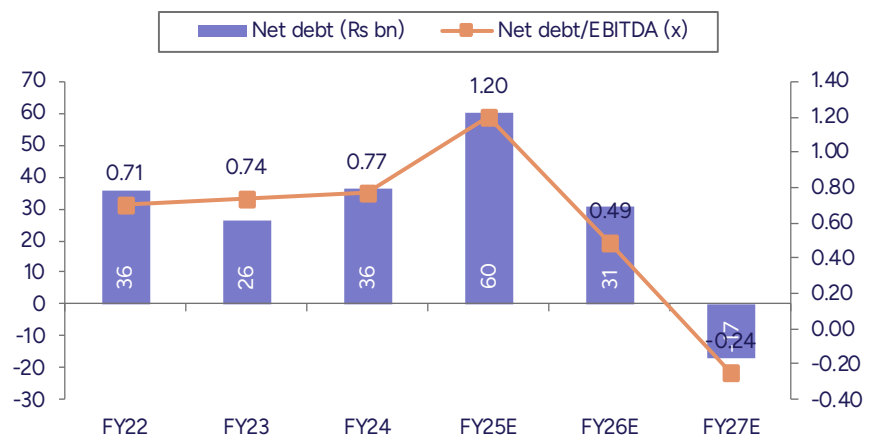
Source: Company, PL

Exhibit 4: EBITDA/t declined 14% YoY due to weak NSR



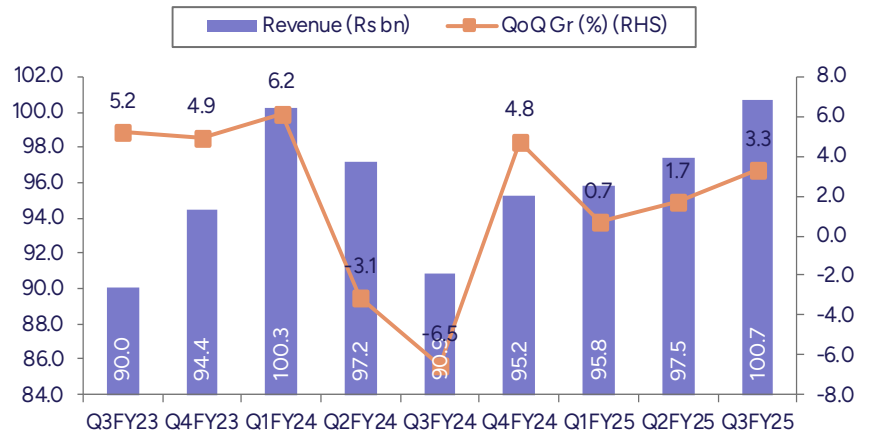
Source: Company, PL

Exhibit 5: JDSL debt metrics to remain at lower end despite ongoing capex



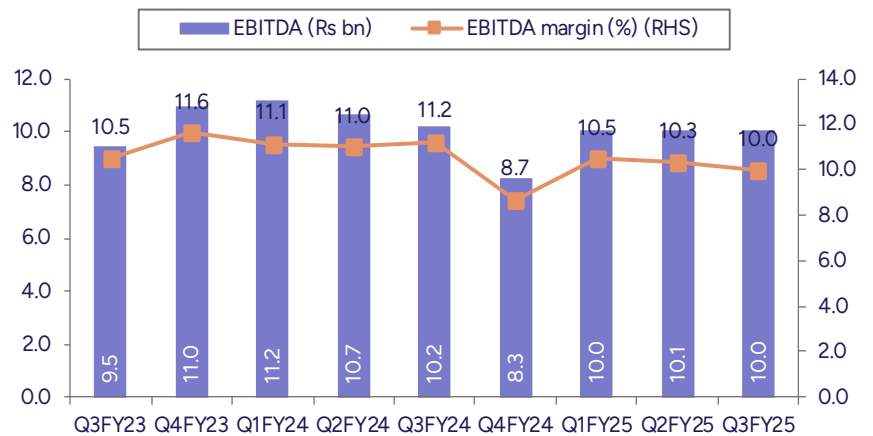
Source: Company, PL

Exhibit 6: Revenue grew 11% YoY led by strong volume growth (15% YoY)



Source: Company, PL

Exhibit 7: Margins declined YoY due to weak NSR and export volumes



Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	386	430	519	558
YoY gr. (%)	8.0	11.6	20.6	7.5
Cost of Goods Sold	267	287	341	367
Gross Profit	118	143	178	191
Margin (%)	30.7	33.3	34.3	34.2
Employee Cost	6	10	14	15
Other Expenses	65	83	100	107
EBITDA	47	50	63	69
YoY gr. (%)	31.2	7.1	25.6	9.1
Margin (%)	12.2	11.7	12.2	12.4
Depreciation and Amortization	9	11	12	13
EBIT	38	40	51	56
Margin (%)	9.9	9.3	9.8	10.0
Net Interest	6	7	6	3
Other Income	2	2	2	2
Profit Before Tax	35	35	47	55
Margin (%)	9.2	8.1	9.1	9.9
Total Tax	9	9	12	14
Effective tax rate (%)	25.4	25.0	25.0	26.0
Profit after tax	26	26	35	41
Minority interest	0	0	0	0
Share Profit from Associate	1	1	3	4
Adjusted PAT	26	27	38	44
YoY gr. (%)	24.8	3.7	38.9	16.7
Margin (%)	6.8	6.4	7.3	8.0
Extra Ord. Income / (Exp)	1	-	-	-
Reported PAT	27	27	38	44
YoY gr. (%)	28.3	0.9	38.9	16.7
Margin (%)	7.0	6.4	7.3	8.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	27	27	38	44
Equity Shares O/s (m)	1	1	1	1
EPS (Rs)	32.1	33.2	46.2	53.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	181	217	237	247
Tangibles	168	205	225	235
Intangibles	12	12	12	12
Acc: Dep / Amortization	52	62	75	88
Tangibles	48	58	71	84
Intangibles	4	4	4	4
Net fixed assets	129	164	171	168
Tangibles	120	155	162	159
Intangibles	9	9	9	9
Capital Work In Progress	11	21	14	9
Goodwill	3	3	3	2
Non-Current Investments	13	13	13	13
Net Deferred tax assets	(12)	(12)	(12)	(12)
Other Non-Current Assets	4	4	4	4
Current Assets				
Investments	3	3	3	3
Inventories	79	94	114	122
Trade receivables	28	33	40	43
Cash & Bank Balance	20	6	10	28
Other Current Assets	14	14	14	14
Total Assets	308	358	389	410
Equity				
Equity Share Capital	2	2	2	2
Other Equity	142	167	202	244
Total Network	144	168	204	246
Non-Current Liabilities				
Long Term borrowings	46	56	31	1
Provisions	1	1	1	1
Other non current liabilities	4	4	4	4
Current Liabilities				
ST Debt / Current of LT Debt	14	14	14	14
Trade payables	69	83	100	107
Other current liabilities	17	19	23	24
Total Equity & Liabilities	308	358	389	410

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	36	35	47	55
Add. Depreciation	9	11	12	13
Add. Interest	6	7	6	3
Less Financial Other Income	2	2	2	2
Add. Other	(2)	(2)	(2)	(2)
Op. profit before WC changes	48	50	63	69
Net Changes-WC	8	(5)	(6)	(3)
Direct tax	(7)	(9)	(12)	(14)
Net cash from Op. activities	48	37	46	52
Capital expenditures	(15)	(55)	(13)	(5)
Interest / Dividend Income	1	2	2	2
Others	(20)	-	-	-
Net Cash from Invt. activities	(33)	(53)	(11)	(3)
Issue of share cap. / premium	-	-	-	-
Debt changes	0	10	(25)	(30)
Dividend paid	-	-	-	-
Interest paid	(5)	(7)	(6)	(3)
Others	0	-	-	-
Net cash from Fin. activities	(5)	3	(31)	(33)
Net change in cash	9	(13)	4	16
Free Cash Flow	33	(18)	33	47

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	32.1	33.2	46.2	53.9
CEPS	42.7	46.0	61.4	70.1
BVPS	174.4	204.6	247.8	298.7
FCF	40.6	(21.8)	39.8	57.3
DPS	3.0	3.0	3.0	3.0
Return Ratio(%)				
RoCE	22.1	18.9	21.7	22.8
ROIC	18.2	14.2	16.6	18.5
RoE	20.1	17.5	20.4	19.7
Balance Sheet				
Net Debt : Equity (x)	0.3	0.4	0.2	(0.1)
Net Working Capital (Days)	36	38	38	38
Valuation(x)				
PER	20.2	19.5	14.0	12.0
P/B	3.7	3.2	2.6	2.2
P/CEPS	15.2	14.1	10.6	9.3
EV/EBITDA	12.1	11.8	8.9	7.5
EV/Sales	1.5	1.4	1.1	0.9
Dividend Yield (%)	0.5	0.5	0.5	0.5

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	95	94	98	99
YoY gr. (%)	(3.2)	(7.4)	(0.2)	8.5
Raw Material Expenses	65	63	68	67
Gross Profit	29	31	30	32
Margin (%)	31.1	33.3	30.3	32.3
EBITDA	10	12	12	12
YoY gr. (%)	(9.5)	1.6	(3.6)	(3.1)
Margin (%)	10.9	12.8	12.1	12.2
Depreciation / Depletion	2	2	2	2
EBIT	8	10	9	10
Margin (%)	8.5	10.4	9.7	9.7
Net Interest	2	1	2	2
Other Income	1	1	-	1
Profit before Tax	7	9	8	9
Margin (%)	7.4	9.4	8.5	9.1
Total Tax	2	2	2	2
Effective tax rate (%)	28.7	27.0	27.0	26.1
Profit after Tax	5	6	6	7
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	5	6	6	7
YoY gr. (%)	(34.6)	(13.1)	(21.0)	(5.4)
Margin (%)	5.3	6.9	6.3	6.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	5	6	6	7
YoY gr. (%)	(34.6)	(13.1)	(21.1)	(5.4)
Margin (%)	5.3	6.9	6.3	6.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5	6	6	7
Avg. Shares O/s (bn)	1	1	1	1
EPS (Rs)	6.1	7.9	7.4	8.0

Source: Company Data, PL Research

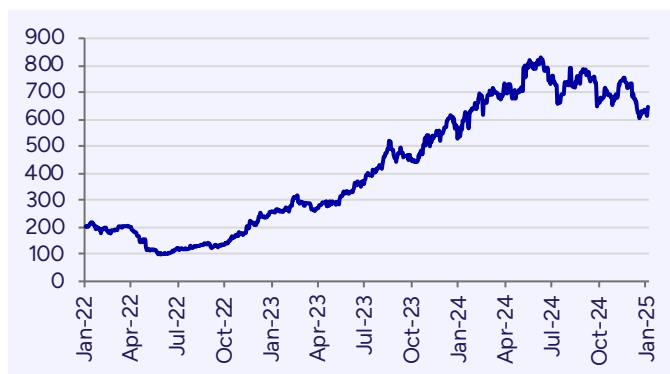
Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales volumes (mt)	2.2	2.4	2.9	3.0
Std EBITDA/t (Rs)	18,558	16,684	18,346	18,713
Reasalisation/t (Rs)	1,76,381	1,69,881	1,72,881	1,73,881

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jan-25	Accumulate	739	636
2	19-Oct-24	Accumulate	814	740
3	07-Oct-24	Accumulate	849	779
4	22-Aug-24	Accumulate	836	741
5	02-Aug-24	Accumulate	836	736
6	07-Jul-24	Reduce	712	827
7	17-May-24	Hold	712	680
8	12-Apr-24	Hold	705	698

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,878	2,001
2	Ambuja Cement	BUY	628	522
3	Dalmia Bharat	Accumulate	1,988	1,799
4	Hindalco Industries	BUY	682	589
5	Jindal Stainless	Accumulate	739	636
6	Jindal Steel & Power	Accumulate	997	932
7	JSW Steel	Hold	919	932
8	National Aluminium Co.	Reduce	211	199
9	NMDC	Accumulate	80	65
10	Nuvoco Vistas Corporation	Hold	339	353
11	Shree Cement	Hold	24,838	26,027
12	Steel Authority of India	Reduce	110	108
13	Tata Steel	Accumulate	145	129
14	Ultratech Cement	Accumulate	12,350	11,421

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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