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High Conviction MTF Pick

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Jayaswal Neco

About the Company

Jayaswal Neco Industries Limited (JNIL) is the flagship company of NECO Group of Industries. Over the past decade, JNIL has navigated a challenging financial phase, including near referral to IBC, but has since stabilized its operations and balance sheet through asset monetization, refinancing, and capacity ramp-ups. The company will be operating as a cost-efficient steel producer with captive mines, pelletisation, power generation, and downstream steel capacity, positioning itself strongly for sustainable growth.

Iron Ore Mining Operations – Strong Captive Resource Advantage JNIL has established operational presence across two captive iron ore mines in Chhattisgarh — Metabodeli, with a mining capacity of 1 MTPA valid until 2052, and Chotedongar, with production capacity extending up to 6 MTPA and mine validity until 2055. Currently, the company is operating at a combined iron ore mining capacity of 3 MTPA against an approved operational capacity of 4 MTPA, while an additional 3 MTPA expansion remains under approval.

Pelletisation and Beneficiation – EBITDA Accretive Expansion

JNIL currently operates a 1.5 MTPA pellet plant. The company has announced plans to expand this capacity with another 1.5 MTPA capacity with capex of Rs 7200 mn, contingent on funding and cash flows over the next two years. Given the pellet margins of ₹1,000–1,500 per ton for low-cost miners, this expansion is likely to generate substantial incremental EBITDA.

Strengthening the Balance Sheet through Debt refinancing

As of March 31, 2025, the company's debt stands at ~Rs 21,179 mn. In FY 2025-26 the Company has achieved Financial Closure for Debt Refinance through issuance of lower rate NCDs and internal accruals , further liquidity augmented by working capital. Furthermore, 100% of the promoter's shareholding (61.2% as on 31 December 2025) will be pledged with new lenders, with 50% to be released post 50% of the repayment, enhancing financial flexibility.

View - Jayaswal Neco Industries has transitioned from a stressed asset to a structurally stronger, integrated steel and mining player. With secure mining leases till 2055, expansion in pelletisation and beneficiation capacities, cost-efficient integrated steel operations, and an ongoing debt optimization exercise, the company is well-positioned to deliver sustainable earnings growth and margin improvement. The successful refinancing of its high-cost debt will further release cash flows for capex and growth, enabling JNIL to emerge as a competitive mid-cap steel player with strong captive resource advantages.

We have valued the company using the EV/EBITDA valuation method, applying a 5x multiple on FY28E earnings, arriving at a target price of Rs 124.

NSE/BSE	JAYNECOIND/ 522285
CMP	105
Upside	18%
Target Price	124
Bloomberg Code	NGE:IN
High/Low	117 / 34.8
Market Cap (in Rs)	103.99 bn

Shareholding %

Particulars	Q2FY26	Q2FY26	Q4FY26
Promoter	55.15%	55.15%	55.15%
FII	1.07%	1.29%	0.90%
DII	0.51%	0.21%	0.30%
Others	43.27%	43.35%	43.65%

 # Promoter Pledge: 99.9%

NIFTY VS NGE

Particulars	1M	3M	6M	12M
NIFTY	(1.9)	(9.4)	(9.6)	(6.2)
NGE	18.9	29.8	40.3	150.1

Key Metrix

Particulars (in mn)	FY26E	FY27E	FY28E
Revenue	71,318.2	1,29,250.0	1,49,500.0
EBITDA	13,275.4	20,680.0	25,415.0
PAT	4,631.1	11,451.7	15,551.1
EPS	4.8	11.8	16.0
Growth (%)			
Revenue	18.9	81.2	15.7
EBITDA	41.3	55.8	22.9
PAT	311.0	147.3	35.8
Margins (%)			
EBITDA Margin	18.6	16.0	17.0
PAT Margin	6.5	8.9	10.4
Valuation			
P/E	*14.3*	*5.8*	*4.3*
EV/EBITDA	*9.3*	*6.0*	*4.5*
ROE	16.3	27.5	27.2
ROCE	25.0	33.5	36.4
NET DEBT//EQ	0.8	0.5	0.2

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Financials & Ratio Analysis

Income Statement			(Rs in mn)
Particulars	FY26	FY27E	FY28E
Revenue from Operation	**71,318.2**	**1,29,250.0**	**1,49,500.0**
COGS	27,893.4	55,906.2	64,626.8
% Sales	*39.1%*	*43.3%*	*43.2%*
Gross Profit	**43,424.8**	**73,343.8**	**84,873.2**
Gross margin	*60.9%*	*56.7%*	*56.8%*
Employee Benefit Exp	3,873.7	7,764.0	8,873.5
Other expenses	26,275.7	52,663.8	60,189.7
EBITDA	**13,275.4**	**20,680.0**	**25,415.0**
EBITDA Margins	*18.6%*	*16.0%*	*17.0%*
Other Income	131.3	245.6	284.1
Depreciation	3,009.6	2,989.3	3,176.7
EBIT	**10,397.1**	**17,936.3**	**22,522.4**
EBIT Margins	*14.6%*	*13.9%*	*15.1%*
Finance Cost	4,262.2	2,461.1	1,507.3
Profit before tax	**6,134.9**	**15,475.2**	**21,015.1**
Total Tax expenses	1,403.4	4,023.6	5,463.9
Tax rate	*22.9%*	*26.0%*	*26.0%*
Profit after tax	**4,731.5**	**11,451.7**	**15,551.1**
PAT Margins	*6.6%*	*8.9%*	*10.4%*
Basic EPS	***4.77***	***11.79***	***16.02***

Balance Sheet			(Rs in mn)
Particulars	FY26	FY27E	FY28E
ASSETS			
Fixed Assets	31,619.0	32,373.3	32,945.8
CWIP	938.7	854.2	777.3
Intangible Assets	2,127.8	2,068.7	1,880.4
Trade Receivable	4,690.0	8,499.7	9,831.4
Inventories	13,951.7	25,284.7	29,246.1
Financial Assets	48.2	48.2	48.2
Cash and cash equivalent	1,260.8	1,719.8	4,079.4
Other Assets	5,065.2	2,914.2	4,647.6
Total Assets	**59,701.4**	**73,762.8**	**83,456.2**
EQUITY			
Equity Share Capital	9,709.9	9,709.9	9,709.9
Other Equity	18,703.7	31,955.4	47,506.5
Total Equity	**28,413.6**	**41,665.3**	**57,216.4**
Long Term Borrowings	13,215.5	11,915.5	4,615.5
Short Term Borrowings	10,457.8	10,457.8	10,457.8
Trade Payables	4,242.4	8,503.0	9,835.1
Other Liabilities	3,372.1	1,221.3	1,331.3
Total Liabilities	**31,287.8**	**32,097.6**	**26,239.7**
Total Equity and Liabilities	**59,701.4**	**73,762.8**	**83,456.2**

Cash Flow Statement			(Rs in mn)
Particulars	FY26	FY27E	FY28E
Cash Flow from operating activities			
PBT	6,034.5	15,475.2	21,015.1
Depriciation	3,009.6	2,989.3	3,176.7
Operating Profit before WC change	13,312.1	20,925.6	24,191.7
Changes in Assets and liability	595.2	-10,882.1	-3,960.9
Cash used in Operations	13,806.9	10,043.5	20,230.8
Tax	-132.5	-4,023.6	-5,463.9
Net Cash from Operating	**13,674.4**	**6,019.9**	**14,766.9**
Cash Flow from investing activities			
Capex	-1,161.5	-3,600.0	-3,600.0
Net Cash from Investing	**-1,128.6**	**-3,600.0**	**-3,600.0**
Cash Flow from financing activities			
Proceeds from Borrowings	-24,104.8	-1,300.0	-7,300.0
Dividend payout	0.0	0.0	0.0
Finance Cost	-4,329.4	-2,461.1	-1,507.3
Proceeds other than borrowing	18,000.0	1,800.0	0.0
Net Cash from Financing	**-12,842.9**	**-1,961.1**	**-8,807.3**
Net increase/(decrease) in Cash	-297.1	458.8	2,359.6
Cash at the beginning of the year	1,558.1	1,261.0	1,719.8
Cash at the end of the year	**1,261.0**	**1,719.8**	**4,079.4**

Ratio Analysis			
Particulars	FY26	FY27E	FY28E
Growth (%)			
Revenue	18.9	81.2	15.7
COGS	6.9	100.4	15.6
EBITDA	18.6	16.0	17.0
EBIT	56.2	72.5	25.6
PAT	311.0	147.3	35.8
% Of Revenue			
Gross Profit	56.7	56.7	56.8
EBITDA	18.6	16.0	17.0
EBIT	14.6	13.9	15.1
PAT	6.6	8.9	10.4
Return Ratios (%)			
ROCE	25.0	33.5	36.4
ROE	16.3	27.5	27.2
Valuation (x)			
P/E	14.3	5.8	4.3
P/B	2.3	1.6	1.2
EV/EBITDA	9.3	6.0	4.5
EV/ Sales	1.7	1.0	0.8
DEBT/EQUITY	0.8	0.5	0.2

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