# Jindal Drilling and Industries: Five-Pillar Analysis

DalalBytes Research | October 22, 2026 | NSE: JINDRILL, BSE: 511034

*Companion to the Jindal Drilling and Industries investment report (62/100, Selective Positive). This piece grades the business against the five-pillar engine: Sunrise, Leadership, Moat, Iron Fortress, and Free Cash Flow.*

Reference price: Rs 511.65 (NSE close, October 22, 2026). One pass, four partial.

**Grades at a glance**

| Pillar | Grade |
|---|---|
| Sunrise (offshore jack-up demand) | PARTIAL |
| Leadership | PARTIAL |
| Moat | PARTIAL |
| Iron Fortress (balance sheet) | PASS |
| Free Cash Flow | PARTIAL |

**Overall fit verdict:** one pass, four partial. Jindal Drilling is not a compounder profile: it is a fortress balance sheet wrapped around a single-customer, tender-priced fleet, which is why the investment case rests on price and contracted cash rather than pillar strength. Full investment report score: **62/100, Selective Positive**.

## Pillar 1: Sunrise, PARTIAL

**GRADE: PARTIAL**

The demand facts point up. Global marketed jack-up utilisation is above 90%. ONGC, India's dominant offshore producer, contracts roughly 12 to 18 jack-ups for its western offshore program and must replace or re-hire capacity continuously to hold production from mature fields such as Mumbai High. Foreign operators are drifting away from Indian tenders, which tightens the local supply of certified rigs. Jindal's own order book of Rs 1,310 cr, about 1.3x FY26 revenue, is contracted evidence, not a forecast.

The cap on the sunrise is the buyer. In April 2026 ONGC cancelled a jack-up tender after bid rates rose about 60% in nine months, from USD 35,606 to USD 56,195 a day, calling the escalation beyond reasonable and competitive behaviour and citing possible collusive patterns. Four tenders covering about fifteen rigs have been scrapped since early 2024, per industry reporting. Global average jack-up rates near USD 112,900 a day do not transmit into Indian awards. Add the long arc of energy transition over a fleet whose work is offshore oil, and the pillar reads: a real sunrise, with a procurement ceiling bolted over it. PARTIAL.

## Pillar 2: Leadership, PARTIAL

**GRADE: PARTIAL**

The delivery record is checkable and mostly clean. Jindal Supreme started its ONGC contract in October 2024. The Jindal Pioneer purchase, approved in March 2024 at USD 75 million, completed in FY25 without a dilutive raise. Jindal Explorer started in November 2025 as awarded. FY26 operating profit of Rs 352 cr landed on the guided near Rs 350 cr. Management guided the H2 FY27 revenue dip in advance, named the cause (three rigs off hire for refurbishment), quantified the cost (Rs 90 cr to Rs 110 cr per rig), and left re-hire pricing explicitly open rather than inventing a rate. Promoters raised their holding from 64.26% to 66.78% during FY26, with pledging nil.

The deductions are about perimeter, not competence. Pioneer was bought from the company's own joint venture, funded partly by adjusting about Rs 250 cr of loans to group companies. CRISIL flags high exposure to group companies. The dividend payout sits near 1% of reported profit (Rs 1 a share, 0.20% yield), so minority holders wait for value to arrive entirely through the share price while group entities sit on both sides of the register. A leadership team that delivers its operating promises, inside a group structure that asks minorities to trust it: PARTIAL.

## Pillar 3: Moat, PARTIAL

**GRADE: PARTIAL**

What Jindal has is incumbency with paperwork. Thirty-plus years of continuous ONGC work, certification on the exact rig specifications ONGC tenders for, a fleet already floating in Indian waters (a foreign rival pays mobilisation cost and time before it earns a rupee), and an Indian cost base that lets it profit at day rates global majors call uneconomic. The fleet itself is scarce: six jack-ups under one Indian contractor, three of them owned, in a market where the buyer has cancelled tenders for want of acceptable supply.

What it does not have is pricing power, the test that separates a moat from a position. Contracts are won in tenders the buyer can cancel. The highest-earning rig, Jindal Supreme at USD 86,327 a day, was built in 1975 and holds its rate because ONGC needs its specification, not because Jindal sets terms. Directional drilling and mud logging add service breadth but contributed only about Rs 24 cr of FY26 EBITDA between them, against about Rs 325 cr from rigs. When the moat is the customer's habit and the harbour you already sit in, the grade is PARTIAL, with an upgrade path if re-hire rates after refurbishment print materially above the cancelled tender's USD 56,195 ceiling.

## Pillar 4: Iron Fortress, PASS

**GRADE: PASS**

This is the pillar the numbers settle. Gross debt fell from Rs 282 cr at March 2024 to Rs 52 cr at June 2026. The company is in net cash: Rs 183 cr at June 2026, with liquid investments of Rs 248 cr, after paying USD 75 million for a rig. Net worth is about Rs 1,820 cr against a market cap of about Rs 1,482 cr. CRISIL rates the company A+/Stable with A1 short-term ratings and recorded interest coverage of 12.58x in FY25. Debtor days improved from 134 in FY22 to 82 in FY26. Promoter pledging is nil.

The siege test is already in the file: through the offshore downturn, a negative operating cash flow year (FY24, negative Rs 44 cr), and a quarter that printed a Rs 33 cr loss on an other income swing (Q3 FY26), the company never raised emergency equity, never levered up, and kept buying its own rig count up. The reservation belongs to Pillar 2, not this one: Rs 792 cr of consolidated investments and the group exposure inside them mean the fortress walls partly enclose group assets. The leverage and liquidity facts themselves pass without argument. PASS.

## Pillar 5: Free Cash Flow, PARTIAL

**GRADE: PARTIAL**

The five-year cash record is two different companies. Free cash flow on Screener: Rs 4 cr (FY22), Rs 50 cr (FY23), negative Rs 57 cr (FY24), Rs 33 cr (FY25), Rs 129 cr (FY26). Operating cash flow swung from negative Rs 44 cr in FY24 to Rs 864 cr in FY25, a year powered by litigation and receivable recovery, then back to Rs 178 cr in FY26. The underlying rig business does convert: FY26 free cash flow of Rs 129 cr is real money on a Rs 1,482 cr market cap, an 8.7% yield before refurbishment.

What holds the grade down is what comes next and what came before. Before: collections from ONGC have repeatedly required arbitration, including the Rs 100.43 cr receipt in Q2 FY26 and a Rs 66.33 cr award reported in April 2025, so cash conversion depends partly on winning disputes with the only customer. Next: Rs 270 cr to Rs 330 cr of refurbishment capex across three rigs in H2 FY27 and beyond, against net cash of Rs 183 cr. The pillar asks whether free cash flow shows up reliably. Here it shows up in slabs, after arguments, and is about to be spent on dry docks. PARTIAL.

## Summary

- **Pillar 1. Sunrise:** PARTIAL, global utilisation above 90% and scarce Indian supply, capped by ONGC tender cancellations and rate discipline
- **Pillar 2. Leadership:** PARTIAL, dated promises delivered and promoters buying, inside a group perimeter with related-party asset deals and a near 1% payout
- **Pillar 3. Moat:** PARTIAL, 30-year ONGC incumbency and in-water scarcity, but tender-won work with no pricing power and a 1975-built top earner
- **Pillar 4. Iron Fortress:** PASS, net cash Rs 183 cr, gross debt Rs 52 cr, CRISIL A+/Stable, nil pledging, survived the downturn unlevered
- **Pillar 5. Free Cash Flow:** PARTIAL, Rs 129 cr in FY26, but lumpy, litigation-assisted collections and Rs 270 cr to Rs 330 cr of refurbishment spend ahead

One of five pass. The engine's read: this is not a compounder profile. It is a fortress balance sheet wrapped around a single-customer, tender-priced fleet, which is exactly why the investment report's 62/100 is labelled Selective Positive: the case rests on price (0.81x book, about 3.7x estimated EV to EBITDA) and contracted cash, not on pillar strength.

What changes the grade: Sunrise upgrades if ONGC re-hire awards after refurbishment clear USD 60,000 a day without cancellations. Moat upgrades on the same evidence. Leadership upgrades if the refurbishment program lands on time and budget with Pioneer deployed in Q3 FY27, and downgrades on any pledging or a further related-party asset purchase at an unbenchmarked price. Free Cash Flow upgrades after a full year of positive free cash flow with no litigation component. Iron Fortress downgrades if group exposure grows faster than the rig fleet.

## Sources

- Screener (consolidated): financials, cash flows, shareholding to September 2026, ratios, market data at October 22, 2026
- Company earnings calls and presentations (Q4 FY25, Q2 FY26, Q1 FY27): order book, Pioneer contract and refurbishment guidance, net cash and gross debt
- CRISIL Ratings reaffirmation: CRISIL A+/Stable, CRISIL A1, facilities of Rs 655 cr, group exposure flag
- The Hindu BusinessLine and ANI (April 22, 2026): ONGC tender cancellation and bid escalation; industry reporting on global jack-up utilisation and day rates
- EduInvesting and Flash Finance Q1 FY27 and FY26 result reviews: fleet build years, segment EBITDA split, litigation receipt
- Full source list in the companion investment report.