INVasset Knowledge Bank



Om Prakash Jindal Group

Visionaries with Values

JINDAL SAW LTD. TOTAL PIPE SOLUTIONS | JSW | JSL JINDAL STAINLESS | JINDAL STEEL & POWER

25th August, 2023

INVASSET

India's Best Performing and Most Customer Centric PMS

O P Jindal Group



The OP Jindal Group, a revered Indian business conglomerate of iconic stature, has transcended boundaries to establish itself as a global powerhouse, boasting an astounding market valuation of US $22 billion. Founded by the visionary entrepreneur Shri O.P. Jindal, the group's diversified interests encompass an expansive range, including steel, mining, power, industrial gases, and ports. With its roots traced back to its inception in 1952, the group has flourished under the stewardship of Shri O.P. Jindal and his descendants, leaving an indelible imprint on India's corporate landscape.

Shri O.P. Jindal embarked on his journey with the establishment of a humble indigenous single-unit steel plant in Hisar, Haryana, in 1952. This modest inception marked the commencement of a trajectory that would propel the group into becoming a pivotal player within India's business sphere. Over time, the OP Jindal Group adeptly diversified its portfolio, demonstrating a remarkable ability to adapt and expand. The group's comprehensive product portfolio encompasses a wide spectrum, ranging from mining iron ore and coal to producing sponge iron, ferro alloys, and an extensive array of hot-rolled and cold-rolled steel products. This assortment includes HR coils, sheets, plates, primary structural components, rails, CR coils, high-grade pipes, and value-added offerings such as stainless steel, galvanized steel, and coated pipes.

The OP Jindal Group's narrative of success is underscored by its multifaceted business portfolio, which has undergone rapid expansion over the years. Established in 1952 by Shri B.C. Jindal, the group extended its horizons to encompass the manufacture of Polyester Film, BOPP Film, Photographic Goods, Cold Rolled Steel Strips, Galvanized Sheets, Metallised Films, and more. Shri O.P. Jindal's visionary approach to securing the family legacy stands as a testament to his foresight. Implementing a distinctive framework, he ensured coherence and continuity within the realm of the family-owned enterprise. Prior to his untimely demise in 2005, Shri O.P. Jindal judiciously divided his empire among his four sons – Prithviraj, Sajjan, Ratan, and Naveen. Furthermore, he entrusted the management of all group companies to his wife, Savitri Jindal, cementing her role as the vanguard of the OP Jindal Group. Beyond his stature as an industrialist, Shri O.P. Jindal's legacy extends as a beacon for the marginalized and oppressed, a revered statesman, and a philanthropist at heart. His visionary outlook cast a profound impact on the nation, exemplifying his dedication to societal well-being and progress.

Leadership and Expansion
The OP Jindal Group's present-day leadership is spearheaded by Smt. Savitri Jindal, who continues to guide the conglomerate. The group derives its strength from the dynamic and meticulous approach of Shri O.P. Jindal's four sons, each overseeing distinct segments of the business:

Mr. Prithvi Raj Jindal – Chairman (Non-Executive) of Jindal SAW Ltd.
Mr. Sajjan Jindal – Chairman of JSW Group.
Mr. Rattan Jindal – Vice Chairman; Managing Director of Jindal Stainless Ltd.
Mr. Naveen Jindal – Chairman of Jindal Steel & Power Ltd.

Vision for the Future
The OP Jindal Group has meticulously outlined an ambitious growth trajectory that extends over the forthcoming decades, setting the stage for a transformative future. Positioned strategically to harness the vast array of opportunities that India offers, the group's various enterprises are poised to expand their footprint with a focused approach. Building upon a robust presence in the steel industry, the conglomerate's interests span across diverse sectors, including architecture, cement, infrastructure, logistics, minerals, finance, power, and mining. Envisioned expansions across key regions such as West Bengal, Jharkhand, Chhattisgarh, Odisha, Karnataka, Rajasthan, and Maharashtra are anticipated to not only fortify its domestic stronghold but also elevate its global influence. This far-sighted strategy underscores the group's commitment to sustainable growth, innovation, and enduring success on both national and international fronts.

O P Jindal Group

Growth has been ingrained in the lifestyle of the O P Jindal Group, guided by the ethos of "Growth with a social heart." The Group prioritizes sustainable progress for its people and the communities it serves. With a technology-driven outlook, the conglomerate employs over 50,000 individuals globally. Shri O.P. Jindal's legacy of integrity and dynamism continues through his four sons, with Smt. Savitri Devi Jindal at the helm. The Group, under her leadership, persistently expands, integrates, amalgamates, and evolves across diverse sectors worldwide.Embracing a vertical integration strategy, the Group augments its potential for enduring growth, establishing a remarkable model for emulation. Key entities within the conglomerate include:

Jindal Steel and Power Ltd. Operating as a prominent Indian steel producer, Jindal Steel and Power Limited offers an extensive product portfolio encompassing a variety of steel products, construction solutions, and construction materials. Their steel product mix includes rails, beams, columns, angles, channels, plates, coils, and wire rods. The construction solutions segment involves fabricated steel sections, speed floors, light gauge structures, insulated drywall panels, and Jindal Global Road Stabilizers (JGRS). With an installed power generation capacity of approximately 5,060 megawatts and a pellet-making capacity exceeding nine million metric tons per annum, the company remains a notable player in the industry.

JSW Steel, a flagship of the JSW Group, is a key integrated steel producer in India, boasting an 18 MTPA capacity. It has expanded its presence to over 100 nations. With cutting-edge plants in Karnataka, Tamil Nadu, and Maharashtra, it's synonymous with innovation and quality. The range includes Hot Rolled, Cold Rolled, Galvanized & Galvalume®, TMT Rebars, Wire Rods, and Special Steel. JSW Steel thrives on global adaptability. A strategic partnership with JFE Steel Corp, Japan, advances high-strength steel for autos. Collaboration with Marubeni-Itochu Steel Inc. sets up cutting-edge processing centers. An acquisition in Baytown, Texas, strengthens its network. Ambitiously, JSW Steel targets 40 million tons annual production by the next decade.

Jindal Stainless, India's premier stainless steel manufacturer, boasts a 2.9 MT annual melt capacity and INR 35,700 crore annual turnover (US $4.30 billion as of March '23). Operating from Haryana, Odisha, and an Indonesian unit serving South-East Asia, its global reach extends to 15 countries with a Service Centre in Spain. With 10 sales offices and six service centers in India, Jindal Stainless offers a comprehensive product range. Integrated operations, from mining to finished products, position it among the world's top stainless steel players (excluding China). Established by Shri O P Jindal in 1970, it upholds innovation, social responsibility, and industry-leading safety.

Jindal SAW Ltd. A significant global manufacturer and supplier of iron and steel pipe products and accessories, with manufacturing facilities situated in three locations across India: Kosi Kalan in UP, Nashik in Maharashtra, and Mundra in Gujarat. Jindal SAW's products find application in various sectors such as oil and gas exploration, energy generation, water supply, drainage, irrigation, and industrial usage. Their product range encompasses submerged arc welded (SAW) pipes, spiral pipes for energy transportation, carbon and alloy pipes for industrial use, and ductile iron (DI) pipes and fittings for water and wastewater transportation.

Jindal Steel and Power Ltd (JSPL)

Jindal Steel and Power Limited (JSPL) is a prominent integrated primary steel producer in India, with a robust presence in the mining sector. Operating manufacturing units in strategic locations such as Raigarh (Chhattisgarh), Angul (Odisha), Barbil (Odisha), and Patratu (Jharkhand), JSPL has been a driving force of excellence for over three decades. The company is deeply committed to fostering world-class capabilities that contribute to India's self-reliance and global economic prowess.

JSPL's integrated operations in India encompass a range of impressive capacities. The company boasts a robust iron-making capacity of 10.42 million metric tonnes per annum (MTPA), a pellet production capacity of 9.0 MTPA, and a liquid steel production capacity of 9.6 MTPA. This integrated approach is further demonstrated by the company's finished steel capacity of 6.65 MTPA. The diverse product portfolio includes an array of steel products, including TMT bars, plates, coils, parallel flange beams and columns, rails, angles, channels, wire rods, and fabricated sections, catering to various sectors of the industry.

JSPL's unique production routes contribute to its operational prowess. Approximately 70% of the domestic iron manufacturing capacity (7.30 MTPA) is achieved through the blast furnace route, while the remaining (~3.12 MTPA) is attained through direct-reduced iron (DRI). The company's captive thermal power generation capacity of around 1,634 megawatts (MW) at its Raigarh and Angul plants ensures a self-sufficient energy source, adding to its operational efficiency. In addition to its steel-manufacturing capabilities, JSPL's international operations extend to mining interests. The company holds coking coal mining assets in Australia, along with thermal/coking coal mining assets in Mozambique and anthracite coal mining assets in South Africa, strengthening its resource base and global reach.

JSPL's key strengths further underscore its position in the industry. Raw material security is a notable advantage, as the company possesses access to captive iron ore and coal mines in India and abroad. The Tensa and Kasia iron ore mines, as well as the recently acquired Kasia Mines, contribute to the company's resource security. JSPL's operations extend to thermal coal mining blocks in India, including Gare Palma IV/6 and Utkal B1-B2 and Utkal C mines. Overseas coal assets in Australia, Mozambique, and South Africa provide JSPL with sustainable cost advantages and a diversified resource base.

JSPL's integrated value chain includes captive mines, coal washing, coke oven batteries, pelletisation, sponge iron manufacturing, and power generation, reinforcing steel-making. The company prioritizes cost efficiency, high-margin products, and deleveraging for financial stability. Green initiatives involve Hydrogen-ready DRI units and partnership with Greenko for clean energy. Expansion plans encompass doubling steelmaking at Angul and projects like the 6MT pellet plant and 5.5 MT Hot Strip Mill, reflecting commitment to growth, innovation, and eco-responsibility. Through expansion, resource security, and sustainable practices, JSPL shapes India's industry, contributing to economic growth and global recognition.

Stock Data	
CMP	639
52 Week High/Low	700/386
Face Value	1
Market Cap (In Crs)	65230
NSE	JINDALSTEL
BSE	532286
Bloomberg	JSP:IN
Sector	Iron & Steel

Shareholding Pattern (in %)		
	JUN 23	MAR 23
Promoter	61.21	61.21
FII	12.71	13.42
DII	14.74	13.90
Public	9.86	9.99
Others	1.48	1.48

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.07%	10.31%	9.43%
Jindal Steel	1.83%	14.38%	61.16%

Key Ratios	
P/E	30.7
P/B	1.67
Debt To Equity	0.34
ROE	10.6%
ROCE	14.4%
Dividend Yield	0.30

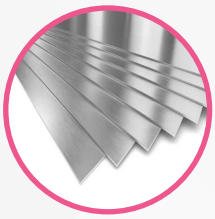
Business Verticals

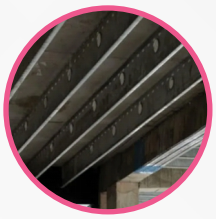
Product Portfolio


TMT Bars


Wire Rods


Angles & Channels


Plates


Speed Floor


Round Bars

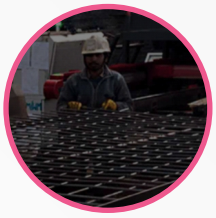

Rails


Coils



Panther Cement


Beams & Columns


Fabricated Section


Semi Finished

1. Round Bars: JSPL's round bar mill produces a variety of carbon and alloy steel grades with high-quality standards, making them suitable for a wide range of industrial applications.

2. Rails: JSPL produces railway tracks and rails that are used in railway infrastructure projects. These rails are vital for the safe and efficient movement of trains.

3. Parallel Flange Beams and Columns: These structural steel products are used in building construction, infrastructure projects, and industrial applications to provide strong support and stability.

4. Plates: JSPL manufactures a variety of steel plates used in construction, infrastructure, and manufacturing industries. These plates come in different sizes and specifications to meet specific project requirements.

5. Coils: Steel coils produced by JSPL find applications in industries such as automotive, construction, and manufacturing. These coils are commonly used as raw materials for further processing or fabrication.

6. Angles and Channels: Angles and channels are commonly used in construction and industrial applications to provide structural support and framing.

7. Wire Rods: Wire rods are used as raw material for a wide range of applications, including wire drawing, manufacturing of nails, screws, and other fasteners, as well as for construction purposes.

8. Speed Floors: JSPL introduces the innovative Speedfloor system, offering lightweight suspended concrete flooring solutions that are easy to install, cost-effective, and earthquake-resistant, enhancing construction efficiency.

9. TMT Bars: JSPL produces high-quality Thermo-Mechanically Treated (TMT) bars, which are widely used in construction for their superior strength and durability. These bars are essential components in reinforcing concrete structures.

10. Jindal Panther Cement: Jindal Panther Cement, from Jindal Steel and Power Limited, offers eco-friendly construction solutions. With advanced technology and sustainable variants like Portland Slag Cement, it prioritizes quality and environmental responsibility, aligning with JSPL's commitment to a greener future.

11. Fabricated Sections: JSPL offers a variety of fabricated steel sections that can be customized for specific projects. These sections are used in diverse applications, including construction, infrastructure, and manufacturing.

12. Semi Finished Products: Jindal Steel and Power's versatile semi-finished products offer precision and customization, meeting industry standards with expertly engineered solutions.

Geographical Presence

The tale of JSPL's triumph is intricately woven with the strands of innovation, heightened standards, capacity enhancement, and resolute values. Boasting an iron production capacity of 10.42 million tonnes annually and a power generation capability of 1634 MW, Company's vertically integrated operations cater to domestic and international industry demands, encompassing the entire journey from iron ore to finished steel.

Jindal Steel and Power Limited (JSPL) operates manufacturing units at multiple locations in India.

Angul (Odisha)	• Steel Production Capacity: • 6 MTPA
Rajgarh (Chattisgarh)	• Steel Production Capacity • 3.6 MTPA
Patratu (Jharkhand)	• Finished Steel Capacity • 1.6 MTPA

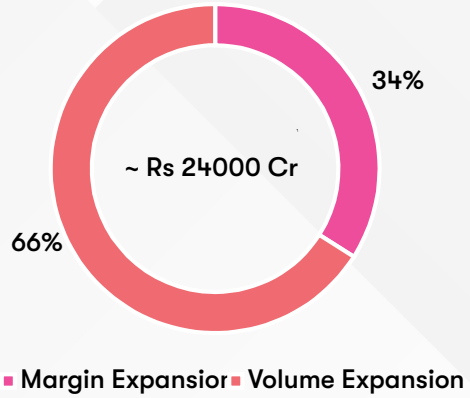
Jindal Steel and Power Limited (JSPL) stands fortified by a robust raw material security framework. With deeply integrated coking coal resources, spanning Australia and Mozambique, JSPL meets around 50% of its coking coal requirements. Recent acquisitions of non-coking coal mines in Odisha and Chhattisgarh further bolster raw material stability. Proximity of its steel plants to Indian coal assets adds a strategic edge. Moreover, captive iron ore mines in Tensa and Kasia ensure up to 60% fulfillment of iron ore needs. This, coupled with India's largest pellet manufacturing complex boasting 9 MTPA capacity, solidifies JSPL's position with unwavering raw material resilience

Strategic Multi-Location Raw Material Units

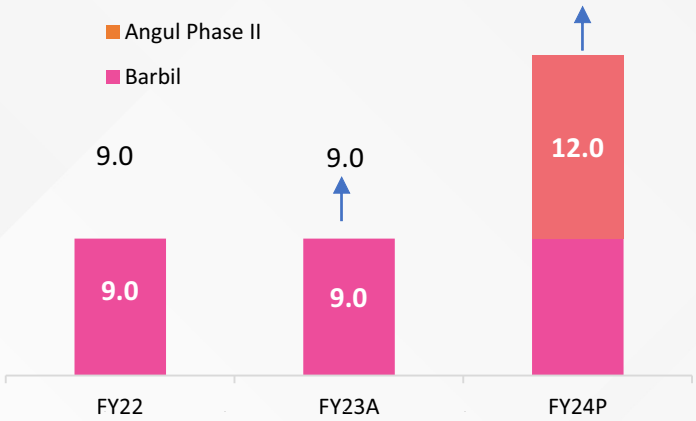
Barbil (Odisha)	• Pellet Production Capacity • 9 MTPA
Angul and Raigarh	• Captive Power Plant • 1634 MW Capacity
Coal Mines	• Global Asset – 7.4 MTPA Capacity • Indian Asset – 15.37 MTPA Capacity
Iron Ore	• Indian Asset – 10.61 MTPA Capacity • Fullfil up to 60% of total requirements

Company Capex

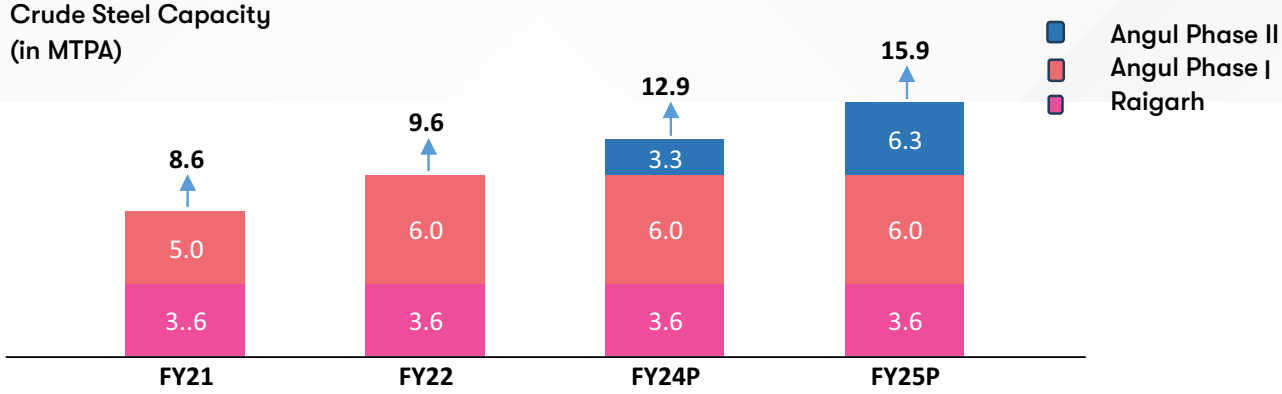
Capex Spend Breakup (Rs in Crs)



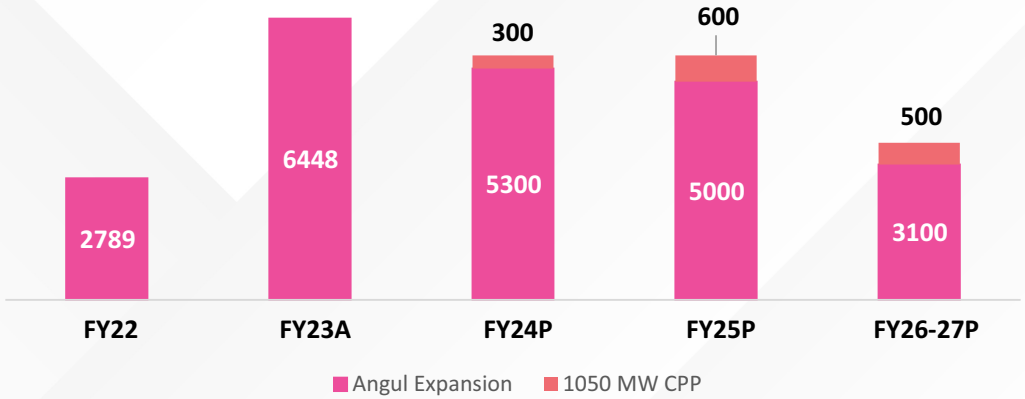
Pellet Capacity (in MTPA)



Crude Steel Capacity
(in MTPA)

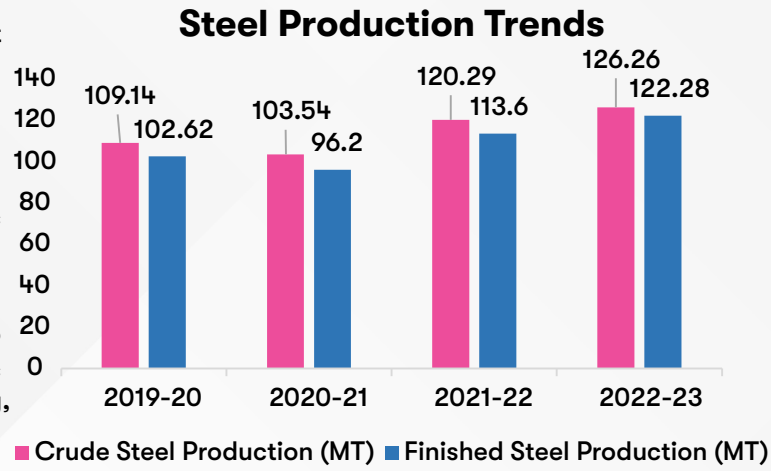


Growth Capex - Total Outlay of ~ Rs 24000 Crore
through FY2026-27 (Rs in Crs)



Industry Analysis

In 2022, the Indian steel industry witnessed a robust expansion, marked by an impressive 13.3% year-on-year growth in demand, which reached 119.86 million tonnes (MT) compared to the previous year's 105.75 MT. This notable surge was primarily driven by substantial government investments in infrastructure projects and a resilient domestic consumption landscape. On the supply front, domestic crude steel production demonstrated commendable growth, increasing by 5% YoY to reach 126.25 MT, compared to the previous year's 120.29 MT. Concurrently, the production of domestic finished steel experienced a significant upswing, soaring by 7.6% YoY to reach 122.28 MT.



Turning to international trade, data from the Ministry of Steel for the fiscal year 2022-23 reveals a contrasting trend. India's finished steel exports declined by 50.2% to 6.7 MT compared to the previous year, while finished steel imports surged by 29% to 6.02 MT during the same period. These dynamics stem from two key factors. Firstly, sluggish steel demand in advanced economies and export duties imposed by the Indian government contributed to the decline in steel exports. Secondly, robust domestic demand fueled an increase in steel imports to meet the growing requirements within the country. The outlook for FY 2023-24 is promising, with the World Steel Association (WSA) projecting an estimated 7.3% YoY growth in India's domestic steel demand. This growth is expected to be driven by a robust GDP expansion, augmented government capital expenditure (Capex), and resilient domestic consumption. The Union Budget for FY 2023-24 introduced substantial initiatives, including a 35.4% increase in effective Capex to ₹10.68 lakh crore, the highest-ever outlay of ₹2.4 lakh crore for railways, and an allocation of ₹79,000 crore for the PM Awas Yojna Urban. These government efforts to bridge infrastructure gaps align harmoniously with the objectives of the 2017 National Steel Policy (NSP).

Moreover, the capital goods sector is poised to benefit from ongoing momentum in infrastructure development and renewable energy investments. Sectors such as automotive and consumer durables are projected to sustain healthy growth, driven by a continued rise in private consumption. Key sectors are driving the growth in steel demand. Ambitious infrastructure projects such as the Sagarmala Project, Bharatmala Pariyojna, and Delhi-Mumbai Industrial Corridor present significant opportunities for steel players. These ventures are anticipated to substantially boost steel consumption, productivity, and connectivity within India.

The oil and gas sector is on track for robust expansion, with India's rapid economic growth leading to increased demand for oil in production and transportation, surpassing other major economies. The Government of India's plans to double oil refining capacity to 450-500 million tonnes by 2030 offer potential for steel players to cater to the burgeoning oil industry needs. The automotive sector is poised for significant growth, driven by rising per capita income, improved supply chain conditions, and India's aim to become a global automotive hub. This growth is expected to generate substantial steel demand.

The Indian government's commitment to elevate crude steel production capacity from 154 MTPA to 300 MTPA by 2030 positions India as a potential steel export hub while striving for self-sufficiency in various steel grades. The pursuit of decarbonization is expected to lead to initiatives such as the Steel Scrapping policy, facilitating sustainable steel production and achieving a net-zero target by 2070. The Production-Linked Incentive (PLI) Scheme for Speciality Steel plays a pivotal role in enhancing domestic specialty steel production. With approvals for 7 applications from 30 companies and a significant outlay of ₹6,322 crore, the scheme aligns with the vision of a self-reliant India. Additionally, investments of ₹42,500 crore to expand downstream capacity by 26 MT and create employment opportunities underscore the government's commitment to fostering a resilient industrial landscape

Comprehensive Investment Rationale

Pioneering Capacity Expansion for Strategic Growth

Jindal Steel and Power Ltd (JSPL) is strategically positioned to capitalize on the surging domestic steel demand spurred by rapid infrastructure development, railway expansion, and growth in housing and construction sectors. The timing of JSPL's capacity expansion aligns perfectly with this robust growth potential, positioning the company to emerge as a significant player in the steel industry. As a leading integrated steel manufacturer in India, JSP boasts an impressive crude steel production capacity of around 9.6 million tonnes (mt). This strength is fortified by robust raw material (RM) linkages, including ownership of two iron ore mines with a cumulative capacity exceeding 10.6 mt and recent acquisition of four thermal coal mines with a combined R&R of approximately 500 mt.

JSPL integrated approach involves a multi-faceted strategy to enhance margins and operational efficiency. This includes strategic initiatives such as setting up coal and iron ore mines for consistent RM supply, construction of a 12 MT pellet facility in Angul to improve pellet availability and reduce freight costs, establishment of an 18 MT 200 km slurry pipeline, acquisition of power assets from Monnet Power for cost synergies, commissioning of HSM for enhanced margin profiles, and setting up BoF/EAF at Angul to augment crude steel capacity to 15.9 MT by FY25 from 9.6 mt. This diversification approach will also transition JSPL from a predominantly long steel manufacturer (comprising 67-70% of its product portfolio) to a significant flat steel manufacturer. The expansion endeavors are aimed at optimizing the product mix, lowering costs, and boosting margins and capacity. The forthcoming commissioning of BoF#2 and EAF#2 by 3QFY24 and 4QFY25 respectively, coupled with an increased EAF route for steel production, reflects JSP's commitment to becoming a sustainable, green steel manufacturer while enhancing overall margins.

Leading Rail Supplier

Jindal Steel and Power Ltd (JSPL) has achieved the prestigious distinction of becoming the first non-public entity to attain the esteemed 'Regular Rail Supplier' status from the renowned Indian Railways. This recognition highlights JSPL's pivotal role as a trusted and preferred provider of essential steel components for the railway sector. JSPL's commitment to innovation is evident in its development of specialized rail products tailored to Indian Railways' specific requirements. A significant feat includes the creation of India's longest rolled rail track, stretching 121 meters with only three welds, resulting in an impressive 484-meter length. This innovation ensures superior tensile strength, showcasing JSPL's dedication to engineering excellence.

Furthermore, JSPL's pioneering of hardened rails, a value-added product crucial for metro projects and high-speed rail corridors, underscores its commitment to driving advancements in the railway sector. Amid the Ministry of Railways' ambitious plan to construct approximately 7,000 kilometers of new railway tracks in FY24, JSPL's 'Regular Rail Supplier' status not only signifies its exceptional capabilities but also provides a competitive edge due to the stringent and time-consuming approval process. This recognition positions JSPL as a frontrunner in the industry, exemplifying its unwavering commitment to delivering quality and reliability.

Strategic Innovation in Value-Added Products

Jindal Steel and Power Ltd (JSPL) adeptly responds to evolving global steel consumption by capitalizing on the surging demand for specialized value-added products (VAPs) that define the industry. With a robust presence in infrastructure steel, JSPL pioneers VAP development, encompassing plates, rails, track shoes, and rebars, positioning it at the sector's forefront.

JSPL's pioneering spirit shines through in India's widest plate, at 5 meters, serving diverse sectors like shipping and construction. Their 'Rockhard' plates excel with advanced abrasion resistance, exceptional strength, extended lifespan, enhanced weldability, toughness, higher hardness, and flexibility, outperforming conventional alternatives 2-3 times. Applications span yellow goods, material handling, and hydro projects. Extending beyond plates, JSPL advances rail infrastructure with single, double, and triple grouser track shoes, once heavily imported. As augmented capacity comes online, JSPL is poised to deepen VAP innovation, solidifying its pioneering industry stance and boosting margins.

Robust Raw Material Linkages for Seamless Operations

Jindal Steel and Power Ltd (JSPL) stands as an integrated long steel manufacturer with robust raw material (RM) linkages, crucial for seamless operations. With a demand for around 14.8 million metric tons (mt) of iron ore and 14.5 million mt of coal, JSPL manages resources efficiently. It owns iron ore mines, Tensa and Kasia, with 10.6 million mt capacity, fulfilling 60% of iron ore needs. JSPL recently acquired thermal coal blocks – Utkal C, Utkal B1 & B2, and Gare Palma IV/6, with 500 million mt potential. Once operational, they'll cater to thermal coal demand, enhancing cost-efficiency.

The impending Utkal C and Gare Palma IV/6 operationalization strengthens JSPL's thermal coal capacity, solidifying its position as a cost-efficient steel producer. Beyond India, JSPL has coal mines in Australia and Mozambique, focusing on strategic expansion and resource optimization to boost competitiveness, sustainability, and growth. These acquisitions mark a significant advancement towards enhancing the company's self-sufficiency in raw materials. As these thermal coal blocks become operational, they are projected to cater to a substantial segment of JSPL's thermal coal demand, contributing to cost reduction and ensuring resource security.

Plant Location	Raw Material	Capacity (in MT)	
Tensa, Odisha	Iron Ore	3.1	❖ Fulfills sponge iron demand of JSPL
Kasia Odisha		7.5	❖ High Fe content, EC for mining 7.5mt, R&R 278mt, Close proximity to Barbil pellet facility
Utkal-C, Odisha	Thermal Coal	3.4	❖ Utkal-C is under final stage of clearance and total R&R is ~500mt
Utkal B11&B2, Odisha		8	
Gare Palma IV/6, Chhattisgarh		4	

Resilient Internal Demand

India's robust 5.5% YoY increase in crude steel production to around 125 million metric tons positions the country favorably. With a burgeoning focus on infrastructure, housing, construction, and escalating demand from automotive and renewable energy sectors, India is on track to become a global steel hub. Notably, plans to raise crude steel capacity to 300 million metric tons by FY31 indicate significant growth potential in domestic steel consumption. This growth trajectory is underscored by the expected rise in per capita steel consumption from 81.1 kg/person to the global average of 221.8 kg/person. Further bolstering steel demand are initiatives like 'Aatmanirbhar Bharat' (Self-Reliant India) and 'PM Gati Shakti,' which harmonize key schemes like Bharatmala, Sagarmala, and UDAN, propelling India's infrastructure development and reinforcing the momentum for increased steel usage.

Concall Q4FY23 Highlights:

In the fourth quarter of FY23, our sales volume grew by 7%, driven by strong exports and a 1% domestic growth. However, our consolidated adjusted EBITDA for the same period was Rs. 2,240 crores, down 2% QoQ due to higher SMS costs from elevated iron ore prices. Despite this, our operational performance remained robust. Our financials include a generated operating cash flow of 6,351 crores, showcasing effective financial management. We invested nearly 5,800 crores in CAPEX, underscoring our commitment to enhance capabilities. Significant debt reduction progress saw a Rs. 1,895 crore prepayment in April, maintaining a gross debt of Rs. 8,984 crores.

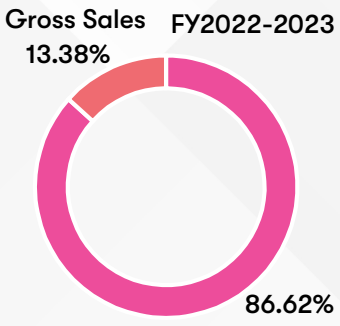
Our capital allocation policy and CAPEX program for the next three years are in finalization, reflecting a proactive approach. We're eager about the operationalization of coal blocks and the Slurry Pipeline project, with a coal block mining plan targeting 3.5 million tons for the year. Despite challenges like inventory write-offs of around 250 crores due to iron ore price surges, our expansion projects are on track. Commissioning of our 6 million-ton pellet plant is ongoing, aligning with our goal to be Odisha's largest steel producer. This vision connects with our focus on evaluating investment opportunities while keeping a 1.5x debt tolerance.

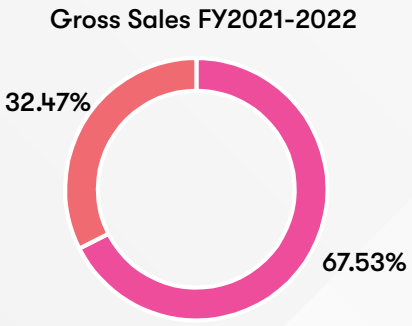
Outlook:

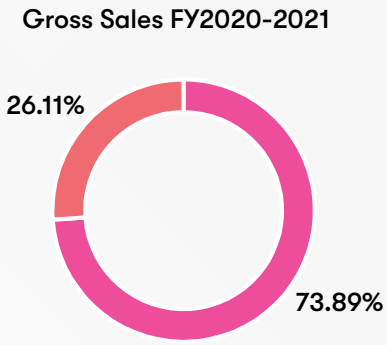
The delay in launching crucial steel-making capacities at Angul has introduced uncertainty. Still, potential cost efficiencies from captive coal mining and the pellet plant are noted. We adjusted FY24E and FY25E volume projections down by 6% and 8%, while raising EBITDA/t estimates by 5% and 8%. These changes reflect an evolving landscape. Thus, considering these factors, our outlook for Jindal Steel remains neutral, acknowledging challenges and potential opportunities.

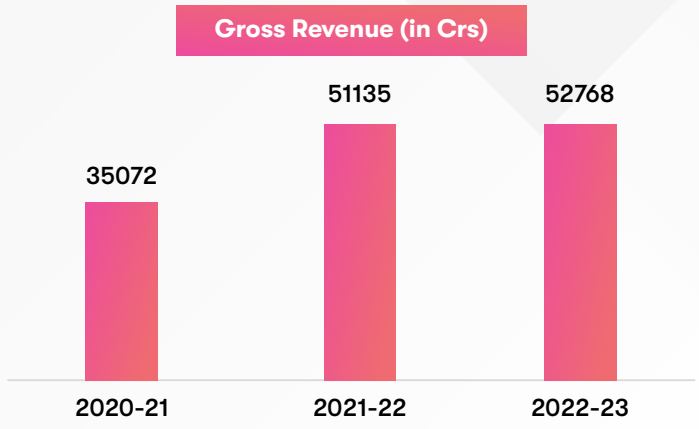
Acknowledging market pressures from coal price fluctuations and DRI capacity ramp-up, CEO Bimlendra Jha remains optimistic about the Indian steel sector. He cites growth in construction, automobile, yellow goods, and white goods sectors, reaffirming our commitment to adapt and thrive in the evolving market landscape.

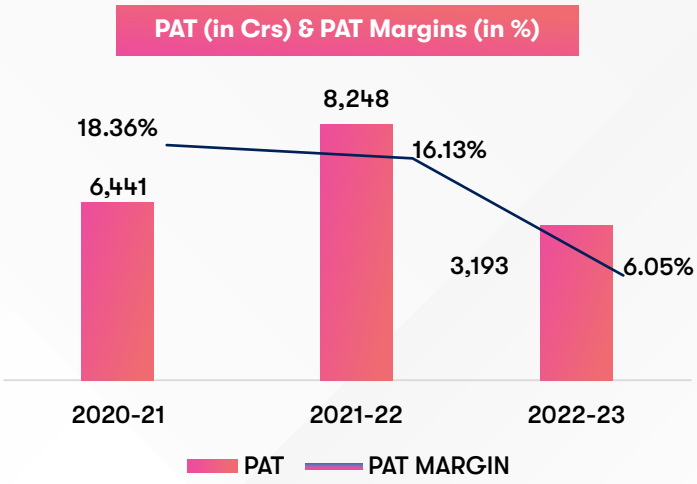
Company Performance





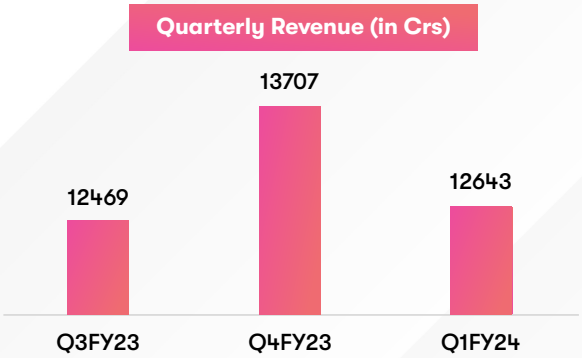


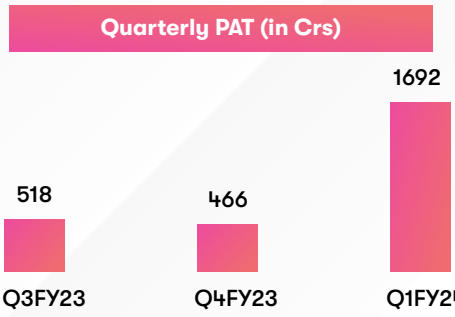




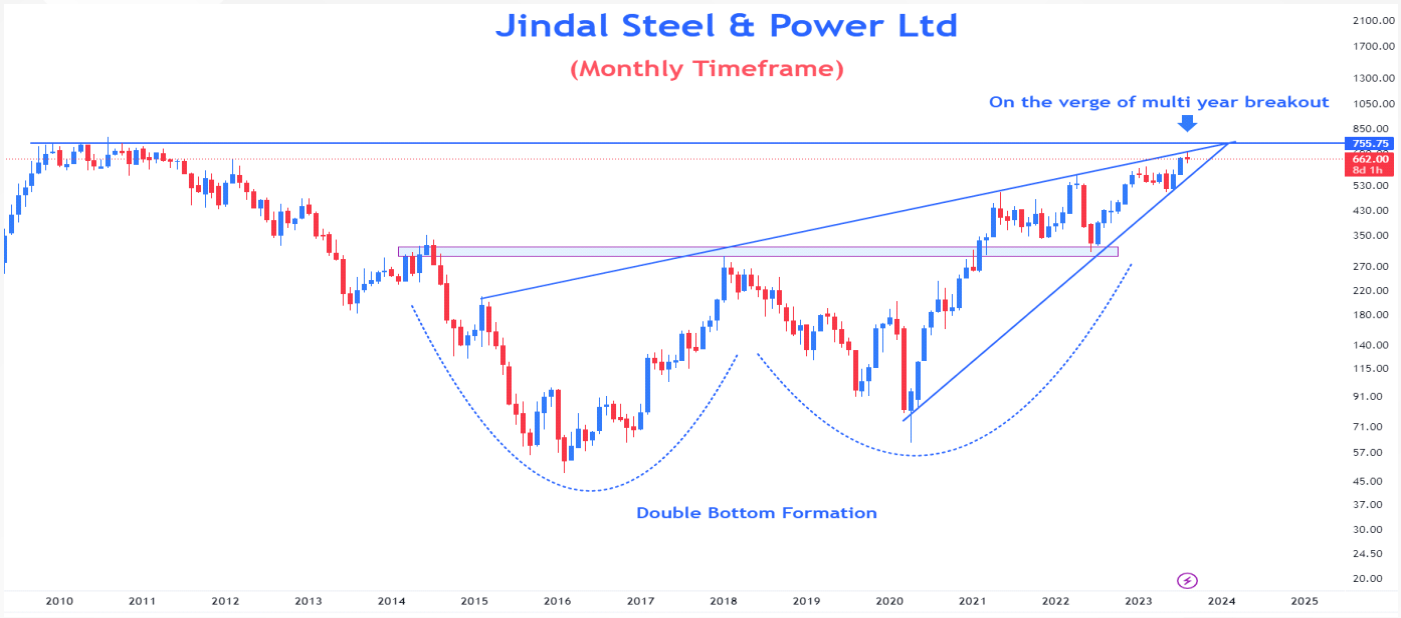
Result Highlights – Q1FY24

-3.25% Revenue Y-O-Y	-8.16% Revenue Q-O-Q
-16.56% EBITDA Y-O-Y	20.71% EBITDA Q-O-Q
-38.94% PAT Y-O-Y	263.09% PAT Q-O-Q
2.51% Steel Production Y-O-Y	0.99% Crude Steel Production Q-O-Q





Technical Outlook



Jindal Steel & Power Ltd is on the verge of multi year breakout on charts and is now preparing for a new high. The stock looks in a strong momentum backed by improvement in fundamentals.

Daily and Weekly RSI are trading above 50 indicating strength in the buying.

The MACD histogram has displayed a robust increase in momentum alongside the stock's upward price movement, reinforcing the strength of the bullish trend.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	651.39	656.29
10	662.06	657.10
20	660.12	653.64
50	624.86	629.38
100	588.36	602.82
200	575.32	567.08

Pivot Levels : FIBONACCI		
R1 658.21	Pivot 654.60	S1 650.99
R2 660.44		S2 648.76
R3 664.05		S3 645.15

Relative Strength Index (RSI)	Daily	Weekly
	55.10	61.56

Financial Snapshot

Particulars	FY 23	FY 22	FY 21	FY 20	FY 19
Financial Position			(In Cr)		
Equity Share Capital	100.5	101.07	102	102	96.79
Reserve & Surplus	38606	35523	31712	32035	32279
Fixed Assets	51356	47578	55561	71897	73033
Current Assets	15475	26608	20319	15990	14311
Cash and Cash Equivalents	4716	3668	6152	906	421
Current Liabilities	15498	22702	19279	23243	21403
Non Current Liabilities	14909	16846	27623	35138	36055
Enterprise Value					
Operating Results			(In Cr)		
Total Income	52768	51135	39527	36943	39387
Total Expenditure	46913	39556	31091	37080	40711
Earnings Before Interest & Tax (EBIT)	7300	13466	11529	4013	2941
Tax	1292	2924	1768	153	-390
Profit/(loss) after tax (PAT)	3193	8248	5526	-399	2411
Ratios					
EBDITA margin (%)	18.95	30.46	38.42	21.34	21.38
Net profit margin (%)	7.53	13.24	10.94	-1.08	-6.12
Return on net worth (%)	8.19	16.14	11.42	-0.33	-5.08
Return on capital employed (%)	13.53	24.96	19.68	6.03	4.31
Return on asset (%)	4.57	7.50	4.66	-0.12	-1.83
Debt To Equity Ratio	0.32	0.36	0.68	0.95	1.07
EPS	39.07	56.40	35.63	-1.08	-17.0
Earning Yield	0.06	0.11	0.10	-0.01	-0.09
Cash Flows			(In Cr)		
Operating Activities	7275	16047	11960	9526	9026
Investing Activities	-4018	-2331	-1884	-1599	-832
Financing Activities	-2500	-15119	-4611	-7561	-8261
Net Cash Flows	756	-1403	5464	364	-66

JSW Steel Ltd (JSTL)

JSW Steel Limited, a leading integrated steel producer in India, boasts a diverse product profile and strategic manufacturing facilities. With secured captive iron ore and coal mine reserves, the company ensures raw material security. Despite challenges in FY23, JSW Steel witnessed improved profitability in Q3 and Q4, driven by increased saleable steel quantity and favorable raw material prices. Looking ahead, the company aims to expand its capacity to 37 million tons per annum by FY24 - FY25, supported by a robust liquidity profile and a capex of ₹51,925 crore for expansion.

Recent developments include the approval of the merger of JSW Ispat with JSW Steel, set to be completed in Q2 FY24, and the successful conclusion of the merger of Vallabh Tinplate and Vardhaman Industries with JSW Steel Coated Products. The acquisition of downstream producer, National Steel and Agro, further solidifies its growth strategy.

JSW Steel's commitment to research and development is evident with the development of 22 new grades in Q1 FY24, reflecting a focus on innovation and meeting customer demands. The company's winning of 6 Iron Ore and 2 Coking Coal mines in India through auctions in CY23 bolsters its raw material security.

To achieve its ambitious growth targets, JSW Steel envisions a capacity of 50 million tons per annum through a mix of organic and inorganic growth options. It plans brownfield growth potential at its existing locations in Vijayanagar, Dolvi, and BPSL, with greenfield growth in Odisha and a greenfield Electric Arc Furnace (EAF) facility in Kadapa, Andhra Pradesh. The company also intends to selectively explore value-accretive acquisitions.

JSW Steel continues to prioritize value-added and special products (VASP), targeting a share of over 57% of total sales. The company demonstrates its strong commitment to the Indian market with 85% of sales coming from the domestic market and 15% from exports. VASP volumes have increased by 17% due to the operation of new downstream capacities.

As a prominent player in the Indian steel industry, JSW Steel actively works towards reducing its environmental impact. With a commitment to sustainability, it sets ambitious targets to reduce carbon emissions, recycle solid waste, preserve biodiversity, and decrease freshwater consumption.

JSW Steel's steel products play a crucial role in building resilient infrastructure projects that contribute to India's sustainable development and inclusive progress. Through continued expansion and a comprehensive decarbonization roadmap, the company strives to be a leader in reducing CO2 emission intensity and making a positive impact on the environment. Empowering its workforce, promoting sustainability in the supply chain, and supporting resilient communities are among the core values driving JSW Steel's business approach.

Stock Data	
CMP	778
52 Week High/Low	835/614
Face Value	1
Market Cap (In Crs)	188036
NSE	JSWSTEEL
BSE	500228
Bloomberg	JSTL:IN
Sector	Iron & Steel

Shareholding Pattern (in %)		
	JUN 23	MAR 23
Promoter	45.41	45.41
FII	25.98	26.01
DII	9.59	9.47
Public	17.99	18.07
Others	0.53	0.51

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.07%	10.31%	9.43%
JSW Steel	0.05%	13.28%	19.11%

Key Ratios	
P/E	36.8
P/B	2.86
Debt To Equity	1.23
ROE	5.64%
ROCE	8.41%
Dividend Yield	0.43

Business Verticals

Product Portfolio

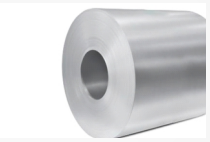
JSW Steel offers a wide range of products, and they can be categorized into two main categories: Flats and Longs.

Flats

- **Hot Rolled:** JSW Steel's best-in-class Hot Rolled coils made at Vijayanagar (Karnataka) and Dolvi (Maharashtra). Vijayanagar HSM-I: 3 MTPA, HSM-II: 5 MTPA, rolling up to 2150 mm, with sizing presses and inspection facility. Dolvi unit: 3.6 MTPA, uses Conarc Process and Thin Slab Casting tech for superior quality coils with thinner gauges and finer surface.



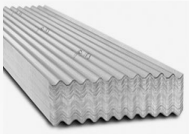
- **Cold Rolled:** JSW Steel produces Cold Rolled Closed Annealed Coils and Sheets at Vijayanagar using advanced Cold Rolling Mills. The CRM facility has a capacity of 3.3 MTPA and offers state-of-the-art facilities, advanced operational technologies, and integrated quality control mechanisms.



- **Colour Coated Products:** JSW's Colour Coated products offer a blend of steel strength, paint beauty, and enhanced corrosion resistance. Branded as JSW Colouron and JSW Colouron Plus, they come in various paint systems for superior quality. The products feature a primer coating on both surfaces for better adhesion and toxin-free protection. The advanced coating technology resists cracking and peeling, ensuring a long-lasting, recyclable solution.



- **Galvanized:** India's largest galvanized steel exporter, providing high-quality products with a 550 gsm coating to the solar sector. Strong, corrosion-resistant, eco-friendly, and lightweight, thanks to zinc-iron alloy layers for effective protection against moisture and abrasion.



- **Galvalume:** JSW Steel is India's first Licensee Galvalume producer, using BIEC International Inc., USA technology for high-quality alloy-coated products. Galvalume contains 55% aluminum, 43.5% zinc, and 1.5% silicon, providing excellent corrosion resistance and heat reflectivity. It's suitable for construction, appliances, agriculture, and automotive components



Longs

- **TMT Bars:** JSW Neosteel is a high-quality TMT bar with superior strength and flexibility. Made from virgin iron ore using advanced technology, it ensures unmatched purity and uniform properties. Its unique rib pattern bonds firmly with concrete, creating a lifelong bond. It is highly resistant to earthquakes, due to a combination of higher strength and ductility. A high UTS/YS ratio of 1.15 minimum raises its capacity to absorb energy



- **Wire Rod: JSW Wire Rods:** Produced at Vijayanagar and Salem mills. Offers high/medium/low carbon grades, electrode grade, and CHQ grades. Excellent mechanical and consistent chemical properties. Low Sulphur and Phosphorous content (0.005%-0.035%) and minimal tramp elements. Advanced technology for superior quality, dimensional accuracy, and high-speed wire rod mills (120 mtr/sec).



- **Special Alloy Steel:** JSW Special Alloy Steel: Produced at Salem Works, India's largest integrated plant. Offers high-quality flats and bars for diverse applications. Known for superior products, customization, and on-time delivery. Strategically located for efficient supply to leading auto industries.



Geographical Presence

Manufacturing Facilities

» Vijaynagar Works (ISP): Crude steel capacity – 12 MTPA

» Dolvi Works (ISP): Crude steel capacity: 10 MTPA

» Salem Works (ISP): Crude steel capacity – 1 MTPA

» Bhushan Power & Steel Ltd (BPSL): 3.5 MTPA

» Salva Works: Direct Reduced Iron & Hot Briquetted Iron (HBI) : Capacity – 0.9 MTPA

» JSW Ispat: Crude steel capacity – 1.2 MTPA

International Facilities

» JSW Steel USA – Ohio: Crude steel capacity – 1.2 MTPA : Finished steel capacity – 3MTPA

» JSW Steel USA – Baytown: Plate mill capacity – 1.2 MTPA : Pipe mill capacity – 0.55 MTPA

» JSW Steel Italy Piombino S.P.A: Finished steel capacity – 1.3 MTPA

Downstream Operations:

» Anjar Works: Production of steel plates and coils – Capacity: 1.2 MTPA.

» Vasind Works: Manufacturing GI/GL (Galvanized and Galvalume) products – Capacity: 1.42 MTPA. Annealing line – Capacity: 0.5 MTPA.

» Kalmeshwar Works: Manufacturing of GI/GL products – Capacity: 0.96 MTPA

» Tarapur Works: Manufacturing of GI/GL Products - Capacity of 0.73 MTPA, Tinplate – Capacity: 0.5 MTPA

» Khopoli and Bawal Works: GI/GL Products – Capacity: 0.72 MTPA

» JSW Vallabh Tinplate Private Ltd. (JSWVTPL): Tinplate production – capacity: 0.12 MTPA.

» Vardhman Industries Ltd. (VIL): Produces color-coated products annual capacity of 60,000 tonnes.

» Neotrex Steel Private Ltd: Production of low-relaxation pre-stressed concrete steel strands, contributing a capacity of 72,000 tonnes per annum for LRPC.

Company Update

Vijayanagar 5mtpa Brownfield Project:
» Ongoing construction activities across all packages.
» Refractory erection initiated for BF package.
» BOF vessel erection set to start in July.
» Equipment erection underway for all HSM areas.
» Project slated for completion by end of FY24.

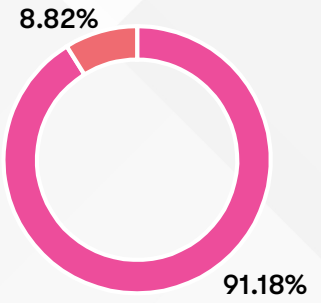
Coke Oven Plant:
» 1.5 mtpa Coke Oven battery: Battery B commissioning expected by Q2 FY24.
» Additional 1.5 mtpa capacity enhancement underway to support 5 mtpa steel-making expansion. Phased commissioning in Q4 FY24.

BPSL & Other Downstream Phase-II Expansion (3.5 to 5 MTPA):
» Key equipment on-site for Wire Rod Mill-2, SMS-2, Lime Calcination Plant-6.
» Ongoing civil, structural, and equipment erection work.
» Project anticipated for completion by FY24 end.

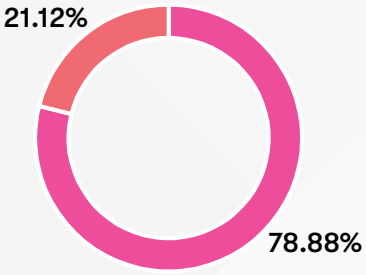
Other Downstream Projects:
» 0.12 MTPA Colour Coating line in Jammu & Kashmir.
» Site's civil work and equipment erection in progress.
» Expected completion by Fy24.

Company Performance

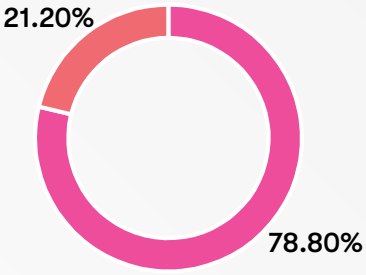
Gross Sales FY2022-2023



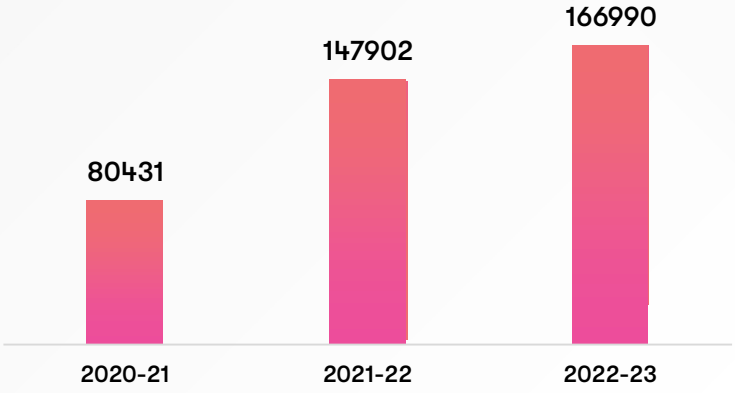
Gross Sales FY2021-2022



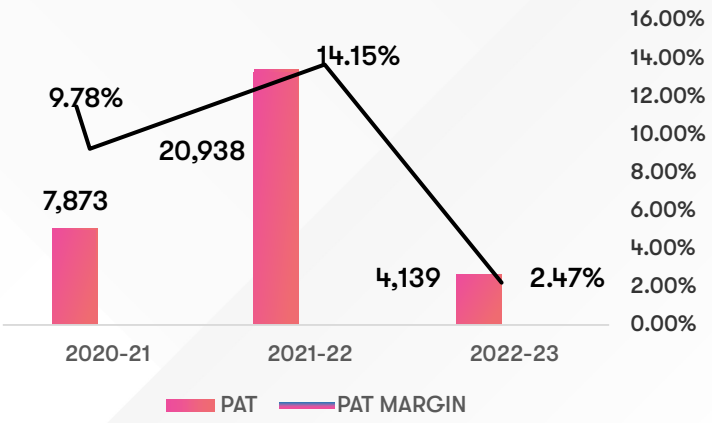
Gross Sales FY2020-2021



Gross Revenue (in Crs)



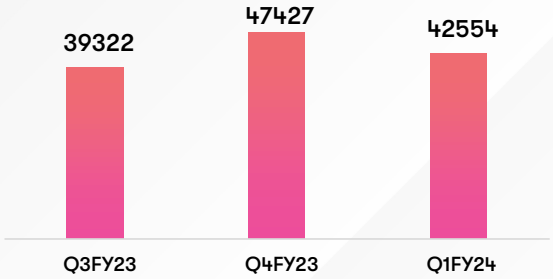
PAT (in Crs) & PAT Margins (in %)



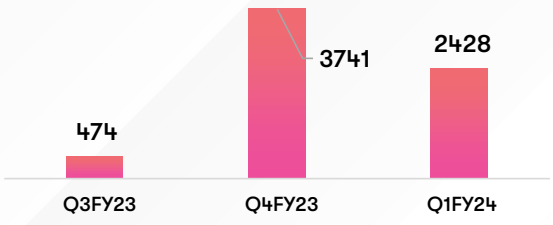
Result Highlights – Q1FY24

11.15% Revenue Y-O-Y	-10.29% Revenue Q-O-Q
63.51% EBITDA Y-O-Y	-11.24% EBITDA Q-O-Q
189.39% PAT Y-O-Y	-35.09% PAT Q-O-Q
11.43% Crude Steel Production Y-O-Y	-2.27% Crude Steel Production Q-O-Q

Quarterly Revenue (in Crs)



Quarterly PAT (in Crs)



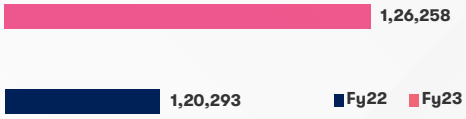
Industry Analysis

Global steel demand encountered challenges due to high inflation and aggressive monetary policy tightening by major central banks, combined with supply chain bottlenecks. Developed economies experienced a substantial decline in steel demand during 2022, influenced by monetary tightening and escalating energy costs. Despite a significant 6.2% decrease in steel demand in CY 2022, a modest recovery of 1.3% is projected for CY 2023, followed by a more substantial 3.2% rebound in CY 2024. The EU's looming energy crisis and concerns of gas rationing without Russian supplies further impacted market sentiment. China's steel demand contracted by 4% in 2022.

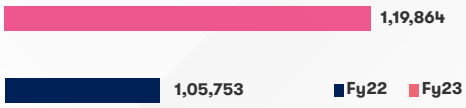
Global Steel Production:
In CY 2022, total global crude steel production stood at 1,885 MnT, declining by 3.9% year-on-year (y-o-y). This reduction was a response to weak demand and narrow margins resulting from falling steel prices and elevated raw material costs. China, the world's largest steel producer, saw a 1.6% y-o-y decline in production to 1,018 MnT, while Japan's production fell 7.4% y-o-y to 89.2 MnT. This was partially offset by India's 6.0% y-o-y increase in production to 125.3 MnT.

Indian Steel Industry:
India is the world's second-largest producer of crude steel, with an output of 126.2 MnT in FY 2022-23. Crude steel production increased by 5.0% y-o-y, and finished steel consumption rose by 13.3% to 119.9 MnT. While production and consumption surged due to robust domestic demand, margins faced pressure from high raw material and energy costs. The imposition of export duty on steel led to domestic inventory buildup, and imports rose sharply, intensifying competition and pricing pressure. India aims to expand crude steel production capacity from 160 MTPA in FY 2022-23 to 300 MTPA by FY 2030-31 under the National Steel Policy, with a focus on green steel and Industry 4.0 technologies.

Indian Crude Steel Production ('000 Tonnes)



Indian Finished Steel Production ('000 Tonnes)



Factors Driving Steel Demand:

Infrastructure and Construction: The core catalyst for demand. During the assessed period, the urban residential real estate sector displayed resilience with robust new launches and favorable affordability, even amidst higher interest rates. Investments in renewables surged due to heightened power consumption and a shift towards green energy. The government's unwavering commitment to infrastructure and social development remained steadfast. Notably, the NHAI pipeline is poised for strength over the next three years, while InvITs (Infrastructure Investment Trusts) attract continuous interest from international stakeholders. Private capital expenditure gains momentum through initiatives like the National Infrastructure Pipeline (NIP), Production-Linked Incentive (PLI) scheme, and defense indigenization.

Supportive Policies and Key Initiatives for Steel Demand:

Allocation in the 2023-24 Budget:
- A substantial ₹2.4 trillion capital allocation for the transformation of railway stations into multi-modal transit hubs.
- An allocation of ₹75,000 crore to enhance transport infrastructure efficiency, ensuring seamless connectivity for critical sectors like ports, coal, steel, and food grain.
- An increased allocation of ₹79,000 crore (up 66%) for the PM Awas Yojana Urban, aimed at addressing the shortage of urban housing for the less privileged segments of society.

Government-Led Initiatives: The production of specialty steel receives a significant boost through a dedicated ₹6,322 crore investment under the PLI scheme. Notably, this initiative has led to the selection of seven applications from 30 companies. The anticipated outcome involves attracting committed investments totaling ₹42,500 crores, with the potential to introduce downstream capacity expansions amounting to 26 MTPA, ultimately generating 70,000 employment opportunities.

Comprehensive Investment Rationale

Capacity Expansion in Sync with India's Growth Story

JSW Steel (JSTL) leads India's steel industry, aligning capacity expansion with the nation's growth. Despite challenges, FY23 saw strong steel demand driven by infrastructure and construction focus. With a strengthening capital base and rising public-private investments, JSTL is positioned to meet steel demand from urbanization, improved living standards, and manufacturing growth. Timely and vital, JSTL aims to raise capacity from 28.2 million to 37 million tonnes by FY25, targeting 50 million tonnes by FY30-31, in sync with the government National Steel Policy's 300 million tonnes goal. JSTL sees consistent demand across autos, packaging, renewable energy, construction, power, and consumer durables.

Emphasizing value-added products (VAP) at 57% of sales diversifies revenue streams and helps JSTL navigate steel market cycles, with 13.5 million tonnes in downstream high-margin products. Auto sector's 15% contribution in 1QFY24 showcases JSTL's adaptability. Our analysis of FY23 annual report shows robust domestic steel demand despite macroeconomic issues, geopolitical tensions, and export duty. Future demand hinges on strong capital, public-private expansions, urbanization, and elevated living standards, bolstered by transportation network growth.
JSTL's focus on VAP, 61% of sales, is ready for rising specialty steel demand in renewables, autos, white goods, and construction. Gradual VAP growth and downstream expansion position JSTL for market trends and steel industry resilience.

Strategic Synergies and Expansion:

JSW Steel Limited (JSTL) is poised for a strategic amalgamation with Jindal Ispat Special Products Limited (JISPL), a move set to optimize operations and enhance efficiencies. Pending regulatory approvals, this merger, expected to conclude in Q2 FY24, holds significant potential for operational synergies. The alignment of business activities anticipates streamlined operations, leveraging JISPL's manufacturing hub in Raigarh, conveniently situated near JSWSL's captive iron ore mines. This proximity facilitates efficient access to raw materials, curbing procurement costs and enhancing operational cost-effectiveness. Furthermore, JSWSL's capacity expansion at its rolling mill, coupled with the integration of intermediate products from JISPL, contributes to heightened production efficiency. The amalgamation also promises a simplified corporate structure, reducing legal and regulatory complexities. This strategic integration strengthens JSWSL's presence in central India while providing JISPL access to technological support from JSWSL, enhancing operational capabilities.

In another strategic move, JSTL's acquisition of National Steel & Agro Industries Limited (NSAIL) marks its expansion into the flat steel segment. The inclusion of cold rolled coils, galvanized sheets, and pre-painted sheets enhances JSTL's product portfolio and downstream capabilities. Despite NSAIL's net losses, JSTL's ₹621 crore acquisition showcases its strategic approach to leverage synergies and enhance NSAIL's performance. NSAIL's added capacities in CR coils, GP/GC units, and color-coated coils align seamlessly with JSTL's emphasis on value-added products (VAP), further solidifying its foothold in downstream and specialized steel production. Notably, VAP contributed 57% to sales in FY23, reflecting JSWSL's commitment to high-margin offerings across sectors from automotive to infrastructure.

Preferred Supplier and Safety Leader in India's Auto Sector

JSTL holds a premier status as a preferred supplier in India's automobile sector, a pivotal contributor of 7.1% to the GDP, poised to reach INR 15 trillion by FY25. The surge in demand for Advanced High-Strength Steel (AHSS) within the automotive industry, valued for its role in enhancing vehicle safety, has fueled JSTL's prominence. AHSS offers a cost-effective solution to attain 5-star safety ratings, positioning JSTL as a key manufacturer of critical crash and safety components such as A&B pillars, cross beams, door impact beams, and suspension parts. The robust growth
projected for the auto sector, driven by improved living standards, growing disposable income in non-metro regions, EV adoption, and infrastructural advances, further cements JSTL's significance. The company's extensive value chain presence solidifies its stature as a favored supplier to major auto players, fortified by rigorous approval processes acting as a formidable entry barrier. Additionally, JSTL's unwavering commitment to environmental, social, and governance (ESG) standards is demonstrated through achievements like the GreenPro ecolabel for auto steel products and 'Environmental Product Declarations' (EPDs) Type III eco-labeling for 14 finished products, reflecting its dedication to sustainability and responsible manufacturing.

Robust Raw Material Security and Export Potential:
JSTL ensures robust raw material linkages through its portfolio of 13 captive iron ore mines, catering to 41% of total iron ore needs. In FY23, iron ore consumption was 1.58t/tcs (1.82t/tcs in FY22), with 1,105mt R&R in Odisha and 236mt in Karnataka, alongside annual EC of 28mt and 7mt. Recent acquisitions of six iron ore blocks in Maharashtra, Goa, and Karnataka (2 in each state) bolster these linkages. While Maharashtra and Goa blocks advance towards operational status, Karnataka's exploration progresses. Furthermore, JSTL secured Parbatpur and Sitanala coal blocks in FY23, with Parbatpur set for coal production in FY25 and Sitanala by FY28, meeting 5% of clean coal needs with a combined PRC of about 1mt. JSW Steel's proactive pursuit of iron ore mines and coking coal assets underscores its commitment to raw material security, mitigating potential supply risks. Additionally, its forward-looking approach to exports, expected to contribute around 15% of total sales, showcases its agility in capturing global opportunities.

Resilient Growth Forecast for Indian Steel Demand
Robust and resilient domestic steel demand is poised for a 6.2% expansion in FY24, driven by heightened private sector consumption, robust government-backed infrastructure projects, the burgeoning automotive industry, increased investments in renewable energy, and a surge in demand for white goods. This vigorous steel demand is not only expected to contribute to overall GDP growth but also aligns with India's ambitious goal of tripling its GDP to USD 10 trillion by FY33. As the nation works towards achieving this target, crude steel production is forecasted to soar to 300mt by FY30-31, providing substantial potential for further escalation in steel consumption within India. Furthermore, the government's focus on amplifying the manufacturing sector's GDP share to 25% underscores the pivotal role of initiatives such as Gati Shakti, Metros, freight corridors, waterways, high-speed trains, and road networks in propelling domestic steel demand to new heights.

Catalyst for Steel Sector Growth
The Ministry of Steel's strategic efforts are evidenced by the signing of 57 Memoranda of Understanding (MoUs) with 27 companies under the Production Linked Incentive (PLI) scheme, emphasizing specialty steel production. Notably, the government has approved a significant sum of INR 6,322 crore to foster growth within the steel sector through this scheme. The Budget for the fiscal year 2023-24 presents a promising landscape, offering numerous opportunities across diverse industries that are poised to directly bolster steel consumption. In a move to further stimulate the industry, the Government of India has eliminated export duties on iron ore, pellets, and steel intermediaries, effective since November 2022. This decision is poised to significantly enhance the growth prospects of the steel sector, both domestically and in the global market.

Q1FY24 Concall Highlights
JSW Steel shared promising performance indicators. Notably, their crude steel production surged by 11%, underpinning a robust growth trajectory. The company reported a remarkable 27% YoY growth in consolidated steel sales, reflecting strong demand. The positive outlook for steel demand in India remains intact, driven by key sectors like infrastructure, construction, automotive, and renewable energy. The anticipated decrease in coking coal costs during Q2 is expected to counterbalance the price adjustments witnessed in Q1. The company's strategic focus on capacity expansion aims to achieve 37 million tonnes by FY25 and aims for a medium-term target of 50 million tonnes. In line with bolstering raw material security, JSW Steel is actively exploring opportunities for iron ore mines and coking coal assets. The company is committed to decarbonization, exploring avenues such as renewable energy, energy efficiency, circularity, and green hydrogen. As Q2 unfolds, the company foresees stronger volumes and improved demand, facilitated by lower coking coal prices and channel destocking completion. Their net debt to EBITDA ratio improved to 3.14x from 3.2x in Q1, showcasing financial resilience. JSW Steel remains confident in meeting their FY24 guidance for capacity and sales. Notably, recent achievements include the successful acquisition of National Steel and Agro Industries and the merger of Vardhman and Vallabh Tinplate with JSW Steel Coated Products. With a vigilant eye on the global steel industry, the company is closely monitoring developments, including shifts in China's steel production and potential adjustments to steel export duties to the US.

Outlook
Aligned with international patterns, domestic steel prices have recently experienced a dip but seem to be finding stability. There's an expectation of an upturn in steel demand during the latter part of the year. JSTL's reliance on domestic suppliers or imports due to the absence of coal linkages could lead to margin challenges if coal prices surge. Trading at 6.5x FY25E EV/EBITDA, the stock seems to reflect these aspects. As such, our stance of a Neutral rating remains reaffirmed.

Technical Outlook



stock looks in a strong momentum backed by improvement in fundamentals.

Daily and Weekly RSI are trading above 70 indicating massive strength in the buying.

A consistent widening of the MACD histogram signals increasing bullish momentum, indicating a sustained uptrend in the stock

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	792.94	796.41
10	803.50	799.26
20	805.25	800.27
50	791.86	786.22
100	751.61	763.23
200	735.90	735.20

Pivot Levels : FIBONACCI		
R1 798.74	Pivot 795.82	S1 792.89
R2 800.54		S2 791.09
R3 803.47		S3 788.17

Relative Strength Index (RSI)	Daily	Weekly
	49.85	59.02

Financial Snapshot

Particulars (Consolidated)	FY 23	FY 22	FY 21	FY 20	FY 19
Financial Position			(In Cr)		
Equity Share Capital	301	301	301	301	301
Reserve & Surplus	65394	66996	46462	36298	34494
Fixed Assets	126490	116666	97147	88861	73693
Current Assets	68150	65374	35852	36478	33555
Cash and Cash Equivalents	20714	17383	12813	12003	6187
Current Liabilities	69963	57551	43299	43688	42008
Non Current Liabilities	74043	70399	58873	52108	38561
Enterprise Value	266575	274342	179588	84501	117499
Operating Results					
Total Income	166990	147902	80431	73872	84961
Total Expenditure	161789	118333	68334	69964	73763
Earnings Before Interest & Tax (EBIT)	12103	34537	16054	8173	15115
Tax	1516	8807	4142	-906	3644
Profit/(loss) after tax (PAT)	4276	20021	7872	4009	7554
Ratios					
EBDITA margin (%)	11.79	27.69	25.96	16.93	22.60
Net profit margin (%)	2.57	13.67	9.85	5.46	8.91
Return on net worth (%)	6.30	30.70	16.91	11.01	21.95
Return on capital employed (%)	8.57	24.85	15.28	9.27	20.73
Return on asset (%)	1.96	10.51	5.33	3.05	6.64
Debt To Equity Ratio	1.20	1.04	1.11	1.45	1.03
EPS	17.25	85.96	32.91	16.78	31.77
Earning Yield	0.02	0.09	0.06	0.09	0.09
Cash Flows			(In Cr)		
Operating Activities	23323	26270	18789	12785	14633
Investing Activities	-10711	-15987	-8119	-19586	-11448
Financing Activities	-5977	-14657	-3110	5189	1753
Net Cash Flows	6616	-3135	7977	-1615	4999

Jindal Stainless Ltd (JSL)

Jindal Stainless Limited (JSL) has established itself as a prominent figure in the stainless steel manufacturing sector, both within India and globally. Driven by an unwavering dedication to excellence, the company has not only dominated the Indian market but also garnered significant international recognition. Its state-of-the-art stainless steel plant in Jajpur, Odisha, boasts an impressive annual production capacity of 1.1 million tonnes. Spread across approximately 800 acres, the facility strategically leverages its proximity to raw material sources and ports, streamlining logistics and ensuring cost-effective transportation. This strategic approach aligns with JSL's environmental consciousness, minimizing carbon footprint associated with product transport.

At the core of JSL manufacturing prowess is an unyielding commitment to innovation and quality. Utilizing cutting-edge machinery and engineering from renowned European suppliers, the company ensures its ability to produce globally competitive stainless steel products. With a portfolio encompassing more than 120 grades, JSL caters comprehensively to diverse industries. This comprehensive product range is bolstered by an effective distribution network, including numerous service centers catering proficiently to both domestic and international markets.

JSL's innovation prowess is evident through groundbreaking solutions that have expanded the conventional applications of stainless steel. From pioneering stainless steel usage in e-rickshaws to introducing food-grade stainless steel, SS fuel tanks, exhaust systems for commercial vehicles, stainless steel bus bodies, railway coaches, wagons, and unique finishes, the company consistently showcases its ability to redefine the utility of stainless steel across diverse sectors.

The company's growth journey is underpinned by a people-centric approach, value-driven business operations, customer-centric ethos, industry-leading safety practices, and a robust sense of social responsibility. This amalgamation of factors has been pivotal in driving expansion. Through substantial investments in human capital, process refinement, technological harnessing, and strategic diversification of its product portfolio, JSL is poised to capitalize on the substantial growth potential within the stainless steel industry.

JSL's expansion aims to raise melting capacity from 1.1 to 2.1 million tonnes per annum, including downstream expansion. This strategic endeavor targets an HRAP capacity increase by 0.45 million tonnes per annum and CRAP capacity by 0.3 million tonnes per annum. JSL also plans to enhance Ferro chrome capacity from 0.25 to 0.35 million tonnes per annum.

Beyond being a listed entity, JSL ranks among India's largest stainless steel manufacturers. The Jajpur plant is supported by a captive power plant of 264 MW, a 0.25 million tonnes per annum ferroalloy plant, and a 0.45 million tonnes per annum CRAP plant. The 1.6 million tonnes per annum HSM owned by associate company JSUL further supports operations. Strategic collaborations and acquisitions, like JUSL and JSHL, enhance its capabilities and market presence.

Stock Data	
CMP	423
52 Week High/Low	700/386
Face Value	2
Market Cap (In Crs)	65230
NSE	JSL
BSE	532508
Bloomberg	JDSL:IN
Sector	Iron & Steel

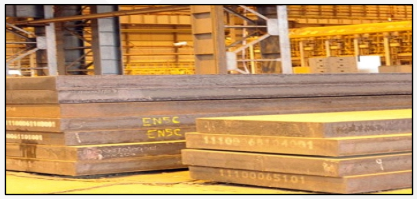
Shareholding Pattern (in %)		
	JUN 23	MAR 23
Promoter	57.95	57.95
FII	22.20	21.92
DII	6.01	6.15
Public	13.85	13.99
Others	-	-

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.07	10.31	9.43
Jindal Stainless	17.38%	158.81%	238.61%

Key Ratios	
P/E	16.6
P/B	2.93
Debt To Equity	0.33
ROE	24.4%
ROCE	25.5%
Dividend Yield	0.00

Business Verticals

Product Portfolio



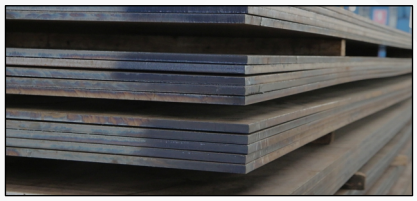
Product Portfolio



Blooms



Hot Rolled Coils (HR)



Plates



Cold Rolled Coils (CR)



Specialty Products

» **Plates:** Jindal Stainless Ltd offers a wide range of stainless steel plates known for their exceptional durability, corrosion resistance, and versatility. These plates find applications in various industries such as construction, manufacturing, and infrastructure development.

» **Blooms:** Stainless steel blooms are semi-finished products that serve as the starting material for various manufacturing processes. JSL's stainless steel blooms are produced with precision and quality, ensuring they meet the stringent requirements of downstream applications.

» **Hot Rolled Coil (HRC):** Hot rolled coils from JSL are known for their superior strength, dimensional accuracy, and surface finish. These coils find use in industries like automotive, construction, and industrial machinery, where high-strength materials are essential.

» **Cold Rolled Coil (CRC):** JSL's cold rolled coils exhibit exceptional surface finish, tight dimensional tolerances, and consistent mechanical properties. These coils are widely used in applications requiring precise shapes, sizes, and finishes, such as consumer goods, appliances, and electronic components.

» **Slabs:** Stainless steel slabs are a crucial raw material for downstream manufacturing processes. JSL produces high-quality slabs that serve as the foundation for various end products, ensuring the integrity and performance of the final goods.

» **Specialty Products:** Jindal Stainless Ltd specializes in offering a range of stainless steel products tailored to specific industry needs. These specialty products encompass a wide array of applications, including medical equipment, electronics, aviation, and more, where the unique properties of stainless steel are harnessed for optimal performance

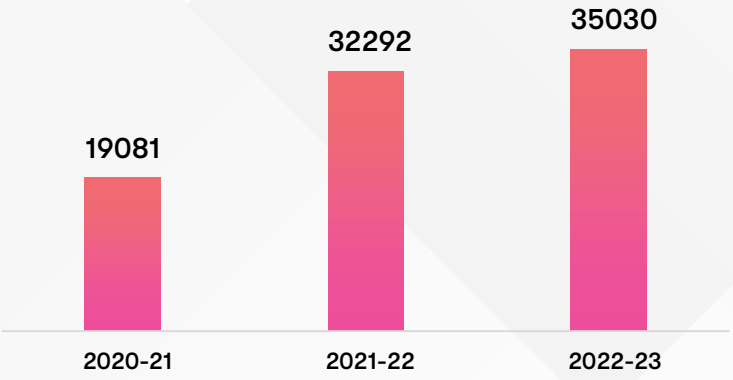
ODISHA
Capacity: 2.1 MTPA

Manufacturing Units

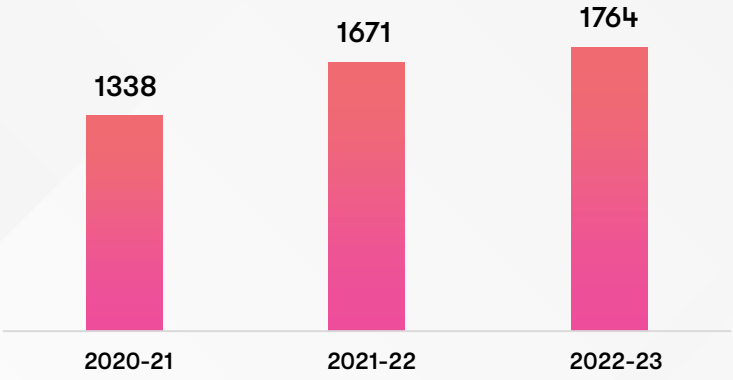
HISAR
Capacity: 0.8 MTPA

Company Performance

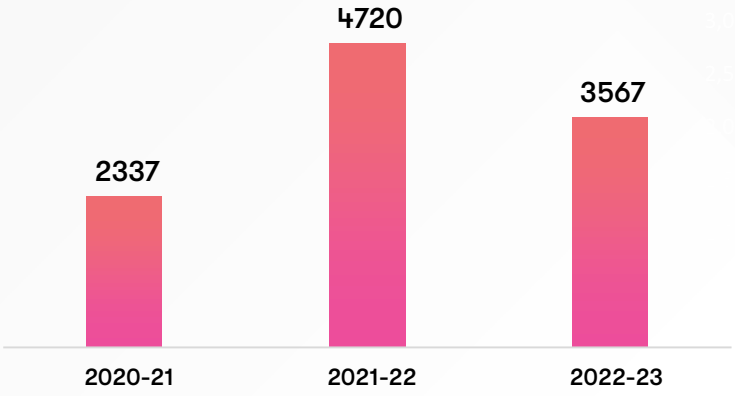
Gross Revenue (in Crs)



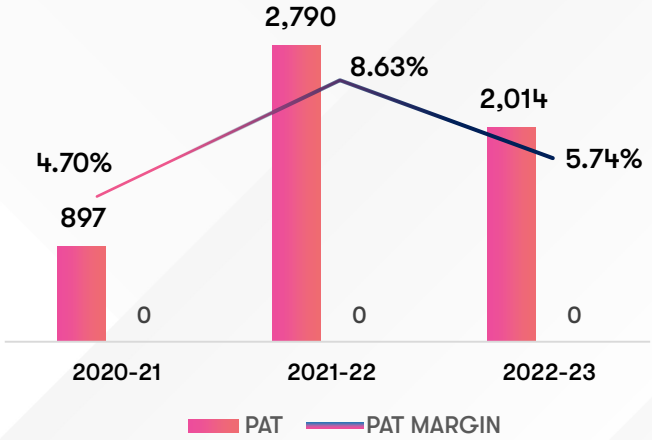
Sales Volume ('000)



EBITDA (in Crs)



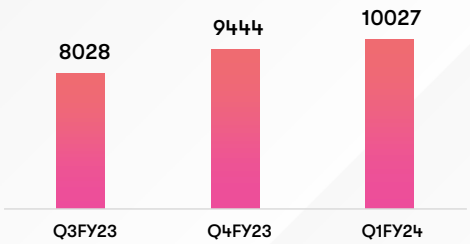
PAT (in Crs) & PAT Margins (in %)



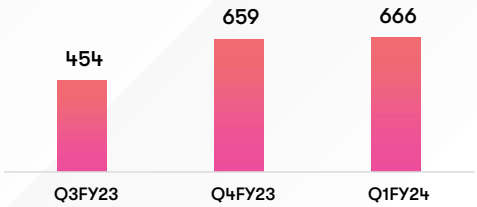
Result Highlights – Q1FY24

25.60% Revenue Y-O-Y	4.32% Revenue Q-O-Q
35.02% EBITDA Y-O-Y	1.91% EBITDA Q-O-Q
46.69% PAT Y-O-Y	1.06% PAT Q-O-Q
54% Sales Volume Y-O-Y	8% Sales Volume Q-O-Q

Quarterly Revenue (in Crs)

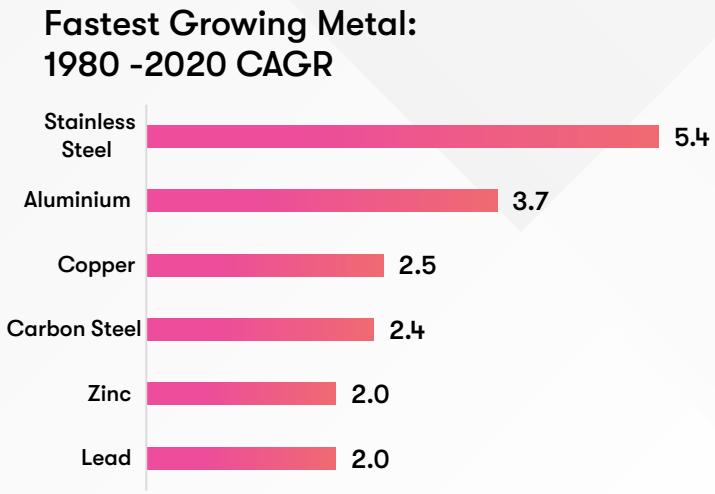


Quarterly PAT (in Crs)



Industry Analysis

The Indian stainless steel industry is poised for remarkable growth, as outlined in the Stainless Steel Vision Document 2047, a collaborative effort between ISSDA and CRISIL. This visionary document asserts that India will continue to lead as the fastest-growing stainless steel market and secure its position as the second-largest global producer for years to come. The promising sectors fueling this growth include infrastructure, renewable energy, agriculture, smart cities, defense, and aerospace. Notably, the industry's emphasis on constructing enduring and maintenance-free infrastructure while prioritizing low life cycle costs and value propositions is a significant trend. Moreover, stainless steel is anticipated to play a pivotal role in nation-building and sustainable solutions, addressing the substantial economic loss of nearly 4% of GDP due to corrosion annually.



The evolution of stainless steel applications in India reflects a diversification trend, encompassing both traditional and innovative uses. The government's concerted efforts towards infrastructure development and heightened awareness have contributed to increased stainless steel consumption. This growth trajectory is significant, especially considering India's per capita consumption of stainless steel remains at a modest 2.5 kg, in contrast to the global average of 5.5-6 kg.

Despite the challenges presented by the COVID-19 pandemic, the Indian stainless steel industry showcased its resilience. Following a decline in CY20 due to pandemic repercussions, the stainless steel melt shop production rebounded in CY21, registering a remarkable 26% growth to reach 3.96 million tonnes. This recovery was spurred by economic revival and improved liquidity post-lockdown, leading to increased demand in India and other regions. Sectors like railways, infrastructure, and process industries experienced enhanced demand and are poised for continued growth. Bolstered by the Government of India's unwavering focus on infrastructure development and innovative projects like PM Gati Shakti, coupled with life cycle cost evaluations, replacement demand, and growing awareness, the demand for stainless steel is projected to remain robust.

The journey of domestic stainless steel demand in India has witnessed notable fluctuations. The compound annual growth rate (CAGR) over fiscals 2016-2020 stood at approximately 5.2%, culminating in a demand of 3.7 million tonnes. However, the pandemic-induced disruptions led to a contraction of 14-15% in fiscal 2021, driving demand down to 3.2 million tonnes. Encouragingly, fiscal 2022 saw a rebound, with demand surging to 3.96 million tonnes, supported by a favorable base, stable macroeconomic conditions, and normalized government spending. Looking ahead, CRISIL projects a CAGR of 6.5-7.5% in stainless steel demand over fiscals 2022-2025, propelling it to reach 4.6-4.8 million tonnes. This growth trend is anticipated to gather momentum, with projected demand reaching 12.5-12.7 million tonnes by fiscal 2040 and an impressive 19-20 million tonnes by fiscal 2047. This surge is expected to elevate per capita consumption from the current 2.5 kg to 8-9 kg and 11-12 kg, underscoring the role of construction, infrastructure, and manufacturing sectors as key contributors.

In terms of segment-wise contributions, the consumer goods sector, encompassing kitchenware and consumer durables, commands a significant share of 45-50% of India's total stainless steel demand. The future of this sector remains promising, supported by the work-from-home culture that propels demand for stainless steel consumer durables. The organized players' share is expected to surge in the kitchenware industry, a vital subset of consumer durables. Despite a challenging year for industrial activities, the process industry is anticipated to rebound, fueled by schemes like 'Atmanirbhar Bharat,' 'Make in India,' and the Production-Linked Incentive (PLI), alongside renewed investments. Notably, the food processing and pharmaceutical industries are poised to be major consumers of stainless steel within this segment.

Comprehensive Investment Rationale

Robust Growth and Expansion in Stainless Steel Sector

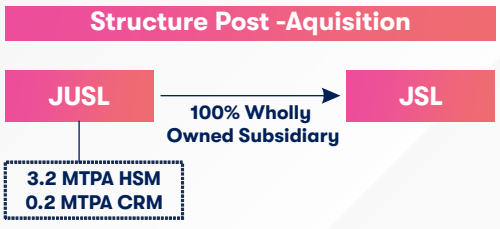
The domestic stainless steel sector is thriving due to its growing acceptance in various industries such as consumer goods, process industries, architecture, building, construction (ABC), and automobiles, railways, and transportation (ART). Stainless steel's unique properties, including corrosion resistance and low lifecycle cost, have made it a preferred material for railways and infrastructure. To meet the rising demand, the group is investing significantly in expanding stainless steel melt capacity by 1 million tonnes per annum (MTPA) at the Odisha plant, increasing total capacity to 2.9 MTPA. Downstream capacities in both plants are also being expanded, along with cost-efficiency improvements. Additionally, the hot strip mill (HSM) capacity is expanding to 3.6 MTPA, with an investment of Rs 400-500 crore. Successful commissioning and ramp-up are crucial factors to monitor. Furthermore, acquiring JUSL's shareholding is expected to yield integration benefits, given JUSL's impressive EBITDA of Rs 592 crore in fiscal year 2022.

Stainless steel's applications span various industries, with steady growth in conventional usage. The Stainless Steel Vision Document 2047 by ISSDA and CRISIL Research predicts India to remain a fast-growing stainless steel market, retaining its second-largest global position. Stainless steel's superior attributes, including strength-to-weight ratio, aesthetics, hygiene, heat resistance, and recyclability, drive its use in architecture, construction, automotive, railways, transportation, consumer durables, and process industries.

In ABC, stainless steel use is expected to rise in railway, metro, airport, commercial, retail, and healthcare projects. The ART sector, with its diverse applications, will see continuous demand. EVs and fuel efficiency drive stainless steel use in automobiles. The Indian Railways' adoption of stainless steel-coated LHB coaches and expansion of freight corridors will further boost demand. Process industries will adopt stainless steel in containers, pipelines, heat exchangers, food processing equipment, storage tanks, and packaging machinery due to its corrosion resistance. Consumer durables will incorporate stainless steel in white goods. Emerging applications, government emphasis on infrastructure and sustainability, and corrosion resistance will drive demand growth. CRISIL Research projects medium-term demand CAGR of 6.5-7.5% (FY2022-2025) to reach 4.6-4.8 MT. The long term (FY2025-2030) expects a CAGR of 7-8% for demand to reach 6.6-6.8 MT.

Strategic Acquisition of JUSL

In a transformative strategic maneuver with extensive implications, JSL completed the acquisition of Jindal United Steel Limited (JUSL) on July 20, 2023. Formerly holding a 26% stake in JUSL, JSL has now procured the remaining 74% equity share through a substantial INR 958 crores cash transaction. This strategic shift has consequently converted JUSL into an exclusive subsidiary of JSL.

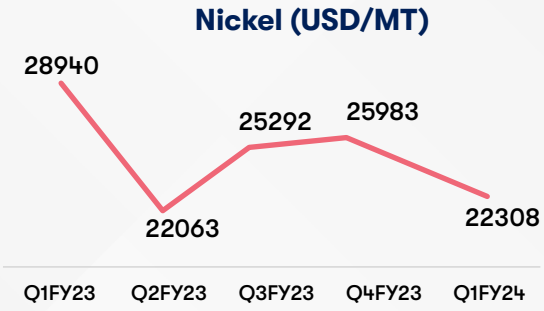


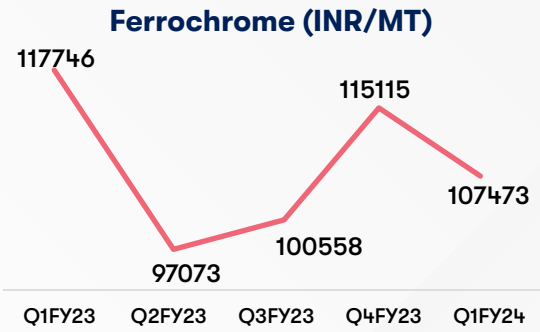
JUSL, a pivotal player within the steel industry, currently operates a Hot Strip Mill (HSM) with a capacity of 1.6 MTPA, alongside a Cold Rolling Mill (CRM) with a capacity of 0.2 MTPA. With a forward-looking approach, JUSL is actively pursuing an expansion initiative to amplify the HSM capacity to an impressive 3.2 MTPA, underscoring its dedication to growth and fortifying its competitive position in the market.

However, the acquisition's significance transcends numerical metrics. It carries the promise of unleashing a multitude of synergies by harmonizing the operations and resources of both entities. This synchronization is poised to yield heightened efficiency and economies of scale, while concurrently establishing an optimal governance structure that will streamline decision-making processes and foster collaborative strategies for growth. This strategic maneuver underscores not only a numerical advancement but a profound commitment to secure a resilient foothold for long-term triumph. By fully embracing JUSL and harnessing its existing and expanded capabilities, JSL aims to elevate value for its stakeholders, aligning perfectly with its vision of bolstering market presence, refining operational efficiencies, and propelling sustainable advancement within the competitive sphere of the steel industry.

Material Cost Decline Benefits Steel Sector

The decline in raw material prices, particularly nickel and ferrochrome, presents a compelling investment proposition within the stainless steel sector. Over the past few quarters, both nickel and ferrochrome, crucial elements in stainless steel production, have demonstrated significant price reductions. Nickel prices have decreased from 28,940 USD/MT in Q1FY23 to 22,308 USD/MT in Q1FY24, marking a substantial decline of approximately 23.1%. In parallel, ferrochrome prices in the Indian market have exhibited a similar trend, dropping from 117,746 INR/MT in Q1FY23 to 107,473 INR/MT in Q1FY24, translating to a reduction of about 8.7%.





This decline in raw material costs is poised to benefit stainless steel manufacturers by contributing to lowered production expenses. Given that nickel and ferrochrome constitute integral components in stainless steel manufacturing, the resultant cost savings are anticipated to positively impact profit margins for these manufacturers. These reduced production costs have the potential to foster higher production volumes, thereby enhancing their market competitiveness.

Cash Flow Drives Deleveraging Success

The company's journey towards balance sheet deleveraging is underpinned by a compelling investment rationale: its robust cash flow. Over the past five years, the debt-to-equity ratio has showcased a consistent downward trajectory, signifying improved financial health. After holding steady at 1.24 in 2019 and 2020, a positive shift emerged in 2021, bringing the ratio down to 0.97. This trend gained momentum in subsequent years, with the ratio plummeting to 0.60 in 2022 and a remarkable 0.32 in 2023. These substantial reductions underscore the company's effective debt management strategy and growing financial stability.

The company's proactive stance towards debt reduction is driven by its impressive operating cash flow growth. The consistent upsurge in operating cash flow from 1418 CR in 2019 to 3095 CR in 2023 reflects the company's adept resource utilization and operational efficiency. This robust cash inflow empowers the company to execute successful deleveraging initiatives, ultimately reinforcing its financial position. The combination of a progressively declining debt-to-equity ratio and a robust operating cash flow showcases the company's commitment to prudent financial management and elevates its investment appeal as a financially resilient entity.

Concall Q1FY24 Highlights:

The Company's outlook is optimistic, with a projected volume growth of 20-25% annually over the next two years, targeting 2.2 million tonnes in FY24 and 2.5 million tonnes in FY25. Retaining an EBITDA per tonne guidance range of INR 19,000-21,000, the management also aims to expand its exports, leveraging a 14% YoY growth in export volumes despite challenges in traditional markets. The completion of the JUSL acquisition brings anticipated synergies across the value chain, while domestic subsidiaries, including service centers, exhibited resilience. Import pressures persist in the domestic market, with roughly 33% of consumption being met by unfairly priced imports.

Capex plans have been revised for FY24, with guidance now at INR 32-33 billion, mainly funded through internal accruals. A notable portion of this capex has been allocated to the JUSL acquisition, NPI project, renewable power venture equity infusion, Rathi Steel acquisition, and maintenance. The focus is on strengthening downstream facilities, like the cold-roll mill, rather than further upstream expansion. Despite the net debt increasing to INR 49.04 billion post JUSL acquisition, the management remains comfortable with a 'net debt/EBITDA' ratio of 1.5x. JUSL's Q1FY24 performance showcased an EBITDA of INR 2.05 billion and a gross block of INR 30.4 billion.

Outlook

Jindal Stainless Ltd. is well-positioned to harness domestic growth, benefiting from its unique spare capacity among domestic producers. Raised EBITDA estimates for FY24E/FY25E (16%/12%) reflect improved sales volume and cost efficiency. The company's leadership in the domestic market and potential for further consolidation contribute to its positive prospects. However, a neutral outlook is maintained, with risks including potential global stainless steel price declines due to weak demand in developed markets and the possibility of increased imports affecting market share. Effective risk management remains pivotal for sustained performance.

Risk & Concerns

Rising Stainless Steel Imports:
Increasing imports from China and FTA countries threaten the domestic industry. Revoked duties undermine domestic manufacturing and 'Make in India' efforts, potentially leading to financial stress and market imbalances.

Lower Exports due to Export Duty Levy:
Imposed export duties hinder the company's ability to sell in the exports market, impacting its competitiveness amid challenges from subsidized imports.

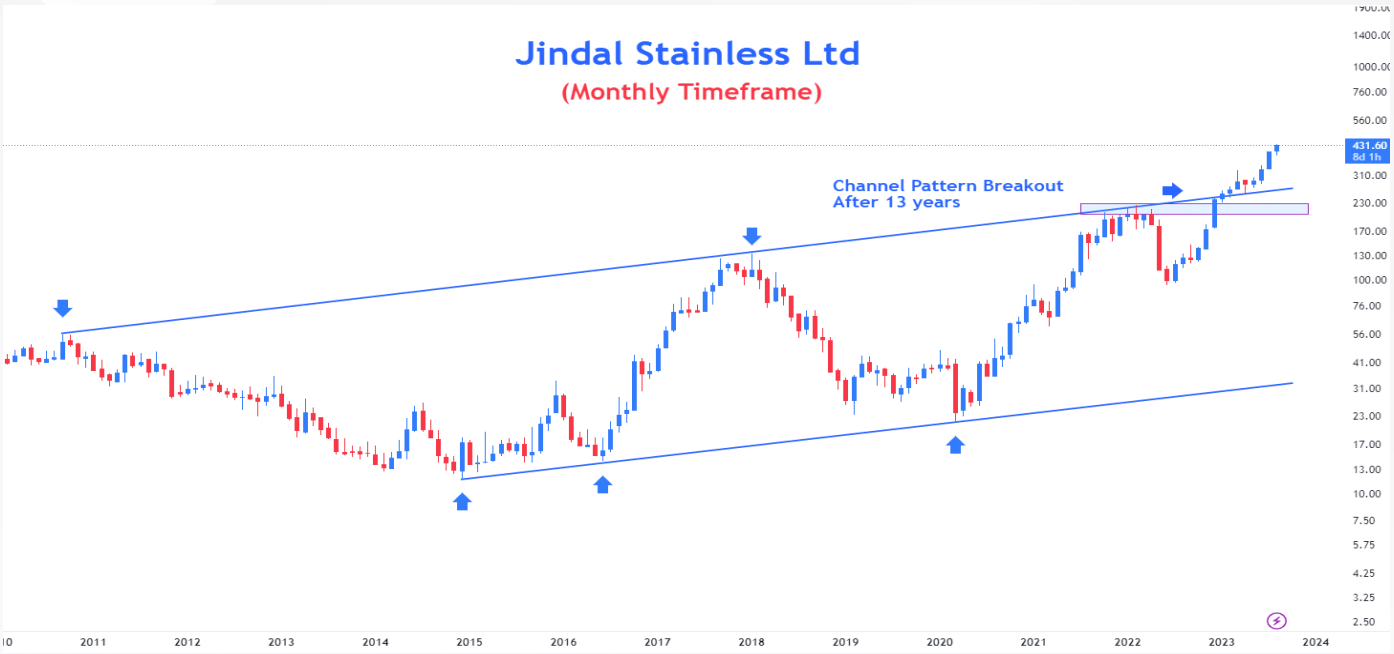
Disruption Risks:
Global crises like the recent COVID-19 pandemic disrupt supply chains, leading to market uncertainty and affecting both domestic and international stainless steel demand.

Volatility in Key Raw Materials:
Price fluctuations in vital raw materials could impact demand and cause inventory fluctuations, influencing the company's financial performance.

Political, Legal, and Regulatory Risks:
Changes in duty structures and operating in countries with varied stability levels expose the company to uncertainties affecting its performance.

Financial Risks:
Market fluctuations affect debt servicing capabilities, with changing interest rates and currency risks impacting financial stability due to import and export activities.

Technical Outlook



Jindal Stainless Ltd has successfully surpassed a long-standing channel on its charts, marking a breakout that has propelled the stock to achieve new all-time highs. The stock is currently exhibiting robust momentum supported by notable enhancements in its underlying fundamentals.

Daily and Weekly RSI are trading above 70 indicating massive strength in the buying.

10 Days Moving Average > 20 Days Moving Average > 50 Days Moving Average > 100 Days Moving Average > 200 Days Moving Average indicates a strong sustainable buying in this counter.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	420.83	422.42
10	414.02	415.06
20	403.16	402.89
50	369.64	373.27
100	327.51	338.91
200	281.68	292.07

Pivot Levels : FIBONACCI		
R1 427.25	Pivot 419.25	S1 411.25
R2 432.20		S2 406.30
R3 440.20		S3 398.30

Relative Strength Index (RSI)	Daily	Weekly
	71.88	87.23

Financial Snapshot

Particulars (Consolidated)	FY 23	FY 22	FY 21	FY 20	FY 19
Financial Position			(In Cr)		
Equity Share Capital	164.49	105.10	97.45	97.45	790.76
Reserve & Surplus	11766	5080	3053	2619	2494
Fixed Assets	10570	5964	5913	6195	6373
Current Assets	15111	7532	4118	3826	3780
Cash and Cash Equivalents	930	223	116	68	45
Current Liabilities	10950	7206	4056	4598	4449
Non Current Liabilities	4222	2428	3459	3349	2967
Enterprise Value	26824	13592	6295	4475	5805
Operating Results			(In Cr)		
Total Income	35823	21279	12229	12990	13589
Total Expenditure	33159	18939	11647	12822	13381
Earnings Before Interest & Tax (EBIT)	2988	2671	1062	753	844
Tax	690	533	270	92	76
Profit/(loss) after tax (PAT)	1973	1806	414	80	132
Ratios					
EBDITA margin (%)	10.39	14.33	12.02	9.10	8.83
Net profit margin (%)	5.52	8.51	3.39	0.62	0.98
Return on net worth (%)	17.72	36.27	13.07	2.62	5.49
Return on capital employed (%)	18.46	34.90	15.90	12.40	13.49
Return on asset (%)	7.79	12.65	3.90	0.66	1.32
Debt To Equity Ratio	0.32	0.60	0.97	1.24	1.24
EPS	25.68	37.81	8.60	1.48	2.97
Earning Yield	0.09	0.18	0.13	0.06	0.07
Cash Flows			(In Cr)		
Operating Activities	3095	1083	1307	1180	1418
Investing Activities	-2481	-782	-151	-187	-192
Financing Activities	-386	-163	-1118	-990	-1237
Net Cash Flows	227	137	37	3.88	-10.5

Jindal Saw Ltd (JSAW)

Stock Data	
CMP	312
52 Week High/Low	385/77.4
Face Value	2
Market Cap (In Crs)	9973
NSE	JINDALSAW
BSE	500378
Bloomberg	JSAW:IN
Sector	Iron & Steel

Jindal SAW Limited (JSAW) stands as a global powerhouse in the iron and steel pipe manufacturing arena. This industry leader boasts a diverse product spectrum and strategic prowess that position it as a premier solution provider for a wide range of pipe needs across the globe. The core of JSAW's offerings encompasses an array of pipe and tube products made from iron and steel. These include helically submerged arc-welded pipes (HSAW), longitudinally submerged arc-welded pipes (LSAW), ductile iron pipes, HDPE pipes, and seamless pipes crafted from carbon, alloy, and stainless steel. Complementing this extensive product range are ancillary solutions such as anti-corrosion coatings, fittings, flanges, and bends, making JSAW a one-stop-shop for holistic pipe solutions.

Shareholding Pattern (in %)		
	JUN 23	MAR 23
Promoter	63.26	63.25
FII	15.92	14.94
DII	1.18	1.20
Public	19.05	19.98
Others	0.64	0.59

At the heart of JSAW's business model lies a strategic diversification strategy across regions, markets, and sectors. This approach serves as a robust safeguard against economic and geopolitical uncertainties, allowing the company to maintain operational efficiency and performance. The self-hedging aspect of this model further enhances the company's ability to navigate challenges with resilience. JSAW's manufacturing facilities strategically dot India's landscape, including key locations like Kosi Kalan, Mundra, Nashik, Nagothane, Bellary, Bhilwara, Tembhurni, and Indore. These facilities are bolstered by subsidiaries that extend JSAW's manufacturing footprint to the US and UAE. All these operations adhere meticulously to stringent global standards, catering to sectors spanning from oil and gas to water supply and specialized industries like nuclear power.

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.07%	10.31%	9.43%
Jindal Saw	-13.26%	97.72%	262.63%

Amid its growth journey, JSAW has concentrated on fortifying its core competence in pipes and pellets. By investing in technology and advanced facilities, the company underscores its dedication to innovation and quality. Notable innovations, such as corrosion-resistant coatings and high-strength steel pipes, have allowed JSAW to differentiate itself and provide enhanced value to its clients.

Key Ratios	
P/E	14.1
P/B	1.26
Debt To Equity	0.62
ROE	6.09%
ROCE	10.6%
Dividend Yield	0.89

Sustainability and social responsibility remain pillars of JSAW's ethos. The company's initiatives to minimize environmental impact and support community development underline its commitment to a better future. In the face of challenges like inflation and supply chain disruptions, JSAW's strategic decisions, alongside its focus on value-added offerings, have contributed to an impressive revenue growth of around 38.65% year over year.

A key strategic milestone is JSAW's collaboration with Hunting Energy Services Pte Limited, Singapore, marking the establishment of India's maiden premium Oil Country Tubular Goods (OCTG) threading facility. This partnership resonates with the 'AatmaNirbhar Bharat' mission, championing self-reliance in the oil and gas sector. Additionally, JSAW's acquisition of Sathavahana Ispat Limited (SIL) has enriched its production capabilities and operational efficiency. The integration of SIL's capacities facilitates increased production and synergistic benefits.

The company's subsidiaries, including Jindal SAW Gulf LLC and Jindal SAW USA LLC, amplify its global reach. Anchored in the pursuit of value-added solutions, contribution to the 'AatmaNirbhar Bharat' vision, and unwavering commitment to quality and sustainability, JSAW continues to steer India's economic growth journey, solidifying its place as an industry frontrunner.

Business Verticals

Product Portfolio



Ductile Iron(DI) Pipes and Fittings

Jindal SAW's Ductile Iron Pipe expansion supports their Total Pipe Solutions strategy, focusing on water and waste-water transportation. Two blast furnaces ensure steady hot metal supply. Their reputation for quality and industry experience aids growth. The Mundra, Gujarat greenfield project enhances their presence. The 2005 DI Pipe plant stands as the largest single-location capacity. Moreover, the Tembhurni, Solapur, Maharashtra plant with 18,000 MT annual capacity underscores their commitment to solutions.

SAW Pipes

Jindal SAW Ltd. stands as a capacity leader in large diameter Submerged Arc Welded (SAW) Pipes through U-O-E, J-C-O, and Helical methods, serving Oil, Gas, Slurry, and Water transport needs. In 1987, the first SAW Pipe mill (UOE) emerged in Kosi Kalan, Uttar Pradesh, pioneering LSAW Pipes production in India. Commissioning the second mill near Mundra port in 2000 aimed to establish global Line Pipe supply. Currently, the division boasts nine pipe mills in India and one in the USA, offering specialized services like Anti-Corrosion Coatings and Induction Bends. With 39,490+ kms of Line pipes and 17,707+ kms of exports, Jindal SAW Ltd. is an unrivaled market leader, serving prominent global pipeline projects.

Carbon, Alloy, Stainless Steel Pipes and Tubes

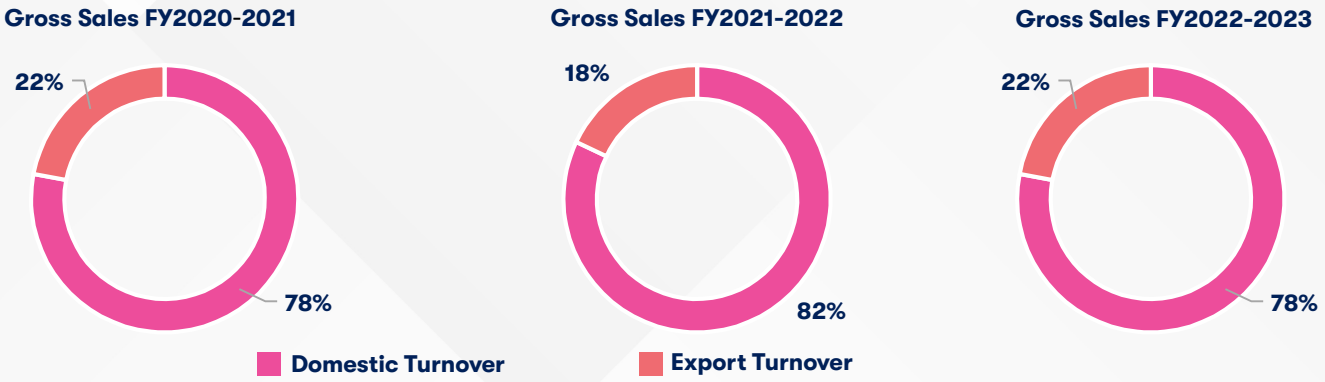
Jindal SAW boasts a total capacity exceeding 4,25,000 MT annually. Renowned for Carbon, Alloy, and Stainless Steel Seamless and Welded Tubes and Pipes, we cater to global demands. Our products find applications in diverse industries like Petroleum, Exploration, Automotive, Power, and more. Through subsidiary JINDAL Quality TUBULAR LTD., we entered a OMMA for Kosi Kalan and Samaghogha facilities in 2019. With a strong market presence in India and global supply, we've delivered around 2 Million MT of pipes across continents, including the Middle East, North America, Europe, Asia, CIS, and Africa.

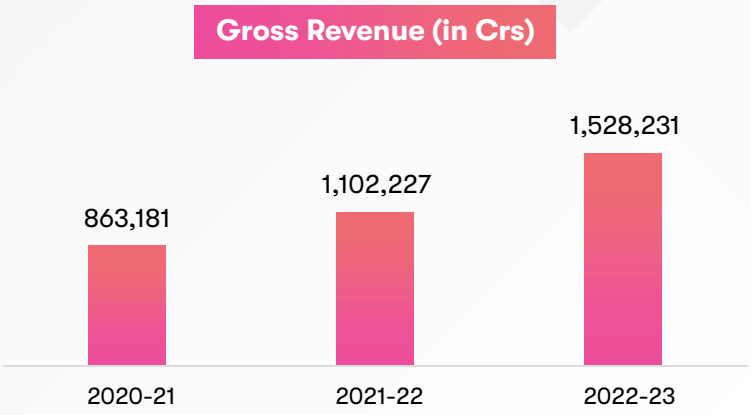
Pellets

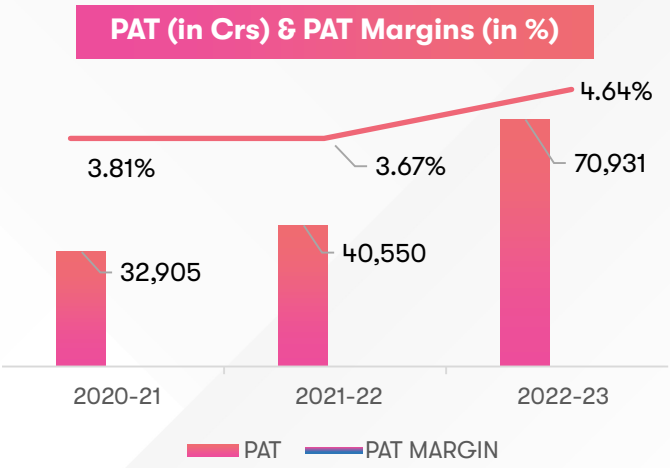
Recognizing the potential of iron ore pelletization in India, Jindal SAW Ltd., a prominent player in the Indian Tubular market, formulated a plan to establish a pellet and beneficiation plant. This plant, designed to produce 1.2 million tons per annum, would be seamlessly integrated and situated at the mine pit head near the village of Pur in Bhilwara district, Rajasthan. The strategic location taps into the unexploited low-grade iron ore reserves of the Pur-Banera Belt. This initiative aligns with Jindal SAW's dedication to innovation and leadership in the pelletization sector, contributing to modern iron-making processes and bolstering the company's capacity by 25% to 1.5 million tons per annum. The Bhilwara plant, based on Grate-Kiln technology, is North India's sole magnetite iron ore concentrate-based facility. Capacity increased by 25%, reaching 1.5 million tons per annum due to innovative improvements

Company Performance

Geographical Distribution of Gross Revenue

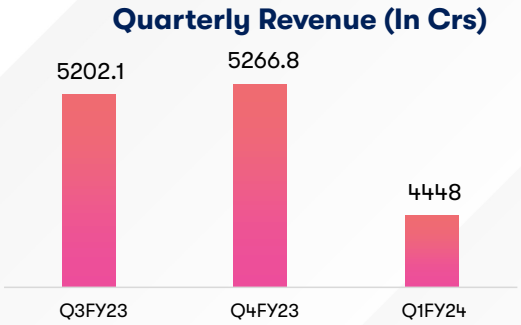


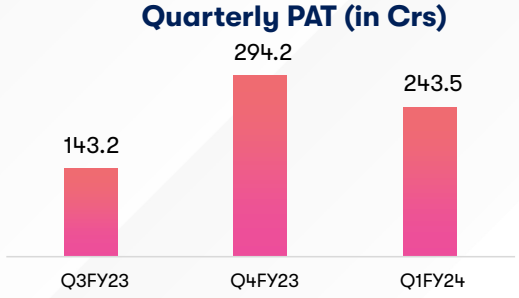




Result Highlights – Q1FY24

26.7% Revenue Y-O-Y	-15.5% Revenue Q-O-Q
138.6% EBITDA Y-O-Y	-4.8% EBITDA Q-O-Q
1650.9% PAT Y-O-Y	-17.2% PAT Q-O-Q
58.4% Iron Ore & Steel Pipes Sales Y-O-Y	33.2% Pellets Sales Y-O-Y



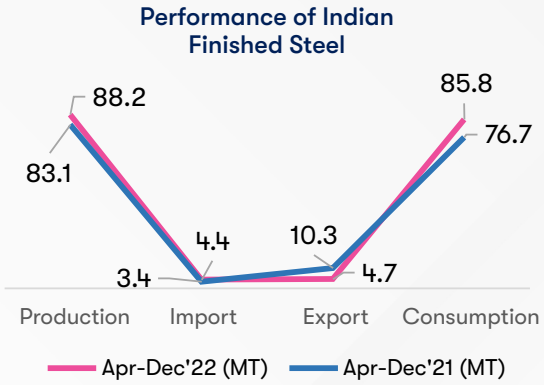


Industry Analysis

Steel Industry

The Global Steel Experts, led by the World Steel Association, have marked India as the epicenter of global steel growth, given its status as the second-largest crude steel producer worldwide. While India's steel industry expanded by 6.1% in 2022 and is projected to grow by 6.7% in 2023, global steel production experienced a 4.2% decline in 2022. Domestic finished steel production from April to December 2022 surged by 6.2% year-on-year, reaching 88.21 million tonnes (MT) compared to 83.01 MT during the same period the previous year. The domestic consumption of steel also exhibited robust growth, standing at 85.88 MT, representing an 11.9% increase over the corresponding period of 76.73 MT. Domestic crude steel production hit 92.5 MT, marking a 5% rise from the previous year's 88.07 MT.

Against a backdrop of geopolitical tensions and supply chain bottlenecks causing inflationary pressures, India's economy has shown resilience, driven by infrastructural investments and automotive sector expansion. The government's focus on infrastructure development has further stimulated steel demand. In terms of exports, India's finished steel exports dwindled by 52.2% to 5.33 million tonnes during April to January, largely due to the imposition of a 15% export duty in May 2022, later lifted in November. Conversely, India imported 5 million tonnes of finished steel, particularly benefiting from strong demand for special-grade steel. As European and American markets faced challenges, steel producers like South Korea, Japan, and Vietnam directed their surplus output towards India.



The Indian steel sector thrives on government-led projects encompassing transportation, water, sanitation, and more. CareEdge Research estimates India's steel production for FY23 at 117-119 million tonnes, reflecting a 3-5% YoY growth, while consumption is projected to grow at 10-12% in the same period. Government initiatives play a pivotal role, including the proposal to exempt import duties on key raw materials in the upcoming budget, fostering a decrease in production costs. The Production Linked Incentive Scheme also aims to enhance domestic specialty steel production, with 7 applications from 30 companies approved, amounting to an investment of ₹42,500 crore and capacity addition of 26 million tonnes. Furthermore, India's commitment to decarbonize the steel sector, accounting for 12% of its CO2 emissions, aligns with its goal to achieve net-zero emissions by 2070, bolstered by a 33% increase in capital investment outlay to ₹10 lakh crore in the Union Budget 2023-24, reinforcing infrastructure and the steel industry.

Pipe Industry

Pipelines have emerged as the optimal mode for fluid transportation, ensuring safety, efficiency, and environmental friendliness. They surpass alternatives like trucks and trains in terms of economy, convenience, and reliability. Pipes play a pivotal role across industries—oil, gas, petrochemicals, water supply, sanitation, irrigation, construction, and more. Categorized by end-user industries, the pipe sector caters to oil & gas and non-oil & gas segments. The former involves pipes for exploration, production, and transportation, while the latter serves engineering, automotive, power, water management, and urban infrastructure projects.

The global industrial pipe market is poised for growth, projected to reach approximately $21.7 billion by 2028, with a forecasted CAGR of 3.2% from 2023 to 2028. Factors driving this expansion encompass new pipeline construction, replacement of aging pipelines, urbanization rates, and infrastructure development. Trends such as a heightened focus on premium and technologically advanced pipes, coupled with increased emphasis on pipe strength and durability, are shaping the industry dynamics. Rapid industrialization, burgeoning population, and manufacturing sector expansion, primarily in developing nations, will contribute to the construction industry's growth. This surge will elevate the demand for steel pipes, with major markets in the United States, China, and India. In the Asia Pacific region, robust growth in oil, gas, automotive, and chemical industries is propelling the market. Investments in wastewater systems and urban development, especially in countries like China, India, and Germany, are driving the demand for large diameter steel pipes. Moreover, global population growth is straining existing water infrastructure, fostering substantial investments in water infrastructure enhancement, notably boosting the ductile iron pipes market due to their use in irrigation projects and water supply for agriculture.

Comprehensive Investment Rationale

Strategic Brilliance and Resilient Order Book

At the heart of Jindal SAW's investment rationale lies its astute strategy for holistic expansion. A standout feature in this strategy is the formidable order book, which stands robust at $1.45 billion. This striking figure not only reflects the company's prowess in securing business across various segments but also underscores its adeptness in diversifying revenue streams. Benefiting from advantageous macroeconomic conditions, substantial infrastructural investments, and lucrative export contracts, particularly within the water and oil & gas domains, Jindal SAW positions itself for a trajectory of assured growth.

Furthermore, the acumen demonstrated in acquisitions and diversification adds a substantial layer of appeal to investing in Jindal SAW. The skillful assimilation of the NCLT-approved Sathavahana acquisition marks a pivotal milestone in the company's journey towards broader horizons. This strategic integration seamlessly aligns with Jindal SAW's overarching diversification objectives, amplifying its capacities and augmenting its competitive edge. Noteworthy are the commendable performances of subsidiaries situated in key regions, including Abu Dhabi and the US, which distinctly enhance the company's global footprint, effectively showcasing its prowess on the international stage.

Cost efficiency via captive iron ore

JSAW investment attractiveness lies its competitive cost framework and self-reliance in sourcing raw materials. With operations centered around a captive mine in Bhilwara, Rajasthan, the company possesses substantial reserves of nearly 180 million metric tonnes of low-grade iron ore, allowing an annual extraction of 6-7 million tonnes. This captive resource foundation propelled JSAW to establish an iron ore beneficiation and pellet plant in FY14, maintaining consistently high capacity utilization rates. The pellets division's remarkable Q1FY24 sales of 3,93,000 MT (a noteworthy increase from 2,95,000 MT the prior year) were underpinned by elevated pellet prices. The existence of captive iron ore ensures an economically efficient pellet production process, translating into competitive pricing and ensuring relatively steady operating profit margins across the enterprise. In essence, JSAW advantageous cost structure, fortified by its captive iron ore reserves and strategic plant utilization, positions it favorably in the competitive milieu, presenting an enticing investment prospect.

Strategic Synergy and Growth Through Merger with Sathavahana Ispat Limited (SIL)

Jindal Saw Limited (JSAW) has demonstrated its keen business insight by successfully acquiring and merging with Sathavahana Ispat Limited (SIL). Recognized as the Successful Resolution Applicant (SRA) for SIL, JSAW secured approval from the Hon'ble National Company Law Tribunal Hyderabad Bench, pursuant to the Insolvency and Bankruptcy Code, 2016. This strategic maneuver underscores JSAW's commitment to amplifying its market presence and harnessing avenues for expansion.

The fusion with SIL seamlessly aligns with JSAW's growth trajectory, integrating SIL's robust capacities and diverse manufacturing portfolio, which includes proficiency in Manufacturing & Selling DI Pipes, Metallurgical Coke & Pig Iron, and power generation. This synergizes with JSAW's existing operations, and SIL's strategically situated manufacturing units in pivotal South Indian areas contribute significant production capabilities, including a 2,50,000 MT mini blast furnace, a 2,10,000 MT DI Pipe capacity, and 4,00,000 MT of coke facilities. This strategic amalgamation equips JSAW to effectively harness SIL's capacities, unlocking economies of scale, and amplifying overall production capabilities. The merger empowers JSAW to optimize SIL's available capacities to augment production levels, enhancing production efficiency and curtailing costs through efficient resource allocation and cohesive operational management. This assimilation of capabilities not only bolsters JSAW's manufacturing prowess but also enables the company to tap into the advantages of increased operating leverage, thereby propelling growth and enhancing overall profitability. The merger solidifies JSAW's market foothold as a diversified player with an extended product spectrum and an expanded geographical reach, by integrating SIL's manufacturing facilities in South India. This strategic diversification enables JSAW to cater to a wider array of customer demands while exploring fresh growth prospects in the metallurgical sector and the power industry. In essence, the merger with SIL reflects JSAW's strategic vision, poised to capitalize on synergies and emerging opportunities for sustainable growth.

Optimized Financial Approach and Dynamic Capital Management

As of June 30, 2023, the Company's net institutional debt (on a standalone basis) stood at approximately Rs. 43,963 million, which is a rise from around Rs. 30,590 million reported on March 31, 2023. This figure encompasses long-term loans as well as fund-based working capital borrowings. Notably, the net working capital borrowings (short-term) amounted to approximately Rs. 23,988 million as of June 30, 2023, compared to around Rs. 20,246 million on March 31, 2023. Additionally, long-term Rupee Loans / Rupee NCDs reached approximately Rs. 19,975 million on June 30, 2023, marking an increase from around Rs. 10,344 million on March 31, 2023.

The escalation in long-term debt is attributed to the acquisition of Sathavahana Ispat Ltd., for which a loan was secured. Concurrently, the surge in working capital borrowings is attributed to the expanded order book and the extended execution cycle of these orders. This financial scenario underscores the Company's dynamic approach to strategically managing its debt and financial resources in the pursuit of operational and growth objectives.

Diversified Operations and Dominant Position

Jindal Saw Limited (JSAW) stands as a compelling investment proposition driven by its robust business risk profile and diversified operations. The company's extensive product portfolio encompasses both Stainless Steel Tube Pipes (SSTP) and carbon steel pipes, catering to diverse sectors such as power, oil and gas, chemicals, water, and refineries. Leveraging substantial capacities, JSAW holds a dominant market position in the longitudinal and helical Submerged Arc Welded (SAW) steel pipe and ductile pipe segments. This position, coupled with a well-established client base and technological prowess, has consistently yielded above-industry-average profitability. Geographically, JSL's operations span across strategic locations in Uttar Pradesh, Madhya Pradesh, Gujarat, Karnataka, Maharashtra, and Rajasthan. Particularly in Bhilwara, Rajasthan, the company's presence encompasses an iron ore mine, an iron ore beneficiation plant, and a pellet plant.

Q1FY24 Concall Highlights

Financial Performance and Acquisitions

Jindal SAW's recent conference call delved into its robust financial performance and strategic outlook. The company achieved a remarkable milestone by surpassing an annual topline of Rs. 15,000 crores, coupled with an EBITDA of Rs. 1,630 crores. The fourth quarter's turnover of Rs. 4,676 crores and EBITDA of Rs. 590 crores further showcased its strong performance. Bolstering investor confidence, the order book position stands at $1.4 billion, reflecting sustained momentum. Impressively, the debt position remains favorable, with a term loan of Rs. 1,000 crores. Jindal SAW's subsidiaries have evolved from being a financial burden to being self-sustaining entities. The company aims to improve the 12.6% EBITDA margin from the previous quarter and continue its growth trajectory from FY22 to FY23. Anticipated tax rates range from 26% to 27% for the foreseeable future. As for acquisitions, the focus is primarily on the successful integration of the Sathavahana acquisition, aligned with the company's disciplined growth strategy.

Subsidiaries, Demand, and Future Initiatives

Jindal SAW's subsidiary operations remain promising, particularly in Abu Dhabi and the US. Consolidation efforts are underway to streamline corporate structure and enhance overall viability within the PR Jindal Group. Notably, all group companies are now standalone and robust, alleviating capital pressure. The company foresees sustained demand propelled by government initiatives and large-scale projects in the oil & gas and water sectors. The industrial and defense segments are projected to emerge as strong markets for the seamless stainless division. While demand for oil & gas projects is expected to persist, the timing of tenders and contracts remains uncertain. The company is nearing or operating at capacity utilization across various units, such as pellet, DI, seamless, and stainless, with ample capacity for large diameter segments. A buoyant export market, driven by stabilized ocean freight, is anticipated to yield higher margins. The Sathavahana assets, oriented towards DI, battery, and power, are poised for high capacity utilization. Plans to optimize coke capacity distribution among units are in progress. The Jindal Hunting Joint Venture, set for commissioning this year, holds substantial potential domestically and internationally, particularly in the OCTG market. Lastly, Jindal SAW's management is committed to maximizing stakeholder value and will present its first quarter results as it continues to drive growth and success.

Outlook

Jindal SAW's investment outlook remains neutral, stemming from its strategic expansion, substantial order book, and diversified operations. While its formidable $1.45 billion order book reflects strength across segments, macroeconomic conditions and export contracts are integral to its growth trajectory. The acquisition of Sathavahana Ispat Limited aligns with its diversification goals, enhancing production capacities. However, the increase in institutional debt due to acquisitions and working capital needs merits consideration. The company's self-reliance in raw materials bolsters cost efficiency. Overall, Jindal SAW's outlook is influenced by a mix of growth opportunities, financial dynamics, and industry conditions.

Risk & Concerns

Raw Material Price Fluctuations:
Despite having a captive iron ore mine, Jindal SAW's exposure to fluctuating prices of other raw materials poses a risk. Variations in prices of inputs like energy, scrap metal, and other alloys can influence production costs. Any imbalance between raw material price hikes and product pricing could squeeze profit margins, affecting the company's financial performance.

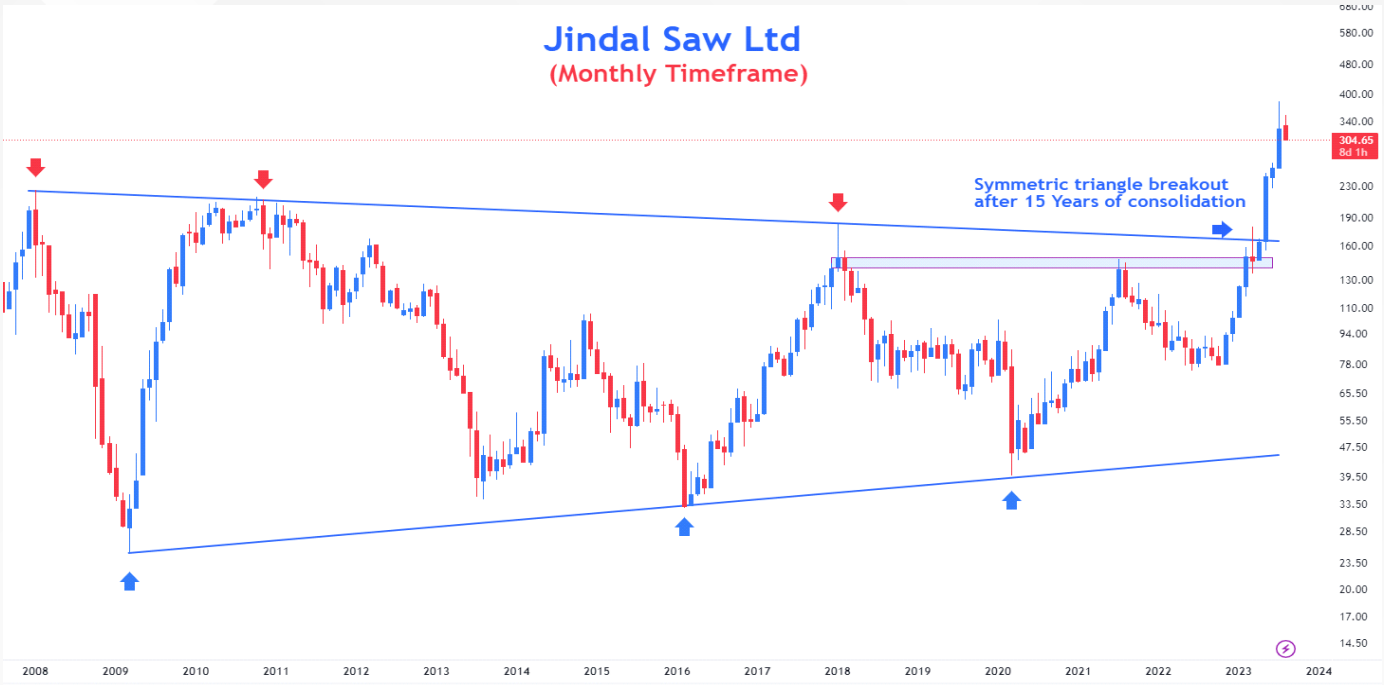
Integration Risks in Mergers:
The successful integration of Sathavahana Ispat Limited carries inherent risks. Cultural assimilation, operational alignment, and achieving expected synergies are complex tasks. If not managed effectively, integration challenges might disrupt operations and hinder the realization of anticipated benefits from the merger.

Debt Burden:
While Jindal SAW's acquisitions have bolstered its growth prospects, the resulting increase in long-term debt raises concerns about the company's ability to manage its financial obligations. High debt levels could lead to higher interest payments, impacting cash flows and constraining the company's capacity for future investments and expansion.

Regulatory and Trade Environment:
The steel industry operates within a complex regulatory landscape that includes environmental standards, trade policies, and tariffs. Changes in these regulations can impact production costs, export opportunities, and overall profitability. Trade disputes or imposition of tariffs on steel imports can disrupt global supply chains and potentially reduce the company's access to key markets.

Economic Sensitivity:
Jindal SAW's fortunes are closely tied to economic cycles, especially in sectors like infrastructure and construction. Economic slowdowns or project delays can significantly impact demand for its products, leading to lower order volumes and revenue reduction.
Investors should carefully evaluate these significant risks and concerns when considering an investment in Jindal SAW.

Technical Outlook



Jindal Saw Ltd has broken out from multi year channel consolidation after 15 years. The stock has exhibited a consistent upward trajectory over the past [timeframe], with each pullback met by strong buying interest, reflecting sustained bullish sentiment.

The OBV has displayed a consistent uptrend, indicating strong accumulation and institutional interest in the stock. This reinforces the bullish outlook for the coming weeks.

20 Days Moving Average > 50 Days Moving Average > 100 Days Moving Average > 200 Days Moving Average indicates a strong sustainable buying in this counter.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	320.21	318.86
10	329.85	324.63
20	331.48	326.48
50	305.44	302.72
100	243.36	259.56
200	180.91	207.31

Pivot Levels : FIBONACCI		
R1: 329.37	Pivot 324.23	S1: 319.10
R2: 332.55		S2:315.92
R3: 337.68		S3: 310.78

Relative Strength Index (RSI)	Daily	Weekly
	42.72	63.08

Financial Snapshot

Particulars (Consolidated)	FY 23	FY 22	FY 21	FY 20	FY 19
Financial Position			(In Cr)		
Equity Share Capital	63.95	63.95	63.95	63.95	63.95
Reserve & Surplus	7858	7300	6919	6699	6218
Fixed Assets	7671	7649	7719	7913	7422
Current Assets	8905	7323	6711	5818	6429
Cash and Cash Equivalents	213	672	723	342	231
Current Liabilities	8043	7138	6353	5840	5798
Non Current Liabilities	2934	2862	3332	3345	3472
Enterprise Value	8481	7479	5589	5558	7470
Operating Results			(In Cr)		
Total Income	18046	13450	10872	11736	12263
Total Expenditure	17310	12829	10372	11157	11653
Earnings Before Interest & Tax (EBIT)	1372	1081	991	1197	1224
Tax	267	245	171	5	211
Profit/(loss) after tax (PAT)	443	375	327	461	776
Ratios					
EBDITA margin (%)	10.31	11.68	13.60	13.93	13.37
Net profit margin (%)	2.48	2.82	3.07	3.96	6.30
Return on net worth (%)	7.98	5.10	4.56	8.20	13.53
Return on capital employed (%)	13.44	11.13	10.04	12.44	13.06
Return on asset (%)	3.46	2.23	1.96	3.58	5.60
Debt To Equity Ratio	0.59	0.79	0.63	0.73	0.85
EPS	19.91	12.96	10.02	17.35	26.59
Earning Yield	0.14	0.13	0.13	0.38	0.31
Cash Flows			(In Cr)		
Operating Activities	1617	73.47	1557	1664	1567
Investing Activities	-70	-191	-346	-468	-516
Financing Activities	-1968	61	-831	-1168	-976
Net Cash Flows	-419	-55	379	28	72

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This research has been done by the Core Fundamental Research Team of InvAsset PMS Desk.

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