

# Research Report

## Jindal Steel and power Limited



Prepared By-

SAHIL SHARMA

EQUITY RESEARCH ANALYST

# About

Jindal Steel and Power's (JSP) Part of the US \$ 18 billion OP Jindal Group Led by Mr Naveen Jindal. has operations across steel, mining and power are seamlessly integrated, spanning from its own iron ore mines to the production of finished steel products.

Jindal Steel & Power (JSP) is a leading player in the steel industry, renowned for its robust steel business and has a robust mining capacity that exceeds 33 MTPA, dedicated to coal and iron ore extraction and maintains a total Captive Power Plant (CPP) capacity of 1,634 MW.

## Key Business

- **Steel Manufacturing units**
- **Power Plants**
- **MINING**

## Synopsis of Financials

- Adjusted EBITDA up by 5% to INR 10,231 crores.
- PAT for the year up by 86% to INR 5,943 crores.
- Adjusted EBITDA for Q4 was INR 2,512 crores, down 10% quarter-on-quarter.
- PAT for the quarter was INR 933 crores, down 52% quarter-on-quarter due to lower EBITDA and impairment provision of INR 360 crores on Australian mine.

## Stock data (as 14th June 2024)

Nifty Price	: 23,442.70
52 week High (in Rs.)	: 1,088
52 week Low (in Rs.)	: 538
Market Cap. (in Crore)	: 1,07,099
NSE Code	: <u>JINDALSTEL</u>

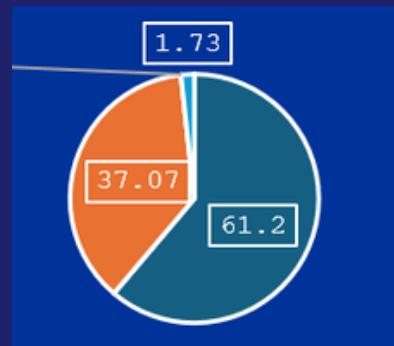
## Stock data



**-NIFTY50**

**- Jindal Steel and Power Limited**

## Shareholding Pattern (March 2024)



**-PUBLIC GROUP**

**-PROMOTER GROUP**

**-Employee Trust**

## Financial Summary

Particulars	March 2024	March 2023	March 2022
Sales	50,027	53,212	51,166
Sales Growth %	-5.99%	4.00%	47.97%
Expenses	39,826	43,270	35,650
Operating Profit	10,201	9,942	15,515
OPM %	20%	19%	30%
Profit before tax	6,241	5,266	9,690
EPS in Rs	58.21	31.11	56.4

# Quarterly Results

Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	13,521	12,452	13,692	12,588	12,250	11,701	13,487
Expenses	11,590	10,075	11,505	9,960	9,965	8,859	11,042
Operating Profit	1,931	2,377	2,187	2,628	2,285	2,843	2,444
OPM %	14%	19%	16%	21%	19%	24%	18%
Other Income	-898	-361	-138	55	32	35	35
Interest	365	346	371	329	329	315	321
Depreciation	614	608	873	588	604	636	995
Profit before tax	54	1,062	805	1,767	1,384	1,927	1,164
Tax %	-304%	51%	42%	4%	0%	0%	20%
Net Profit	219	518	466	1,692	1,390	1,928	933

Source: Screener

## Key Ratios

S. No.	Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for Variance
1	Current ratio	Current asset	Current Liability	0.94	1.37	(0.31)	*
2	Debt-equity ratio	Total Debt	Total Equity	0.29	0.33	(0.11)	
3	Debt service coverage ratio	Earnings available for debt services	Total of interest and principal repayments	3.70	2.16	0.71	**
4	Return on equity ratio	Net profit after tax	Equity	0.06	0.23	(0.74)	*****
5	Inventory turnover ratio	Cost of materials consumed	Average inventory	4.53	3.45	0.32	***
6	Trade receivables turnover ratio	Credit sales	Average trade receivables	44.15	31.23	0.41	****
7	Trade payables turnover ratio	Credit purchases	Average trade payables	5.49	5.60	(0.02)	
8	Net capital turnover ratio	Sales	Net Working Capital	(63.62)	8.37	(8.60)	*****
9	Net profit ratio	Net Profit after Tax	Sales	0.05	0.17	(0.72)	*****
10	Return on capital employed	EBIT	Capital Employed	0.13	0.21	(0.37)	*****
11	Return on investment	Net gain/(loss) on sale/fair value changes of mutual funds	Average investment funds in current investments	0.07	0.05	0.31	*****

Source: Annual Report

# Yearly Results

Particulars	March 2024	March 2023	March 2022
Equity Capital	100	100	101
Reserves	44,216	38,606	35,524
Borrowings	16,472	13,046	13,502
Other Liabilities	17,927	17,674	27,517
Total Liabilities	78,715	69,427	76,644
Fixed Assets	49,123	43,542	45,488
CWIP	8,872	7,870	2,538
Investments	819	907	470
Other Assets	19,901	17,108	28,147
Total Assets	78,715	69,427	76,644

# Synopsis Quarter Results

## Con-Call May 24: Key Highlights

### Operational Performance:

- Sales volume increased by 11% quarter-on-quarter to 2.01 million tonnes.
- Growth mainly driven by higher exports.
- Steel realization decreased by 5% quarter-on-quarter.
- Expecting a slight uptick in realization by 1% in Q1 of 2025.
- SMS costs remained almost flat.
- Coking coal price increased by \$21 for the quarter, offset by operational efficiency.
- Expecting lower coking coal prices in Q1 of '25 by \$30 to \$40.

### Financials for the Year:

- Production and sales volume remained flat.
- Average NSR down by 7%.

### Debt and Dividend:

- Consolidated net debt is INR 11,203 crores.
- Board recommended a dividend of INR 2 per share for the financial year.

### Projects and Capex:

- Capex guidance for FY '25 in the range of INR 7,500 crores to INR 10,000 crores.
- Projects on track, focusing on capacity expansion.
- Commissioning parameters being vetted out for blast furnace and slurry pipeline projects.
- Upcoming projects include HSM aiming for a run rate of 3 to 3.5 million tonnes this year and 6 million tonnes next year.
- Utkal B1 and B2 thermal coal mines expected to open within the year.

### Power Assets:

- Selling merchant power from DCPP.
- Surplus power sales depend on market conditions and commissioning of ACP2.

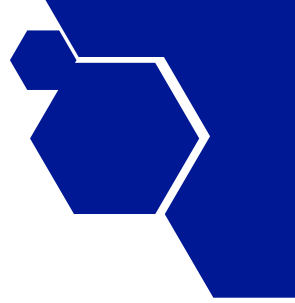
### Market Outlook:

- Expecting good price from the market with an upward trend.
- Plan to convert semis into HSM to improve realization and EBITDA.
- Focus on value engineering and value-added products to improve margins.

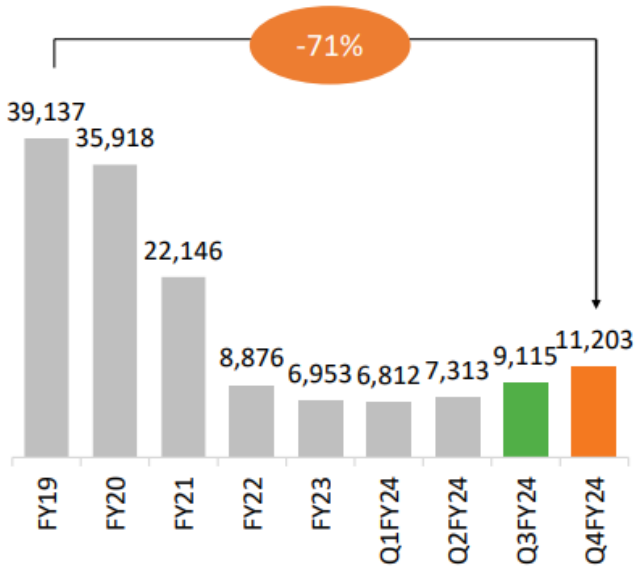
### Challenges and Confidence:

- Temporary disruptions in operations due to strikes at RINL, expecting resolution.
- Confident in delivering expansion plans and production targets.
- Team geared up to overcome challenges and deliver on commitments.
- Focus on efficiency and cost reduction in operations.

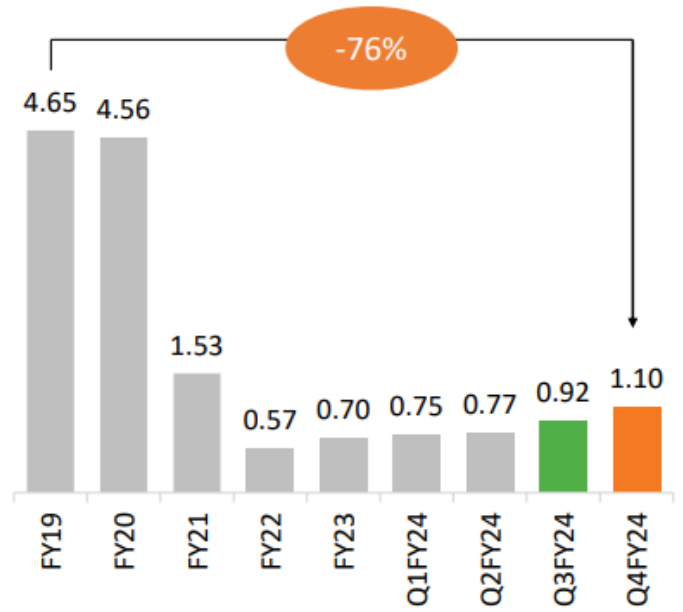
# Revenue Highlights



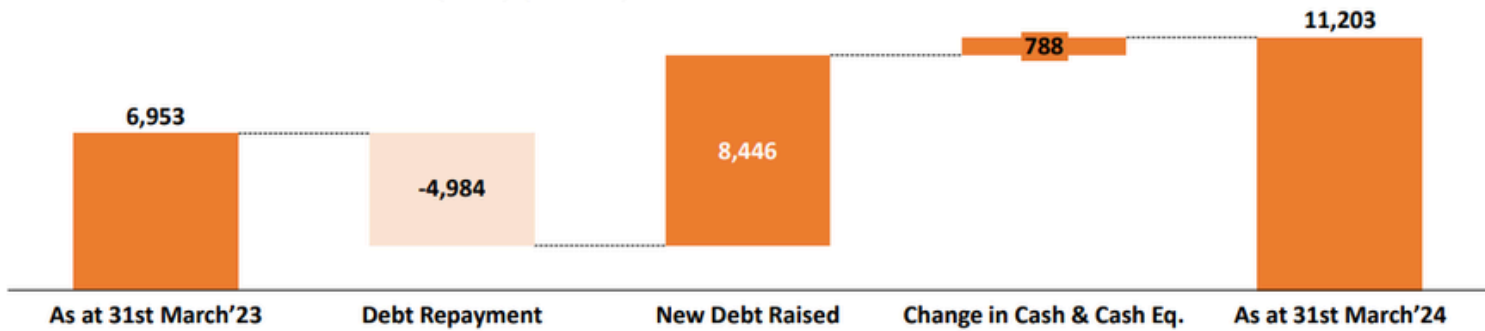
Net Debt (INR Cr)



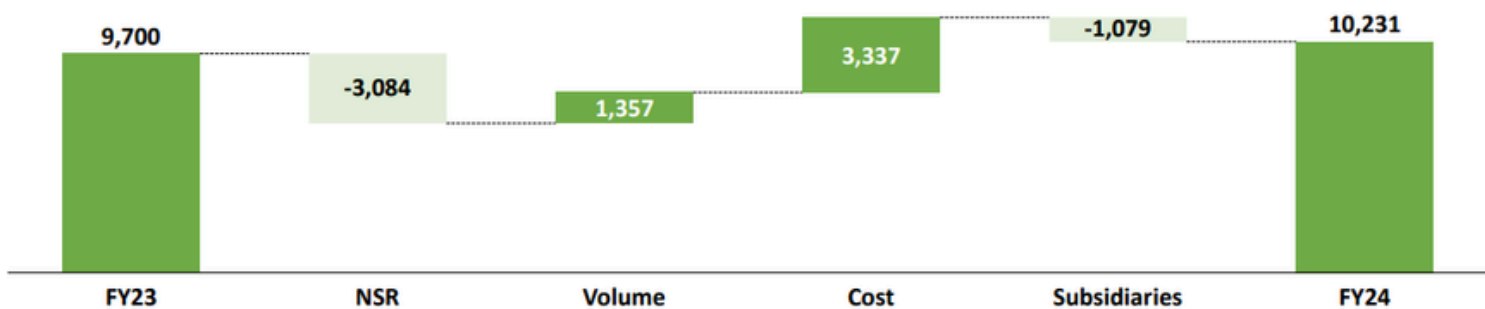
Net Debt/EBITDA (x)



Consolidated Net Debt Movement (YoY) (INR Cr)



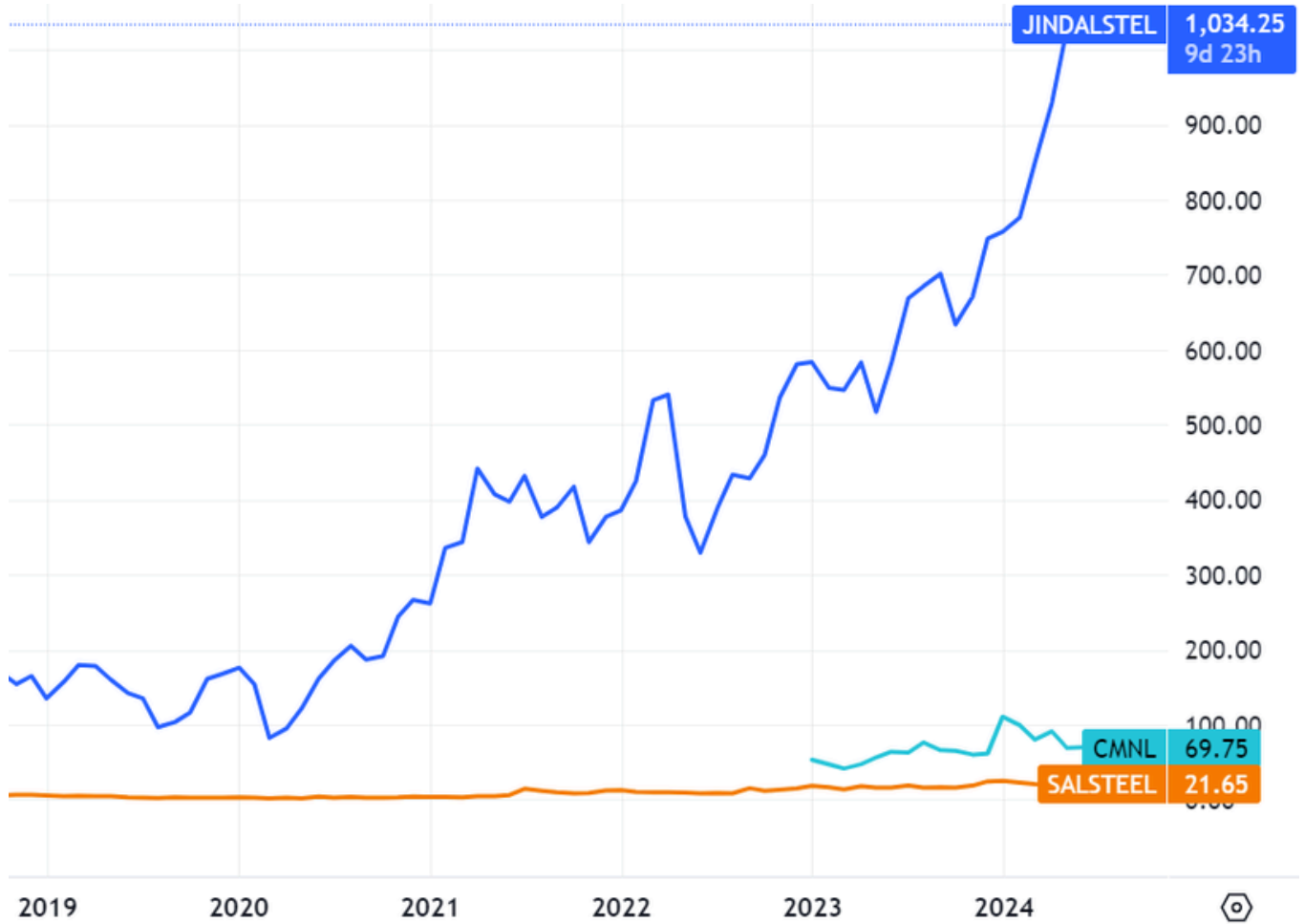
Consolidated Adjusted EBITDA Movement (YoY) (INR Cr)



# Peer Comparison



## Peer Stock Performance (5Y) Indexed



Source: Trading View

## Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	Jindal Steel	1049.90	18.03	107099.00	0.19	933.46	69.51	13486.96	-1.50	13.30
2.	S.A.L Steel	21.44	387.61	182.18	0.00	2.70	2350.00	139.46	24.17	8.02
3.	Chaman Metallics	69.00	13.30	166.53	0.00	3.56		96.83		18.33
4.	Bihar Sponge	14.20	17.22	128.10	0.00	4.49	8.19	74.14	-34.30	29.46
5.	Vaswani Industri	32.50	10.79	97.50	0.00	3.10	169.57	90.36	-18.92	13.23
6.	Nova Iron &Steel	23.30	7.10	84.20	0.00	4.01	127.13	113.11	-31.94	7.21

Source: Screener

# Final Outlook



**JINDALSTEL: BUY | LTP: 1,032**

JSPL expects lower coal costs in Q1 FY25. Capex will shift towards more value-added products for improved profitability.

Commissioning of the slurry pipeline and the ramp-up of captive coal mines may boost profitability. Ongoing capacity expansion at Angul (Odisha) will significantly enhance Jindal Steel and Power's crude steel capacity by over 65% to 15.9mt. The planned expansion, which is expected to be completed by 3QFY26, will catapult Jindal Steel and Power as fourth largest steel manufacturer in India.

As these expansions will help drive its volume growth, they will also help reduce structural costs.

Expectation to debt to peak out in 25.