

Company Name: Jindal Saw

BSE CODE: 500378

NSE CODE: JINDALSAW

Sector: Steel

Industry: Steel Pipes

CMP (Rs): 552 | Buy Range: 540-550 | Target Price: 705 | Potential Upside: 28%
Duration of Recommendation: 8 - 12 months

Company Data

Market Cap (Rs Cr)	17,682
Enterprise value (Rs Cr)	22,549
52-Week High/Low (Rs)	598/184
EPS (TTM) (Rs)	52.40
P/E Ratio (x) TTM	11.1
Industry PE (x)	20
EV/EBITDA (x) TTM	6.49
P/PB (x) TTM	1.77

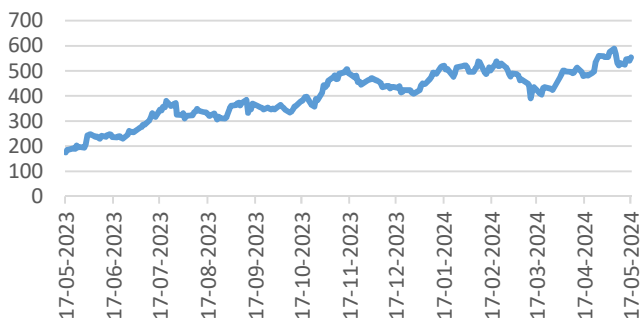
Shareholding %	Q2FY24	Q3FY24	Q4FY24
Promoters	63.26	63.26	63.27
FII's	17.71	15.22	14.66
DII's	1.67	2.27	2.99
Public	16.79	18.66	18.6
Others	0.58	0.58	0.49
Total	100.0	100.0	100.0
Pledged	0.00	0.00	0.00

Financial Performance (Consolidated)

INR (Cr)	FY23	FY24	FY25E	FY26E
Revenue	17,868	20,958	23,682	27,235
Growth (%)	34.4%	17.3%	13.0%	15.0%
EBITDA	1,677	3,320	3,552	4,221
EBITDA growth	0.0%	97.9%	7.0%	18.8%
EBITDA margin	9.4%	15.8%	15.0%	15.5%
Net Profit	443	1,593	1,776	2,179
Profit growth	10.4%	10.4%	11.5%	22.7%
Profit margins	2.5%	7.6%	7.5%	8.0%
EPS	13.8	49.8	55.5	68.1
BVPS	247.7	315.6	363.0	412.0
P/E (x)	10.6	8.7	10.0	8.1
P/BV(x)	1.7	1.8	1.5	1.3
ROE (%)	8.3%	18.6%	21.0%	21.0%
RoCE	9.4%	17.4%	18.0%	18.5%
EV/EBITDA(x)	5.44	6.80	6.36	5.35

Source: Company, Share India Securities

Price Performance



Our Recommendation: Company's well-diversified business model & product portfolio helped company to witness positive demand in all its products in domestic as well as foreign markets especially in Gulf, Arab, & North African regions. Govt of India's push for infra capex is proving tailwinds. At CMP, the stock is trading at attractive valuations at 5.4x its FY26 EV/EBITDA. We value the stock 7x of FY26 EV/EBITDA. **We recommend BUY in price range of 540-550 with target price of 705 (based on 7x FY26 EV/EBITDA) with potential upside 28%.**

About Company: Jindal Saw manufactures LSAW pipes, HSAW pipes, DI pipes, seamless pipes and pellets. Jindal Saw is the market leader in manufacturing of large diameter SAW pipes. These pipes are used in transportation of oil, Gas, slurry and water.

Investment Rationale:

Strong Order Book Provides Revenue Visibility: The current order book of the Company (for Iron & Steel pipes and pellets) is US\$ 1.53 billion (Previous quarter USD 1.49 billion). Iron & Steel Pipes: US\$ 1,509 million, Pellet: US\$ 16 million. Company witnessed good business opportunities across all of its products and also witnessed good demand in domestic as well as overseas markets.

Well-Diversified Business Model: Company's business model is well-diversified in terms of strategic locations, markets, products, industries, and customers. Company's product mix covers all major segments of pipe industry - LSAW pipes, HSAW pipes, DI pipes, seamless pipes, anti-corrosion coated pipes, hot-pulled induction bends.

Demand to Pickup in Arab Countries in Q1FY25: In FY25, management anticipates a moderate growth of 10%-15% compared to FY24 and expects prices to remain steady. Volumes from Abu Dhabi were lower in 4QFY24 due to geopolitical issues and Id festival in March 2024. Company expects delivery

Consistent Healthy Financial Performance: Revenue/EBITDA/ PAT has grown at CAGR of 12%/17.6%/27% over FY19-24 period. EBITDA margins have hovers around 12% to 16%. Company improved its ROE/ROCE consistently to 18%/17.4 in FY24. Company's leverage position is also good at D/E of 0.57.

Healthy Performance In Fourth Quarter:

- ❖ Consolidated Revenue/EBITDA/PAT up by 4.6%/53.5%/61% YoY to Rs. 5425/920/480 crores respectively.
- ❖ EBITDA margins improved by 540 bps to 17% YoY from 11.6%.

Key Risks: Escalation of geopolitical tension, rise in commodity prices.

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