RESULT REVIEW

HOLD
TP: Rs 805 | ⮝ 4%

JINDAL STEEL & POWER | Metals & Mining | 03 February 2024

Valuations overdone; downgrade to HOLD

- **Q3 results ahead on higher per unit EBITDA margin; first coil from HSM represents next milestone on Angul growth project**
- **Factoring in conservative ramp-up, we lower FY25 EBITDA by 6% but raise our FY26 estimate by 2%; expect 17% CAGR over FY23-FY26**
- **Raise TP to Rs 805 (from Rs 735) but downgrade rating to HOLD as we await better visibility on delivery of growth**

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Q3 beat: Q3FY24 EBITDA at Rs 28bn was ahead of the Bloomberg consensus estimate of Rs 24bn and our forecast of Rs 23bn, supported by a higher EBITDA margin of Rs 15k/t (vs. our forecast of Rs 12k/t). Key positives from the result are (a) start-up of the 6mtpa HSM in Jan'24, which could reduce the level of semis for JSP and extend the portfolio to flat products, (b) green certification for plates, coils and structured steel products, which could yield a premium on exports, and (c) MoU with RINL which could open up the possibility of additional metallics supply in FY25.

Management continuity essential: JSP is facing executive management churn with the departure of its MD and CFO within two years of joining. As the company is in the middle of a large growth project, it is essential that the group finalises the next set of leaders soon to ensure timely delivery of the current vision. Sabyasachi Bandopadhyay and Sumit Agarwal have now been appointed as interim MD and CFO respectively.

Assume conservative FY25 ramp-up: We raise our FY24 EBITDA estimate by 4% factoring in the Q3 beat. Incorporating more conservative project ramp-up assumptions in FY25, including lower sale of pellets and lower utilisation of the slurry pipeline and HSM during ramp-up phase, we trim FY25 EBITDA by 6% but marginally raise our FY26 forecast by 2%. Above-expected sale volumes would be a key upside risk to our FY25 forecast if JSP is able to secure additional metallics from the market.

Raise TP: We raise our TP to Rs 805 (from Rs 735) as we increase our target 1Y forward EV/EBITDA multiple to 5.75x (from 5.5x), factoring in our optimism on recovery in global sentiment through FY25, the minor increase in our FY26 estimates and roll forward of our TP to Jan'25 (from Oct'24).

Downgrade to HOLD: We believe the company is primed to deliver a 17% EBITDA CAGR over FY23-FY26 upon delivery of efficiency and capacity expansion projects even under our conservative assumptions. However, with a ~30% run-up in price since the recent bottom in Nov'23, the stock already reflects significant benefits of the planned growth. We lower our rating from BUY to HOLD as we await better visibility on project delivery and a consequent increase in earnings.

Key changes

Target	Rating
▲	▼

Ticker/Price	JSP IN/Rs 776
Market cap	US$ 9.6bn
Free float	39%
3M ADV	US$ 18.8mn
52wk high/low	Rs 782/Rs 503
Promoter/FPI/DII	61%/12%/15%

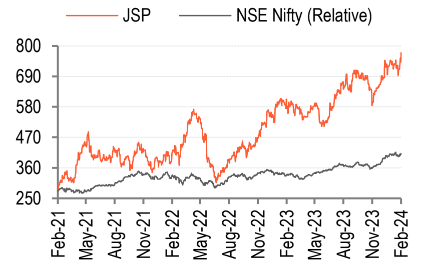
Source: NSE | Price as of 2 Feb 2024

Key financials

Y/E 31 Mar	FY23A	FY24E	FY25E
Total revenue (Rs mn)	5,27,112	4,85,685	4,97,671
EBITDA (Rs mn)	99,349	1,03,725	1,21,462
Adj. net profit (Rs mn)	31,511	53,553	64,654
Adj. EPS (Rs)	30.9	52.5	63.4
Consensus EPS (Rs)	30.9	54.0	66.3
Adj. ROAE (%)	8.5	13.0	13.8
Adj. P/E (x)	25.1	14.8	12.2
EV/EBITDA (x)	9.7	8.5	7.2
Adj. EPS growth (%)	(61.8)	70.0	20.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Q3FY24 results ahead of estimates

- **Q3 EBITDA outperforms consensus and us.** JSP's Q3FY24 revenue at Rs 117bn was 5% below Bloomberg consensus but in line with our estimate. EBITDA at Rs 28bn was ahead of Bloomberg consensus of Rs 24bn and our forecast of Rs 23bn. The EBITDA beat was primarily driven by a higher per unit EBITDA margin of Rs 15k/t (vs. our forecast of Rs 12k/t) in standalone operations.
- **EBITDA improves with higher realisation…:** Out of the Rs 5.9bn of sequential improvement in consolidated EBITDA, JSP attributes Rs 5.2bn to higher realisation, Rs 1.6bn to lower costs and Rs 0.1bn to a higher contribution from subsidiaries. This implies that the Rs 4.5k/t QoQ improvement in consolidated EBITDA margin was led by higher realisation of Rs 2.9k/t, lower cost of Rs 0.9k/t and higher contribution from subsidiaries of Rs 0.5k/t. JSP's margin gains stack up well against the Rs 3.3k/t QoQ improvement shown by TATA's India operations and the Rs 1.6k/t QoQ decline for JSTL's India operations.
- **…likely driven by long products.** JSP reported a sequential improvement of Rs 3.5k/t in realisation as against Rs 0.2k/t reported by TATA (standalone) and Rs 2.8k/t by JSTL (standalone). We believe JSP may have benefitted from better long product prices during the quarter than flat products. However, management indicated that the exit price for the quarter was lower than the rates seen during October and November.
- **Sales declined on higher competition.** JSP's sales volume declined sharply by 10% QoQ in Q3, which the company attributed to lower export opportunities (just 3% of the sales mix, down from 13% in Q2) amid stable domestic volumes. We believe increased competition from secondary players may have also played a role in restricting volumes in the domestic market. Further, production was lower than usual due to an unplanned shutdown at the Raigarh unit amid SMS (steel melting shop) breakdown.
- **Costs fell QoQ despite an increase in cost of steel production.** The company's sequential EBITDA bridge chart indicates a Rs 1.6bn improvement in costs, which implies that lower other costs may have more than offset a 2% increase in steel production cost that stemmed from a US$ 32/t QoQ increase in coking coal and higher iron ore costs.
- **Overseas subsidiaries recovered from losses.** Overseas subsidiaries recovered to a profit of Rs 0.6bn in Q3 from a loss of Rs 0.3bn in Q2. However, management acknowledged that operations at the Australian subsidiary are challenging and that efforts are being made to improve profitability.
- **Net debt spiked due to higher working capital.** Net debt jumped by Rs 18bn QoQ to Rs 91bn, with a sharp working capital build-up of Rs 16.6bn. Management attributed the increase to higher coking coal inventory of Rs 8bn and a Rs 5bn increase in receivables, some of which has been recovered after the quarter ended.

Q4FY24 outlook

Earnings commentary from JSP suggest a softening of EBITDA margin in Q4FY24, although this could be partially offset by seasonally higher volumes, including liquidation of inventories.

- **Decrease in realisations.** Management is already seeing a 2-3% softening of realisation over October-November levels. This could possibly stem from increased competition from secondary players amid lower thermal coal prices. While the softening is in line with TATA's expectation of a sequential decline (likely for flat products in our view), it contrasts with JSTL's expectation of a sequential increase in realisation on the back of higher exports and lower competition from imports (for flat products).
- **Increase in coking coal costs.** JSP guides for a sequential increase of US$ 20-25/t in coking coal consumption costs in Q4. This mirrors JSTL's guidance but is higher than the US$ 10/t rise indicated by TATA.

No change to project progress targets this quarter

- **Milestones delivered on the Angul project.** JSP has delivered on two milestones for this year – start-up of pellet plant #1 earlier in Q2 and first coil production from the HSM (hot strip mill) in Jan'24.
- **Coal mines ramping up.** Having started the Gare Palma IV/6 mine (4mt capacity) in Q2, the company has now produced more than 1mt in Q3 and has started the Utkal-C mine (3.37mt capacity) in Q3. While management is guiding for full ramp-up in FY25, we see the possibility of Gare Palma reaching its rated capacity by the end of Q4.
- **Capex tracking guidance.** 9MFY24 capex at Rs 60bn remains in line with JSP's guidance of Rs 75bn to Rs 100bn in annual capex over the next three years.

Other highlights

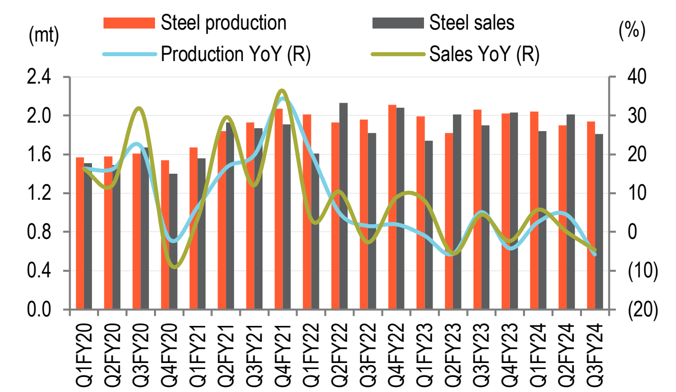
- **RINL MoU opens up possibility of better utilisation prior to expansion.** JSP has entered into an MOU with RINL (Rashtriya Ispat Nigam) to help ramp-up volumes at the latter's plant. This could provide higher metallics supply for JSP and open up the possibility of earning additional margins from the conversion of semis to finished products. However, this is contingent upon success at the RINL plant.
- **Debt drawdown at Angul subsidiary has begun.** The difference in consolidated (Rs 3.2bn) and standalone interest cost (Rs 2.0bn) points towards repayment of debt in standalone operations and debt drawdown in the Angul subsidiary.

Fig 1 – Quarterly performance

(Rs bn)	Q3FY24	Q2FY24	QoQ (%)	Q3FY23	YoY (%)	9MFY24	9MFY23	YoY (%)
Consolidated P&L								
Revenue from operations	117.0	122.5	(4.5)	124.5	(6.0)	365.4	390.2	(6.4)
EBITDA reported	28.4	22.9	24.4	23.8	19.6	77.6	77.5	0.1
EBITDA adjusted	**28.0**	**22.1**	**26.6**	**23.0**	**22.0**	**77.2**	**67.7**	**14.1**
EBIT	22.1	16.8	31.2	17.7	24.7	59.3	59.3	(0.0)
PBT before exceptionals	19.3	13.8	39.2	10.6	81.4	50.8	36.8	38.0
PAT reported	19.3	13.9	38.7	5.2	271.9	50.1	27.3	83.7
PAT adjusted	**19.3**	**13.9**	**38.7**	**9.0**	**115.0**	**50.1**	**39.4**	**27.1**
EPS (Rs)	19.2	13.8	39.1	5.2	272.3	49.8	26.7	86.9
Tax rate (%)	(0.3)	5.4	-	(15.5)	-	1.3	25.9	-
EBITDA break-up								
Standalone`	27.2	22.4	21.0	21.6	25.5	76.2	64.1	18.9
Overseas subsidiaries	0.6	(0.3)	293.5	0.2	143.2	1.5	7.5	(80.1)
Consolidation adjustments (implied)	0.3	0.0	n.m	1.1	(75.1)	(0.6)	(4.0)	86.2
Subtotal	**28.0**	**22.1**	**26.6**	**23.0**	**22.0**	**77.2**	**67.7**	**14.1**
Standalone								
Production- steel (mt)	1.94	1.90	2.1	2.06	(5.8)	5.88	5.87	0.2
Sales- steel (mt)	1.81	2.01	(10.0)	1.90	(4.7)	5.66	5.65	0.2
Realisation (Rs/t)	63,624	60,108	5.8	62,275	2.2	63,442	66,881	(5.1)
EBITDA (Rs/t)	15,000	11,164	34.4	11,384	31.8	13,470	11,350	18.7

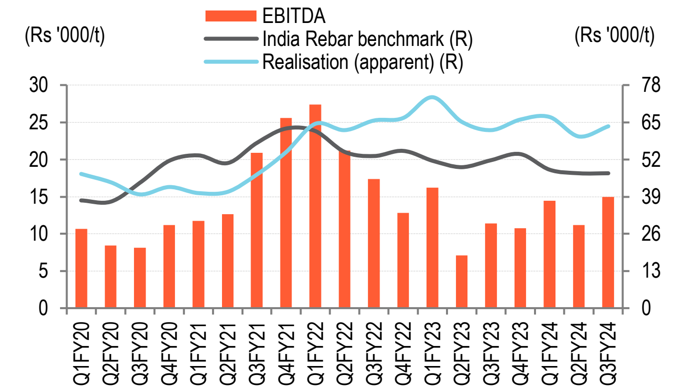
Source: Company, BOBCAPS Research

Fig 2 – Standalone sales down due to lower exports and competition from secondary players



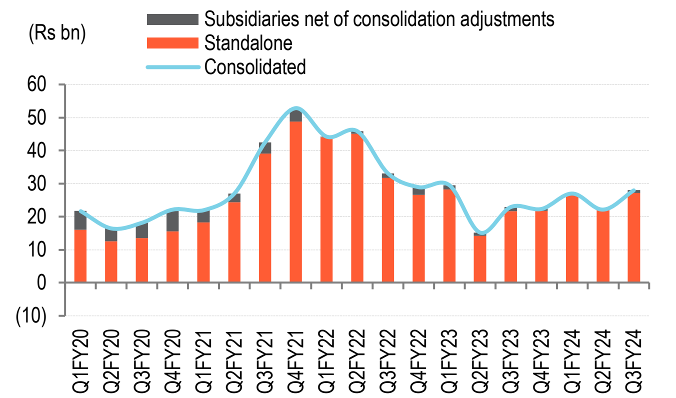
Source: Company, BOBCAPS Research

Fig 3 – EBITDA grew sequentially as higher realisation offset increase in coking coal and iron ore costs



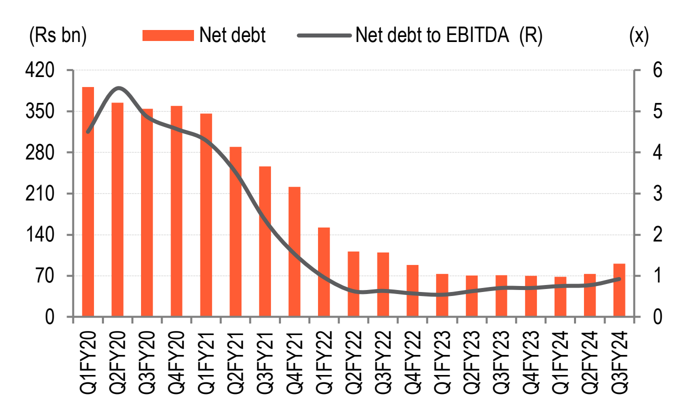
Source: Company, BOBCAPS Research

Fig 4 – Consolidated EBITDA growth driven by standalone operations; overseas business sees recovery



Source: Company, BOBCAPS Research

Fig 5 – Net debt increases due to higher working capital requirement



Source: Company, BOBCAPS Research

Valuation methodology

FY25E EBITDA lowered assuming slower project ramp-up

We raise our FY24 EBITDA estimate by ~4% factoring in the Q3 results beat. However, we pare FY25 EBITDA by 6% to build in more conservative project ramp-up assumptions, as listed below. We largely maintain our FY26 EBITDA estimate as we are already factoring in a buffer to project ramp-up guidance given by management. In our view, the company is primed to deliver a 17% EBITDA CAGR over FY23-FY26 upon delivery of efficiency and capacity expansion projects even under our conservative assumptions.

Our EBITDA forecasts are broadly in line with consensus for FY24 and FY26 but 5% below for FY25 on our cautious ramp-up assumptions. Above-expected sale volumes would be a key upside risk to our FY25 forecast if JSP is able to secure additional metallics supply from the market.

Project assumptions

- **Pellets:** We now assume external sales of 3mt in FY26 only after ramp-up of pellet plant-II (against previous assumptions of external sales of 1mt in FY24 and 4-5mt annually for FY25-FY26).
- **Coal mines:** Our estimates for captive coal availability remain unchanged at 2mt/7mt/10mt in FY24/FY25/FY26 with the start-up of Gare Palma IV/6 and Utkal C in FY24, along with ramp-up of Utkal B1 and B2 over FY25.
- **Hot strip mill:** While JSP produced first coil from the HSM in Q3FY24, the plant will need to be stabilised for delivery across different specifications. As the company is short on metallics, it plans to optimise available metallics across multiple products to maximise margins and may not necessarily prioritise utilisation of HSM. It will also start with the sale of coils to cold rolling mills, tubes and the construction sectors while working in parallel to get products qualified by white goods and automotive players. We now assume 50%/90% utilisation in FY25/FY26 from 70%/90% earlier.
- **Steel sales:** We continue to factor in steel sales of 7.7mt/8.2mt/11.2mt over FY24/FY25/FY26 – conservative as we provide for a buffer period beyond management guidance.
- **Slurry pipeline:** We now assume ~25%/90% utilisation in FY25/FY26 (from ~45%/~90% earlier).

Margin assumptions

- **Modest improvement:** We continue to assume modest improvement in EBITDA/t from Rs 12.4k in FY23 to Rs 13.2k/Rs 14.5k/Rs 13.9k over FY24/FY25/FY26 with the implementation of cost-efficiency projects (pellets, captive coal production) and value-enhancing projects (HSM). Our uptick in margin for FY24 is the result of our assumption of a reduction in semis with HSM ramp-up and benefits of captive coal on a smaller scale of operations prior to ramp-up.

Capex assumptions

- We maintain our projections of annual growth capex at Rs 78bn/Rs 83bn/Rs 100bn for FY24/FY25/FY26, in line with present annual guidance of Rs 75bn-100bn.

Fig 6 – Revised estimates

(Rs bn)	New			Old			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	486	498	677	487	523	687	(0.3)	(4.9)	(1.3)
EBITDA	104	121	158	100	129	155	3.8	(5.9)	2.0
Net income	54	65	91	50	71	88	6.1	(8.5)	2.7

Source: BOBCAPS Research

Fig 7 – Key operational assumptions

Parameter	FY23	FY24E	FY25E	FY26E
Sales (mt)	7.7	7.7	8.2	11.2
India HRC (US$/t)	751	696	614	595
Realisation (Rs'000/t)	64.1	59.3	57.1	57.8
EBITDA/t (Rs'000/t)	12.4	13.2	14.5	13.9

Source: Company, BOBCAPS Research

Fig 8 – Estimates vs. consensus

(Rs bn)	Forecasts			Consensus			Delta to Consensus (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	486	498	677	506	567	670	(3.9)	(12.2)	1.1
EBITDA	104	121	158	104	128	158	(0.5)	(4.8)	0.3
Net income	54	65	91	53	64	84	0.5	0.5	8.1

Source: Bloomberg, BOBCAPS Research

Target price raised to Rs 805, downgrade to HOLD

We raise our TP for JSP to Rs 805 (from Rs 735), accounting for the marginal increase in our FY26 estimates, an increase in our one-year forward target EV/EBITDA multiple to 5.75x (from 5.5x) and roll-forward of our TP to Jan'25 (from Oct'24).

- Our higher multiple reflects our optimism on recovery in economic sentiment in FY25, which should support commodity stocks. Though our target 5.75x multiple for JSP is above the stock's five-year average of 4.4x, it is still below the target multiples of 6x and 6.5x that we ascribe to TATA and JSTL respectively, as we await a demonstration of capital discipline over the ongoing investment phase
- We use FY26 as a valuation base to give JSP some of the credit for the expansion drive underway, and then discount back to Jan'25 to arrive at a one-year forward target price.

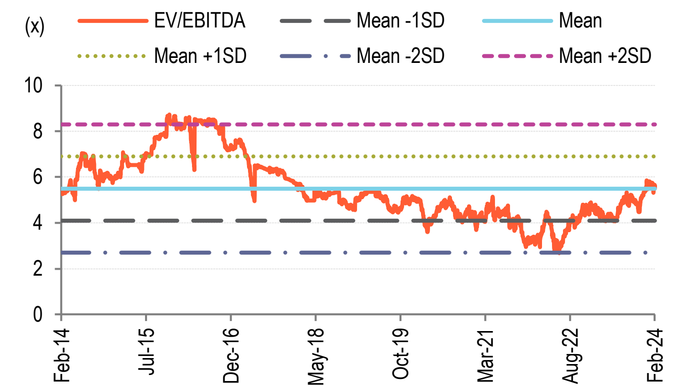
With a more than 30% run-up in stock price from the recent bottom on 1 Nov 2024, the upside to our revised TP has reduced to 4%. We downgrade JSP to HOLD from BUY as we believe the stock needs to pause for breath till the company shows improved visibility on project delivery and a consequent increase in earnings.

Fig 9 – Valuation summary

(Rs bn)	Value
FY26E EBITDA	158
Target EV/EBITDA multiple	5.75
EV	**911**
FY25E Net debt	78
Equity Value Mar'25E	**832**
Fair value per share Mar'25E (Rs)	816
Fair value per share Jan'25E (Rs)	804
Target price Jan'25E (Rs) (rounded to nearest Rs 5)	**805**

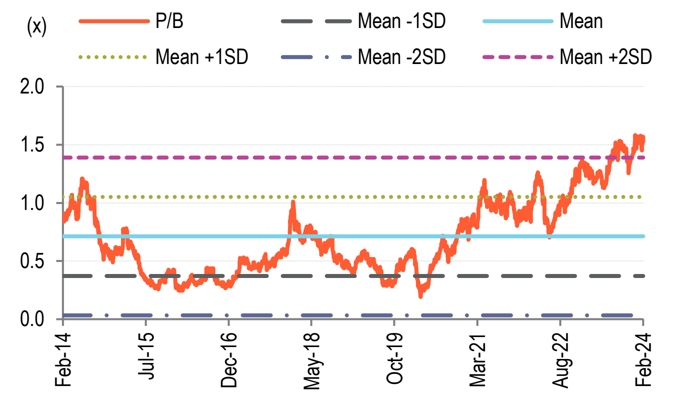
Source: Company, BOBCAPS Research

Fig 10 – EV/EBITDA 2Y fwd



Source: Bloomberg, BOBCAPS Research

Fig 11 – P/B 1Y fwd



Source: Bloomberg, BOBCAPS Research

Fig 12 – Peer comparison

Ticker	CMP (Rs)	Rating	Target price (Rs)	Upside (%)	EV/Sales (x)		EV/EBITDA (x)		Net income (Rs bn)		P/B (x)		P/E (x)	
					FY24E	FY25E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
TATA IN	139	BUY	155	11.8	1.1	1.1	10.9	7.1	88	44	1.6	1.5	38.5	12.6
JSTL IN	824	HOLD	840	2.0	1.5	1.4	8.3	7.1	41	119	3.0	2.2	16.9	12.4
JSP IN	776	HOLD	805	3.7	1.8	1.7	8.4	7.2	32	50	2.0	1.6	14.8	12.2

Source: BOBCAPS Research

Key risks

- Steel producer valuations are highly sensitive to product and raw material prices. Key downside risks to our estimates would be unfavourable changes in global demand-supply balance for steel and its raw materials, leading to lower prices and margins than our assumptions. Similarly, upside risks would arise from favourable changes in these dynamics, leading to higher prices and margins than our assumptions.
- JSP is exposed to the risk of delays in implementing its capital investment plan, including expansion, which could slow earnings growth. Conversely, upside risks to our earnings could arise from faster implementation of its capital investment plan than our conservative assumptions.

- The company has enlarged the scope of its expansion plan to Rs 310bn as it works to maximise returns and lower project-related risks. Any further increase in scope would pose an additional downside risk.

Sector recommendation snapshot

Company	Ticker	Market Cap (US$ bn)	Price (Rs)	Target (Rs)	Rating
Jindal Steel & Power	JSP IN	9.6	776	805	HOLD
JSW Steel	JSTL IN	24.5	824	840	HOLD
Tata Steel	TATA IN	20.6	139	155	BUY

Source: BOBCAPS Research, NSE | Price as of 2 Feb 2024

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Total revenue	**5,10,856**	**5,27,112**	**4,85,685**	**4,97,671**	**6,77,302**
EBITDA	1,55,134	99,349	1,03,725	1,21,462	1,58,408
Depreciation	(20,968)	(26,910)	(25,644)	(28,388)	(32,637)
EBIT	1,34,167	72,439	78,081	93,074	1,25,771
Net interest inc./(exp.)	(20,065)	(16,164)	(13,046)	(14,546)	(14,546)
Other inc./(exp.)	1,689	2,274	2,582	2,901	3,127
Exceptional items	(4,062)	(13,695)	0	0	0
EBT	1,11,728	44,855	67,617	81,429	1,14,352
Income taxes	(29,245)	(12,923)	(13,523)	(16,286)	(22,870)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**82,550**	**31,511**	**53,553**	**64,654**	**90,795**
Adjustments	0	0	0	0	0
Adjusted net profit	**82,550**	**31,511**	**53,553**	**64,654**	**90,795**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Accounts payables	52,519	47,004	50,230	49,474	68,238
Other current liabilities	1,28,914	54,380	58,282	59,721	81,276
Provisions	888	971	894	916	1,247
Debt funds	1,35,016	1,30,463	1,45,463	1,45,463	1,35,463
Other liabilities	78,145	71,263	68,472	68,172	72,001
Equity capital	1,011	1,005	1,005	1,005	1,005
Reserves & surplus	3,55,236	3,86,061	4,36,401	4,97,176	5,82,523
Shareholders' fund	3,70,952	3,90,191	4,41,072	5,02,335	5,88,369
Total liab. and equities	**7,66,435**	**6,94,272**	**7,64,413**	**8,26,082**	**9,46,594**
Cash and cash eq.	36,685	47,168	65,914	67,006	70,839
Accounts receivables	12,641	9,745	9,980	10,226	13,917
Inventories	72,814	58,868	62,788	66,996	92,406
Other current assets	1,43,949	38,976	35,926	36,809	50,032
Investments	0	0	0	0	0
Net fixed assets	4,22,440	4,08,035	4,39,891	5,09,678	5,97,241
CWIP	17,362	71,059	91,059	76,059	56,059
Intangible assets	35,980	34,469	34,469	34,469	34,469
Deferred tax assets, net	0	0	0	0	0
Other assets	24,565	25,952	24,386	24,839	31,631
Total assets	**7,66,435**	**6,94,272**	**7,64,413**	**8,26,082**	**9,46,594**

Cash Flows

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Cash flow from operations	**1,26,349**	**1,01,030**	**96,455**	**1,01,119**	**1,35,731**
Capital expenditures	58,857	(64,691)	(77,500)	(83,175)	(1,00,200)
Change in investments	0	0	0	0	0
Other investing cash flows	(3,771)	318	3,567	1,952	(4,341)
Cash flow from investing	**55,086**	**(64,373)**	**(73,933)**	**(81,223)**	**(1,04,541)**
Equities issued/Others	(9)	(6)	0	0	0
Debt raised/repaid	(1,64,081)	(4,553)	15,000	0	(10,000)
Interest expenses	(20,065)	(16,164)	(13,046)	(14,546)	(14,546)
Dividends paid	3,060	(2,040)	(3,213)	(3,879)	(5,448)
Other financing cash flows	(25,179)	(3,411)	(2,517)	(379)	2,637
Cash flow from financing	**(2,06,273)**	**(26,174)**	**(3,776)**	**(18,804)**	**(27,357)**
Chg in cash & cash eq.	**(24,837)**	**10,483**	**18,746**	**1,092**	**3,833**
Closing cash & cash eq.	**61,522**	**36,685**	**47,168**	**65,914**	**67,006**

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
Reported EPS	80.9	30.9	52.5	63.4	89.0
Adjusted EPS	80.9	30.9	52.5	63.4	89.0
Dividend per share	(3.0)	2.0	3.1	3.8	5.3
Book value per share	349.3	379.4	428.8	488.4	572.0

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
EV/Sales	2.1	1.8	1.8	1.8	1.3
EV/EBITDA	6.8	9.7	8.5	7.2	5.5
Adjusted P/E	9.6	25.1	14.8	12.2	8.7
P/BV	2.2	2.0	1.8	1.6	1.4

DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Tax burden (Net profit/PBT)	71.3	53.8	79.2	79.4	79.4
Interest burden (PBT/EBIT)	86.3	80.8	86.6	87.5	90.9
EBIT margin (EBIT/Revenue)	26.3	13.7	16.1	18.7	18.6
Asset turnover (Rev./Avg TA)	66.1	72.2	66.6	62.6	76.4
Leverage (Avg TA/Avg Equity)	2.3	2.0	1.8	1.7	1.6
Adjusted ROAE	24.5	8.5	13.0	13.8	16.8

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
YoY growth (%)					
Revenue	47.9	3.2	(7.9)	2.5	36.1
EBITDA	18.5	(36.0)	4.4	17.1	30.4
Adjusted EPS	34.2	(61.8)	70.0	20.7	40.4
Profitability & Return ratios (%)					
EBITDA margin	30.4	18.8	21.4	24.4	23.4
EBIT margin	26.3	13.7	16.1	18.7	18.6
Adjusted profit margin	16.2	6.0	11.0	13.0	13.4
Adjusted ROAE	24.5	8.5	13.0	13.8	16.8
ROCE	21.6	12.7	12.9	14.0	17.1
Working capital days (days)					
Receivables	9	7	8	8	8
Inventory	52	41	47	49	50
Payables	(54)	(40)	(48)	(48)	(48)
Ratios (x)					
Gross asset turnover	0.7	0.7	0.7	0.6	0.8
Current ratio	1.2	1.0	1.1	1.1	1.1
Net interest coverage ratio	6.7	4.5	6.0	6.4	8.6
Adjusted debt/equity	0.3	0.2	0.2	0.2	0.1

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%
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Note: Recommendation structure changed with effect from 21 June 2021

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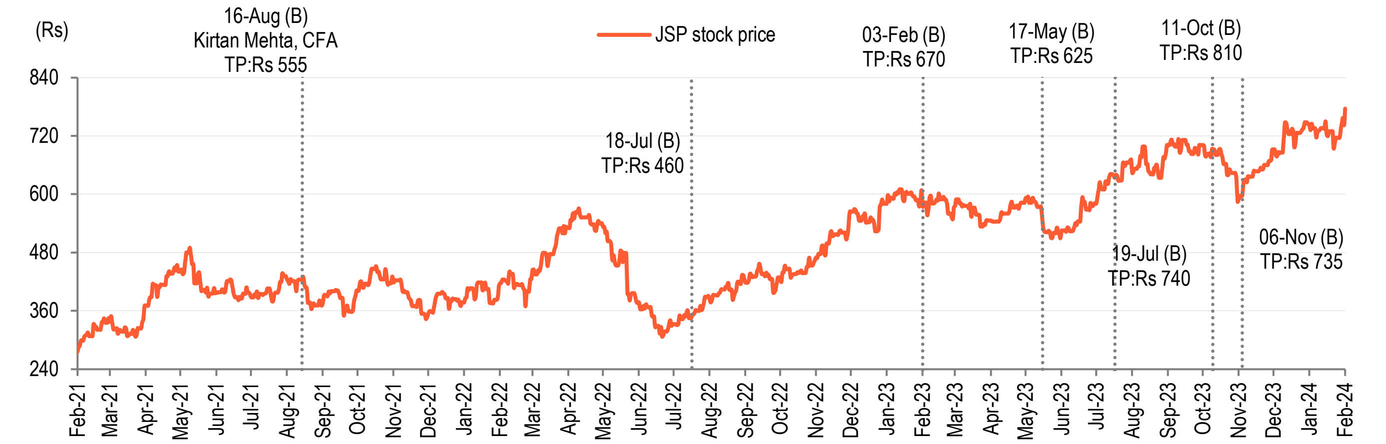
Ratings and Target Price (3-year history): JINDAL STEEL & POWER (JSP IN)



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