

## RESEARCH

### BOB ECONOMICS RESEARCH | MONSOON UPDATE

Monsoon and Sowing progress

### JINDAL STEEL & POWER | TARGET: Rs 975 | +0% | HOLD

Expansion to deliver material growth even after delays

### GREENLAM INDUSTRIES | TARGET: Rs 560 | -0% | HOLD

Soft quarter; margin pressure to persist in near future

## SUMMARY

### INDIA ECONOMICS: MONSOON UPDATE

All India cumulative seasonal rainfall is 1% above LPA as of 23 Jul 2024. The distribution of rainfall has pushed kharif sowing higher compared with last year. Acreage of pulses, rice and oilseeds have registered an improvement. On distribution of rainfall, region wise both Central (8%) and Southern peninsula (26%) have registered surplus rainfall, while Eastern (-13%) and North West (-15%) region have reported lower rainfall. Out of 36, 28 sub-divisions (79% of the country) have received normal or above normal rainfall during this period, while 10 states are in the deficient zone. Distribution of rainfall needs careful monitoring along with sowing of Kharif crops. Any shortage or excess might play a significant role on prospects of agriculture growth.

[Click here](#) for the full report.

### JINDAL STEEL & POWER

- Q1 result was ahead of consensus. Company announced another 6-9 months delay of Angul expansion project
- We see this as moving towards more realistic deadlines. We lower FY26 EBITDA by 14% and continue to build buffer over guidance
- Company still geared to deliver 22% EBITDA CAGR over FY24-27. We reiterate HOLD rating with a lower TP of Rs 975 from Rs 1,055

[Click here](#) for the full report.



## GREENLAM INDUSTRIES

- Weak Q1 on sharp margin compression in laminate segment and slow ramp-up of plywood and veneer segments
- Maintained laminate EBITDAM guidance of 16% for FY25, which is at a risk on steep rise in raw materials and ocean freight rate and weak Q1
- Maintain HOLD on expensive valuations (trades at 46.6x on 1Y forward P/E vs 5Y average of 32.9x); raise TP by 2% to Rs 560

[Click here](#) for the full report.

## MONSOON UPDATE

24 July 2024

**Monsoon and Sowing progress**

All India cumulative seasonal rainfall is 1% above LPA as of 23 Jul 2024. The distribution of rainfall has pushed kharif sowing higher compared with last year. Acreage of pulses, rice and oilseeds have registered an improvement. On distribution of rainfall, region wise both Central (8%) and Southern peninsula (26%) have registered surplus rainfall, while Eastern (-13%) and North West (-15%) region have reported lower rainfall. Out of 36, 28 sub-divisions (79% of the country) have received normal or above normal rainfall during this period, while 10 states are in the deficient zone. Distribution of rainfall needs careful monitoring along with sowing of Kharif crops. Any shortage or excess might play a significant role on prospects of agriculture growth.

**Jahnvi Prabhakar**  
Economist

**Where does Kharif sowing stand?**

As of 19th Jul 2024, overall sown area has improved by 3.5% compared with last year. Notably, the acreage of pulses (22%), rice (6.7%), and oilseeds (8%) has risen. Within pulses, steep rise has been registered in sown area of Arhar and Moongbean. However, the sown area of urad has declined marginally. Moreover, the sown area of coarse cereals has fallen compared with last year. Within cereals, sowing area of crops such as Bajra (-27.4%) and Jowar (-2.6%) has declined the most. In case of oilseeds, sown area of both groundnut (12.6%) and soybean (9.3%) jumped sharply. Sown area of cotton and jute has been lower this year.

**Table 1: Kharif Sowing**

	Normal Area- Lakh ha (2024)	Area sown in 2023-24 (lakh ha)	Area sown in 2024-25 (Lakh ha)	Growth (YoY %)
Coarse Cereals	181.0	134.9	123.7	(8.3)
Paddy	401.6	155.7	166.1	6.7
Pulses	136.0	70.1	85.8	22.0
Oilseeds	190.2	150.9	163.1	8.0
Cotton	129.3	105.7	102.0	(3.0)
Sugarcane	55.4	57.1	57.7	1.1
Jute and Mesta	6.7	6.03	5.6	(6.5)
All Crops	1100.2	680.4	704.0	3.5

Source: CEIC, Bank of Baroda | Data as of 19 Jul 2024

**Monsoon:**

For the period 1 Jun 2024 to 23 Jul 2024, South West Monsoon is 1% above LPA compared with last year.

- A large part of the country, specifically, Central, Western and Eastern regions have received normal rainfall so far. These include states like Uttar Pradesh, Madhya Pradesh Gujarat, Rajasthan, Odisha and West Bengal.



**HOLD**  
 TP: Rs 975 | ▲ 0%

**JINDAL STEEL & POWER** | Metals & Mining

25 July 2024

**Expansion to deliver material growth even after delays**

- Q1 result was ahead of consensus. Company announced another 6-9 months delay of Angul expansion project
- We see this as moving towards more realistic deadlines. We lower FY26 EBITDA by 14% and continue to build buffer over guidance
- Company still geared to deliver 22% EBITDA CAGR over FY24-27. We reiterate HOLD rating with a lower TP of Rs 975 from Rs 1,055

Kirtan Mehta, CFA  
 research@bobcaps.in

**Q1 beat:** JSP's Q1FY25 EBITDA at Rs 28.4bn was 4% ahead of Bloomberg consensus's estimate and 12% ahead of ours on higher sales benefitting from 0.45mt of HRC production. EBITDA was up 13% sequentially, with 7% uptick in standalone operations backed by 4% growth in sales volume and 4% increase in margin to Rs 12.9k/t.

**Expansion sees more delays:** JSP announced a six-month delay for the BF/BOF 2 to Q4FY25, nine-month delay for BOF-3 to Q3FY26, and nine-month delay for slurry pipeline to Q4FY25. We see this announcement as setting more realistic targets from the initial set of aggressive targets. We have been highlighting this risk for some time and had downgraded JSP to HOLD from BUY on 3 Feb 2024, flagging that we **await better visibility on delivery of growth**.

**Expansion to drive substantial growth:** With 60% of capacity expansion planned, we believe the expansion could still deliver 22% EBITDA CAGR over FY24-27E at our estimates. We assume gradual ramp-up to 80% utilisation for BF-2 and 60% utilisation for BF-3 providing buffer against the revised guidance, 90% slurry pipeline utilisation and 14mt captive coal production in FY27.

**Lower estimates and TP:** Factoring in delays in project milestones, we lower our FY25E/FY26E EBITDA estimates by 7%/14%. Accordingly, we lower our TP to Rs 975 from Rs 1,055, while maintaining the target 1Y forward EV/EBITDA multiple at 6x. We maintain the target multiple below our sector multiple of 6.5x as we wait for JSP to demonstrate disciplined growth.

**Maintain HOLD:** With an 11% correction from a peak of Rs 1,097 on 21 Jun, we believe JSP's stock price currently factors in the impact of announced delays at our estimates. With the company primed to deliver 22% EBITDA CAGR over FY24-FY27 on the delivery of efficiency and capacity expansion projects even under our conservative assumptions, we maintain our rating at HOLD.

**Key changes**

Target	Rating
▼	◀ ▶

Ticker/Price	JSP IN/Rs 972
Market cap	US\$ 11.8bn
Free float	39%
3M ADV	US\$ 26.0mn
52wk high/low	Rs 1,097/Rs 582
Promoter/FPI/DII	61%/13%/15%

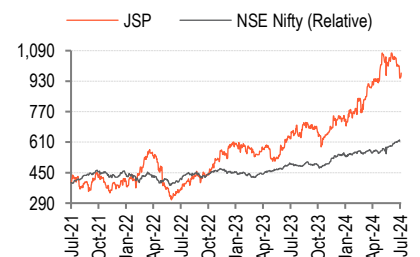
Source: NSE | Price as of 24 Jul 2024

**Key financials**

Y/E 31 Mar	FY24P	FY25E	FY26E
Total revenue (Rs mn)	5,00,268	4,99,708	6,76,661
EBITDA (Rs mn)	1,02,008	1,13,029	1,35,950
Adj. net profit (Rs mn)	59,384	54,640	70,146
Adj. EPS (Rs)	58.2	53.6	68.8
Consensus EPS (Rs)	58.2	64.4	88.6
Adj. ROAE (%)	14.3	11.6	13.3
Adj. P/E (x)	16.7	18.2	14.1
EV/EBITDA (x)	10.6	9.7	8.2
Adj. EPS growth (%)	88.5	(8.0)	28.4

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

**Stock performance**



Source: NSE



**HOLD**  
 TP: Rs 560 | ▼ 0%

**GREENLAM INDUSTRIES** | Building Materials

24 July 2024

**Soft quarter; margin pressure to persist in near future**

- **Weak Q1 on sharp margin compression in laminate segment and slow ramp-up of plywood and veneer segments**
- **Maintained laminate EBITDAM guidance of 16% for FY25, which is at a risk on steep rise in raw materials and ocean freight rate and weak Q1**
- **Maintain HOLD on expensive valuations (trades at 46.6x on 1Y forward P/E vs 5Y average of 32.9x); raise TP by 2% to Rs 560**

**Utkarsh Nopany**  
 research@bobcaps.in

**Weak Q1:** GRLM slightly beats our topline estimate by 2.6% for Q1FY25 due to better-than-expected laminates realisation, but it misses our EBITDA/APAT estimates sharply by 15.7%/37.9% due to margin compression (-190bps YoY to 10.6% vs 12.9% estimate). Overall, GRLM revenue grew by 17.4% YoY, but EBITDA/APAT was down 0.5%/38.3% YoY in Q1FY25 due to margin pressure and higher capital charge related to newly commissioned laminate and plywood plant.

**Key highlights:** Laminates volume grew at 12.0% YoY in Q1FY25 driven by higher exports. On a 2Y CAGR basis, laminates volume grew at a nominal 6.4% rate vs 25% growth in capacity due to subdued demand in the domestic as well as exports market. Laminates EBITDA margin declined by 297bps QoQ to 13.6% in Q1FY25. Plywood segment reported operating loss for the fifth consecutive quarter due to the slow ramp-up of the plant (operated at 25% in Q1FY25). The veneer segment again posted an operating loss in Q1FY25. Net debt rose from Rs 8.3bn in Mar'24 to Rs 9.2bn in Jun'24 and expected to peak out at Rs 9.25bn-9.5bn in FY25.

**Outlook:** GRLM has broadly maintained its revenue growth guidance of 18-20% (20% earlier). It has also maintained its guidance for the laminate segment of double-digit volume growth with EBITDA margin of 16% for FY25. Management expects its plywood segment to reach EBITDA breakeven by H2FY25. The particleboard project (292,380 CBM) is on track to become operational in Q3FY25 at a cost of Rs 8.75bn. The company expects to operate its particleboard project at ROCE of 15-18% on the assumption that the plant operates at full capacity (which is expected to happen in FY28) and generate 20-24% EBITDA margin.

**Maintain HOLD, raise TP by 2% to Rs 560:** We maintain our HOLD rating on the stock on expensive valuations (trades at 46.6x on 1Y forward P/E vs 5Y average of 32.9x). We have tweaked our EPS estimates (-1.5%/-0.1% for FY25E/FY26E) based on the Q1 result. We cut our target P/E from 35x to 33x (in line with 5Y average multiple) as we expect inferior ROCE for its particleboard project at least for the next two to three years. However, we have slightly raised our TP to Rs 560 (from Rs 550) as we roll forward our valuation multiple from Mar'26 to Jun'26.

**Key changes**

Target	Rating
▲	◀ ▶

Ticker/Price	GRLM IN/Rs 562
Market cap	US\$ 857.1mn
Free float	49%
3M ADV	US\$ 0.6mn
52wk high/low	Rs 662/Rs 388
Promoter/FPI/DII	51%/2%/16%

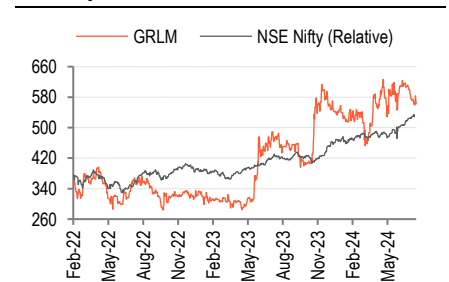
Source: NSE | Price as of 24 Jul 2024

**Key financials**

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	23,063	28,699	34,786
EBITDA (Rs mn)	2,974	3,365	4,431
Adj. net profit (Rs mn)	1,383	1,308	2,002
Adj. EPS (Rs)	10.8	10.3	15.7
Consensus EPS (Rs)	10.8	13.4	19.5
Adj. ROAE (%)	13.6	11.6	15.7
Adj. P/E (x)	51.9	54.9	35.8
EV/EBITDA (x)	23.3	19.6	14.2
Adj. EPS growth (%)	12.5	(5.4)	53.1

Source: Company, Bloomberg, BOBCAPS Research

**Stock performance**



Source: NSE



**NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA (“US”) OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.**

## Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**

Logo:  **BOBCAPS**  
 TRUST | INNOVATION | EXCELLENCE

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

### Recommendation scale: Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%

**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### Analyst certification

Each of the analysts mentioned in this research report certify, with respect to the sections of the report for which they are responsible, that (1) all of the views expressed in this report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

### Important disclosures

This product is a compilation of previously published research notes. To view the complete report along with the associated Analyst certifications and Company-specific disclosures, please click on the hyperlink accompanying each excerpt.

### General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have “long” or “short” positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

#### Other disclosures

BOBCAPS does not have any financial interest in the subject company. BOBCAPS does not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS is not engaged in any market making activities for the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

#### Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "Losses") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

#### Distribution into the United Kingdom ("UK"):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd ("MSL") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as "MAYBANK"). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

#### No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

#### Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.