

Structural Drivers Supporting Growth

CMP: INR 179

Rating: BUY

Target Price: INR 353

Stock Info

| | |
|--------------------------|-----------------------|
| BSE | 500378 |
| NSE | Jindalsaw |
| Bloomberg | JSAW:IN |
| Reuters | JIND.NS |
| Sector | Iron & Steel Products |
| Face Value (INR) | 1 |
| Mkt Cap (INR Bn) | 114.66 |
| 52w H/L (INR) | 286/153 |
| Avg yearly Vol (in 000') | 2,655 |

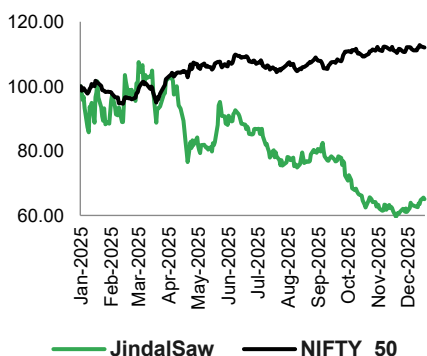
Shareholding Pattern %

(As on Mar, 2025)

| | |
|-----------------|--------|
| Promoters | 63.25% |
| Public & Others | 36.75% |

| Stock Performance (%) | 1m | 6m | 12m |
|-----------------------|------|-------|-------|
| HHIL | +12 | -19.0 | -29.5 |
| Nifty 50 | -2.3 | +1.9 | +9.6 |

Jindalsaw Vs Nifty 50



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Jindal SAW is a diversified pipe solutions company established in the mid-1980s. The company has built large, integrated manufacturing facilities with end-to-end capabilities spanning pipe making, lining, coating and value-added downstream solutions, enabling it to execute complex projects efficiently. Its operations cater to a wide range of applications including water and wastewater management, oil and gas transportation, and industrial infrastructure. With manufacturing presence across India and select overseas locations, the company services customers in domestic as well as international markets. Company has focused on strengthening its product mix, expanding global reach and enhancing execution capabilities to position itself as a long-term partner in critical infrastructure development.

JJM led water-infrastructure recovery: The signaled improvement in Jal Jeevan Mission execution; trapped/locked funds are beginning to be released, field completion is reported at ~70–80%, and there have been no scheme cancellations. This should translate into clearer, more predictable DI-pipe order flows from state programs and strengthen near-term revenue visibility for water-infrastructure supplies.

Margin expansion through mix, efficiency and working-capital: margins are expected to normalize toward ~18–19% within ~2 years driven by a deliberate shift to higher-value products and exports, ongoing plant modernization (debottlenecking) and tighter receivables/collections. Together these actions should unlock operating leverage higher realizations on premium SKUs plus lower cash conversion cycle will feed through to sustainable margin improvement.

Capacity and geographic expansion de-risk growth: Recent commissioning of the new piercing line (material uplift in seamless capability) and confirmed expansion plans in MENA regions in Abu Dhabi land/greenfield plans and a 51% JV in KSA will materially increase addressable market, improve on-time delivery for large sizes and reduce dependence on a single channel/geography. These moves position the company to capture both domestic program demand and higher-margin export opportunities

Outlook: We see a constructive medium-term outlook for Jindal Saw driven by improving demand under the Jal Jeevan Mission such as trapped funds being released and field completion, which should restore DI-pipe order visibility, and by execution levers such as the new piercing line and targeted capex that improve seamless product capability and on-time delivery. Geographic diversification into MENA regions materially de-risk domestic cyclicality and raise long-term addressable market potential. On the balance of these structural demand and supply improvements, **we have a Buy rating with a target price of INR 353.**

| Valuation Outlook: | | | | | | |
|--------------------|----------|----------|----------|----------|----------|----------|
| (INR Mn) | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
| Net Sales | 1,78,678 | 2,09,577 | 2,08,289 | 1,79,673 | 2,03,888 | 2,28,327 |
| EBITDA | 16,653 | 33,210 | 34,293 | 23,361 | 31,200 | 39,082 |
| PAT | 4,428 | 15,929 | 14,580 | 10,622 | 14,725 | 20,727 |
| EPS (INR) | 9.9 | 26.2 | 27.2 | 16.6 | 23.0 | 32.4 |
| EBITDA Margin (%) | 9.3% | 15.8% | 16.5% | 13.0% | 15.3% | 17.1% |
| EV/EBITDA | 9.0 | 4.6 | 4.2 | 5.8 | 4.1 | 3.0 |
| P/E (x) | 16.6 | 6.3 | 6.0 | 9.9 | 7.1 | 5.1 |

Jindal Saw Ltd Q3FY26 Concall Highlights

- Commissioning of a new piercing line materially expands seamless-pipe capability, expecting rampup to ~90,000 t/quarter from the current ~40,000 t/quarter, enabling larger-size production.
- The new piercing line broadens the company's size range and improves on-time delivery and overall productivity across seamless products.
- Q2 seen as the cycle bottom and "green shoots" emerging in both domestic and export markets.
- Operational efficiencies, mix shift toward premium/export markets and ongoing capex should help margins normalize to ~17–18% within two years gradually.
- Management Highlighted that Jal Jeevan Mission execution is improving and trapped funds are being released, field completion is ~70–80%, and there have been no scheme cancellations; this recovery should lift DI-pipe order flow and be beneficial to the company.
- Company is actively optimizing its Indian product portfolio and rebalancing the sales mix to capture domestic and export opportunities.
- Company is pivoting to de-risk domestic dependence by growing its export footprint for ductile-iron pipes.
- Export efforts for DI pipes have been materially increased, management now treats exports as a strategic channel rather than a residual market.
- Abu Dhabi (existing DI hub) will get a new wholly-owned seamless plant in KIZAD; land secured, long-lead equipment identified and lease executed to speed implementation.
- The firm has formed a 51% JV to develop a soft-pipe manufacturing facility in Saudi Arabia; site/leases and initial equity actions are underway.
- These MENA expansions are strategic responses to local manufacturing incentives in the region and to safeguard market share there.
- Engaging banks for project financial closure in the Middle East and expects implementation time gains because the Abu Dhabi land is developed.
- Company wide capex is being committed across Indian operations to modernize assets, improve efficiencies and meet regulatory requirements.
- Company can materially increase production (management cited a pathway to ~2.2 Mtpa capacity utilization) without adding new primary lines if utilization improves.
- The DI business remains trade-finance/EPC-driven, exports and domestic sales are routed largely via EPC contractors, so working with EPC timelines is critical.
- There are no cancellations in Government scheme backed DI orders; additional state-level streams are opening, providing multiple demand avenues.
- Pursuing collections, securitization and other receivable controls to reduce overdue exposure in the DI book.
- Short-term oil-price volatility is not expected to materially change long-term oil & gas project demand; company remains constructive on seamless demand tied to multi-year projects.

Outlook: Company appears well positioned for a gradual but sustained recovery, supported by improving execution under the Jal Jeevan Mission, which is gaining momentum and should translate into better DI-pipe order flows. The commissioning of the new piercing line and ongoing modernization capex strengthen execution capability and enable a shift toward higher-value seamless products. Strategic expansion in the Middle East, including Abu Dhabi and the KSA JV, meaningfully de-risks domestic cyclicality and opens long-term export growth avenues. Management's focus on product mix improvement, operational efficiencies and working-capital discipline provides a clear pathway for margin normalization over the medium term. Overall, improving demand visibility, capacity readiness and geographic diversification underpin a constructive medium-term outlook for the company. **We have a buy rating on the stock with a target price of INR 353.**

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Stock Rating Scale

| | |
|------------|-------------|
| BUY | >20% |
| ACCUMULATE | 12% to 20% |
| HOLD | 5% to 12% |
| NEUTRAL | -5% to 5% |
| REDUCE | -5% to -12% |
| SELL | <-12% |

Absolute Return

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