Jindal Worldwide Ltd.

ISIN :INE247D01039 | NSE :JINDWORLD

Price: 69.4
Recommendation: Buy
Industry: Other Textile Products
Sector: Consumer Discretionary
Report Date: 16-Apr-2025

Jindal Worldwide Ltd. is diversifying into the electric vehicle (EV) sector, acquiring Earth Energy Ltd. and planning to release three EV models by Q2 FY25. A new manufacturing facility in Ahmedabad will support this, with a capacity of 250,000 units annually. Financially, the company shows strong growth, with a 45.70% revenue increase and a 38.30% rise in EBITDA. Jindal aims to expand globally, leveraging its robust financial health for sustainable growth.

Sales		Profit & Loss		Profitability Matrix	
Current Year	2268 Cr	Operating Profit(Year)	162 Cr	Operating Profit Margin	7.14 %
Previous Year	2149 Cr	Operating Profit(Quarter)	41.2 Cr	EBITDA Margin	6.57 %
Current Quarter	586 Cr	PAT (Year)	70.0 Cr	Net Profit Margin	3.76 %
Previous Quarter	568 Cr	PAT (Quarter)	18.2 Cr	EPS	0.76
Revenue (QYoY)	446 Cr				
Valuation Matrix		**Growth(YoY)**		**Growth(QoQ)**	
Trailing P/E	91.0	Sales Growth	23.9 %	Sales Growth	3.17 %
PEG Ratio	4.18	PAT Growth	-38.6 %	Sales Growth QYoY	31.39 %
EV/EBITDA	44.6	EPS Growth	8.57 %	PAT Growth	4.0 %
P/B	9.39	Dividend Yield	0.06	PAT Growth QYoY	-13.33 %
Capital Allocation		**Holdings**		**Leverage**	
RoE	10.3 %	Promoter	59.8 %	Debt/Equity	0.89
RoA	4.76 %	FII	0.26 %	Debt	656 Cr
RoCE	9.74 %	DII	0.04 %	Market Cap	6959 Cr
RoIC	6.99 %	Public	39.9 %	Enterprise value	7349 Cr
		No of Shares	100 Cr	Cash Equivalents	266 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

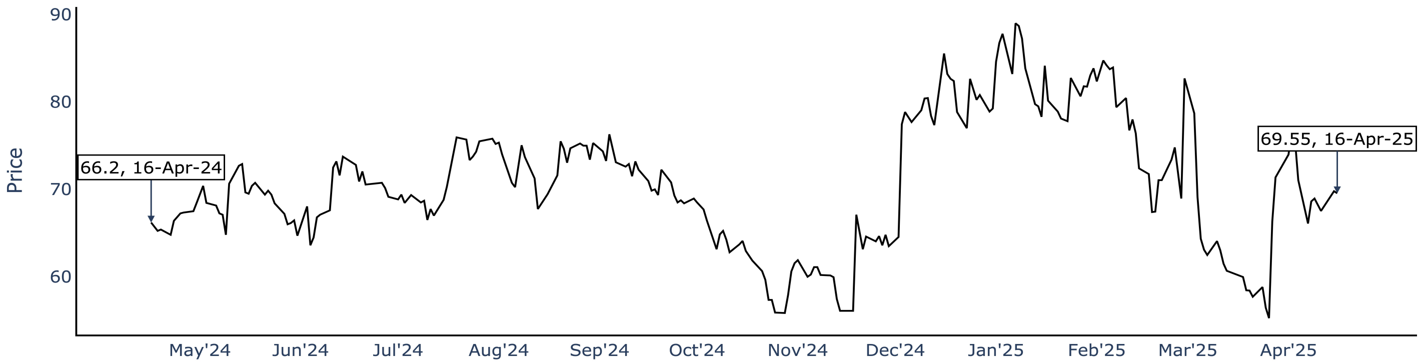
Jindal Worldwide Ltd. has embarked on a strategic journey to diversify its business portfolio, notably venturing into the electric vehicle (EV) sector. This move is marked by the acquisition of Earth Energy Ltd., a promising EV startup, which positions Jindal Mobilitric to release three electric vehicle models by Q2 FY25. The company is constructing a new manufacturing facility in Ahmedabad to complement the existing Earth Energy facility in Maharashtra, with a production capacity of 250,000 units per annum. This initiative is part of a broader strategy to leverage breakthrough technology and enhance customer satisfaction, aiming to create a significant impact in the EV market. The company emphasizes its commitment to the "Make in India" initiative, with 97% of production localized, which is expected to provide a competitive edge in terms of value and performance.

Financially, Jindal Worldwide has demonstrated robust growth, with revenue from operations increasing by 45.70% year-over-year, driven by normalized business operations and heightened demand for finished fabrics in both domestic and export markets. The EBITDA margin stands at 8.48%, reflecting a 38.30% year-over-year increase in EBITDA, indicating improved operational profitability. The profit before tax surged by 44.78% year-over-year, although interest costs have risen due to increased purchase bill discounting. The company's financial health is further underscored by a PAT margin of 3.03% and a diluted EPS of INR 0.86 per share, showcasing a solid financial foundation to support its diversification efforts.

Looking ahead, Jindal Worldwide's growth prospects are promising, with a clear focus on expanding its global presence and enhancing its product offerings. The company's strategic initiatives in the EV sector are expected to drive future growth, supported by its strong financial performance and operational capabilities. The expansion into high-growth segments like electric two-wheelers aligns with the company's vision to capitalize on emerging market opportunities and technological advancements. This strategic direction is anticipated to bolster Jindal's market position and contribute to sustainable long-term growth.

While the company's diversification into the EV sector is a positive step, there are areas for improvement. Enhancing the EBITDA margin further and managing interest costs more effectively could strengthen financial performance. Additionally, maintaining a balance between domestic and international revenue streams will be crucial to mitigate risks associated with market fluctuations. Overall, Jindal Worldwide's strategic initiatives and financial resilience position it well for future success, with opportunities to refine its strategies for even greater impact.

JINDWORLD Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Garware Tech.	8628.19	37.52	18.52%	-16.61%	21.20%	-27.50%	10.40%
Jindal Worldwide	6959.07	91.05	10.31%	3.22%	31.29%	4.18%	-13.21%
Raymond Lifestyl	6481.99	44.60	11.69%	1.87%	-0.85%	-30.82%	-61.36%
Go Fashion (I)	3905.40	45.10	14.56%	2.97%	6.23%	17.89%	3.93%
Jindal Poly Film	3002.18	17.41	1.74%	4.59%	39.38%	-96.48%	121.15%

Aspect	Commentary
Revenue	The company shows a strong revenue growth with a 45.70% increase year-over-year, driven by normalized operations and high demand for fabrics. This indicates a robust market position and effective sales strategies, contributing to its financial health and supporting its diversification into new sectors like electric vehicles.
Profit & Loss	Operating profit and PAT reflect a solid financial performance, with a notable increase in profitability. However, rising interest costs due to purchase bill discounting could impact net profits. The company needs to manage these costs effectively to maintain its profit margins and support future growth initiatives.
Profitability Matrix	The company's profitability metrics, including operating profit margin and EBITDA margin, indicate improved operational efficiency. However, there is room for enhancing these margins further to strengthen financial performance. Effective cost management and operational strategies will be key to achieving this.
Valuation Matrix	The valuation metrics, such as P/E and PEG ratios, suggest the company is valued at a premium, reflecting investor confidence in its growth prospects. However, high valuation multiples also imply expectations of continued strong performance, necessitating sustained growth and profitability to justify these valuations.
Growth (YoY)	Year-over-year growth metrics highlight significant sales growth, although PAT growth is negative, indicating challenges in translating revenue growth into net profit. The company must focus on improving net profit margins to ensure that revenue growth translates into bottom-line improvements.
Growth (QoQ)	Quarter-over-quarter growth shows a steady increase in sales, but a decline in PAT growth, suggesting short-term profitability challenges. The company needs to address these issues to maintain consistent growth and profitability, ensuring that quarterly performance aligns with long-term strategic goals.
Capital Allocation	The company's return metrics, such as RoE and RoCE, indicate efficient capital allocation, supporting its growth and diversification strategies. However, maintaining these returns while managing leverage and interest costs will be crucial to sustaining financial health and supporting future expansion.
Holdings	The ownership structure, with a significant promoter holding, suggests strong control and alignment of interests. However, low institutional holdings may indicate limited external investor confidence. Increasing institutional participation could enhance market perception and provide additional growth capital.
Leverage	The company's leverage position, with a debt/equity ratio of 0.89, indicates moderate leverage, supporting its growth initiatives. However, managing debt levels and interest costs will be crucial to maintaining financial stability and supporting long-term strategic objectives.

Analyst viewpoint: Jindal Worldwide Ltd.'s impressive growth trajectory positions it advantageously for short to mid-term gains. The company has reported a commendable 45.70% revenue growth year-over-year, driven by robust demand in both domestic and export markets. With a consistent quarter-on-quarter sales growth of 3.17% and strategic expansion into the electric vehicle sector, Jindal is building a diversified portfolio that enhances its market presence. Its efforts in acquiring Earth Energy Ltd. and establishing a new EV manufacturing facility reflect a forward-looking approach aimed at capturing new market opportunities. These initiatives are supported by a strong financial foundation, with notable improvements in operational profitability as indicated by a 38.30% increase in the EBITDA margin. Furthermore, valuation metrics such as a high trailing P/E reflect market optimism regarding Jindal's long-term growth prospects.

However, while the growth story is compelling, investors should be mindful of certain financial nuances. The company's high valuation multiples, including a PEG ratio of 4.18, necessitate sustained performance to justify these premiums. Additionally, the mild rise in interest costs due to greater purchase bill discounting could impinge on future profitability. Maintaining a balanced approach in capital allocation and efficient management of interest costs will be essential for Jindal to translate its robust revenue growth into consistent bottom-line improvements. Despite these considerations, Jindal Worldwide's strategic ventures and sound financial health make it a compelling buy, underpinned by its initiatives to enhance market competitiveness and value creation.

Please read detailed disclosure on next page.

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BUY	>=15%
SELL	<-10%
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UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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