



BIJU PATNAIK INSTITUTE OF INFORMATION TECHNOLOGY & MANAGEMENT STUDIES (BIITM), BHUBANESWAR

Plot No. F/4, Chandaka Industrial Estate, Infocity, Patia, Bhubaneswar-24

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SUMMER INTERNSHIP PROJECT 2026

REPORT TITLE

Fundamental analysis of steel sector
stock : A special reference to JSW Steel

SUBMITTED BY

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5-year Integrated MBA Batch: 2022-27

University Regn. No.: 2213258058

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CERTIFICATE OF FACULTY/ INTERNAL GUIDE

This is to certify that **Ms. Soumya Panda** university registration No **2213258058** of 2022-27 batch, has completed his/her summer internship at “**Odisha Capital Market & Enterprises Limited**”(organization name) from **08/10/2025** to **09/11/2025** under the supervision of **Mr. BIPIN B. DUTTA** (corporate guide) and has submitted this project report under my guidance in partial fulfilment of the requirements for award of the degree of Master of Business Administration at Biju Patnaik Institute of Information Technology and Management Studies, Bhubaneswar. To the best of my knowledge and belief, this project report has been prepared by the student and has not been submitted to any other institute or university for the award of any degree or diploma.

Date: 09.11.25

Place: Bhubaneswar

Dr. Chinmaya Ku. Rout

Associate Prof. Finance



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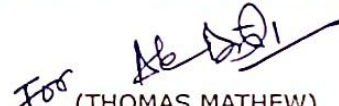
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TO WHOMSOEVER IT MAY CONCERN

This is to certify that **Ms. Soumya Panda**, IMBA student (2022-2027 Batch) from **Biju Patnaik Institute of Information Technology and Management Studies (BIITM)**, **Bhubaneswar, Odisha** bearing **Registration Number – 2213258058**, has successfully completed her Summer Internship Programme with us at Odisha Capital Market & Enterprises Ltd., Bhubaneswar from October 10, 2025 to November 10, 2025 under the guidance of our **Officer on Special Duty, Mr. Bipin B. Dutta** and has prepared a study paper titled as **"Fundamental Analysis of Steel Sector – A Study on Special Reference to JSW Steel Stock"** for this purpose.

During her study, we found her working hard and sincerely.

For Odisha Capital Market & Enterprises Limited,


(THOMAS MATHEW)
MANAGING DIRECTOR

Dated: 16th December, 2025

DECLARATION

I, Ms. Soumya Panda Bearing university registration no. 2213258058 (2022-27 batch), hereby declare that the project report titled “FUNDAMENTAL ANALYSIS OF STOCK ON JSW STEEL LIMITED” is based on my internship at Odisha Capital Market & Enterprises Limited , during the period 08/10/2025 to 09/11/2025 and is an original work done by me under the supervision of Mr. Bipin B. Dutta (Corporate Guide) and Prof. Dr. Chinmaya Ku. Rout (Internal Guide). This report is being submitted to Biju Patnaik Institute of Information Technology and Management Studies, Bhubaneswar, affiliated to Biju Patnaik University of Technology, Odisha, in partial fulfilment of the requirements for the award of the degree of Integrated Master of Business Administration. This project report has not been submitted to any other institute/university for the award of any degree or diploma.

Date: 9.11.2025

Soumya Panda

Place: Bhubaneswar

Signature

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This project report bears the imprint of many people on it. I am very much thankful to BIITM, Bhubaneswar for the successful completion of my SIP report.

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I am also expressing my gratitude to my parents and my friends who gave their full cooperation for the successful completion of my project.

Soumya Panda

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SUMMARY

India's domestic steel industry experienced strong growth momentum during the mid-2000s, supported by sustained industrial expansion, rising infrastructure spending, and increased demand from core sectors such as construction, automobiles, power, and capital goods. The healthy economic environment and government focus on infrastructure development contributed significantly to the upward trend in steel consumption. Favorable demand–supply dynamics and improved capacity utilization helped the steel sector recover from earlier cyclical downturns and strengthened overall industry sentiment.

All major segments of the steel industry, including flat products, long products, and value-added steel, witnessed growth during this period. The construction and infrastructure sectors emerged as key demand drivers, while rising automotive production further boosted steel consumption. Improved availability of credit, stable raw material supplies, and gradual modernization of plants also supported sectoral growth. Export opportunities, coupled with competitive production costs, enabled Indian steel producers to enhance their global presence.

The major players in the Indian steel sector include Tata Steel Ltd, Steel Authority of India Ltd (SAIL), JSW Steel Ltd, Essar Steel Ltd, and Ispat Industries Ltd. These companies have played a crucial role in expanding domestic capacity, adopting advanced technologies, and strengthening India's position as a leading steel-producing nation. Public and private sector participation together contributed to the sector's resilience and competitiveness.

JSW Steel Ltd, as one of the leading private steel manufacturers in India, established a strong presence across flat and long steel products, catering to both domestic and international markets. With continuous capacity expansion, cost-efficient operations, and a focus on value-added products, JSW Steel emerged as a key growth driver within the steel industry. The company's strategic investments in technology, backward integration, and logistics enhanced its operational efficiency and market share.

This study attempts to analyze the Indian steel industry by examining industry trends, demand drivers, and competitive dynamics, along with an in-depth evaluation of a leading steel company. It also provides an overview of the economic environment and applies fundamental analysis techniques to assess the company's financial performance and valuation prospects.

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CHAPTER - I

INTRODUCTION

JSW Steel is the flagship steel-making business of the JSW Group, which is a large Indian industrial conglomerate. It is one of India's leading *integrated* steel producers — meaning it handles everything from raw-materials to value-added steel products. The company operates major manufacturing units in states such as Karnataka, Tamil Nadu and Maharashtra in India.

The company's origins go back to 1982, when it began operations as Jindal Iron and Steel Company (JISCO). In 1994, it commissioned its first steel plant at Vijayanagar, Karnataka, which later became one of India's largest integrated steel complexes.

In 2005, Jindal Iron and Steel Company Ltd (JISCO) merged with Jindal Vijayanagar Steel Ltd (JVSL) to form JSW Steel Ltd — the name it holds today. This merger marked the company's transformation into a fully integrated steel producer, handling everything from iron ore to finished products.

From an investment perspective, JSW Steel remains a prominent choice for both retail and institutional investors in the metal and infrastructure sector. The company exhibits strong financial fundamentals, supported by consistent revenue growth, healthy EBITDA margins, and improving profitability ratios. Its integrated operations, cost-efficient production model, and strategic capacity expansions contribute to stable cash flows and competitive strength in the industry. Additionally, JSW Steel's prudent capital management, moderate debt-to-equity ratio, and focus on sustainability and value-added products further reinforce its position as a fundamentally resilient and long-term growth-oriented stock.

Fundamental analysis not only enables investors to assess the intrinsic value of a stock but also provides insights into its long-term financial stability and growth potential. By applying this methodology to JSW Steel, we aim to evaluate the company's financial strengths, operational efficiency, market opportunities, and potential risks that influence its overall stock performance. This analysis helps in understanding how JSW Steel's strategic initiatives, cost management, and industry positioning contribute to its value creation and investment attractiveness.

OBJECTIVE

The objective of preparing this report on JSW Steel Ltd is as follows:

- ❖ To understand the macroeconomic variables that have an impact on the company's performance and overall growth prospects.
- ❖ To study the various trends, opportunities, and challenges prevailing in the steel industry, in which JSW Steel operates.
- ❖ To analyse the internal policies and strategic decisions of the company that influence its financial performance and market position.
- ❖ To understand the different investment valuation models that can be applied for evaluating the company's stock.
- ❖ To identify and apply the most suitable valuation model for estimating the fair value of JSW Steel's stock.

LITERATURE REVIEW

➤ “A Study on Financial Performance of JSW Steel Limited”

Authors: Kumar, R. & Sharma, S. (2021)

Summary: This study analyzes the financial performance of JSW Steel Limited using ratio analysis over a selected period. Key ratios such as liquidity, profitability, leverage, and efficiency ratios were examined to assess the company's financial health. The study concludes that JSW Steel has shown consistent improvement in profitability and operational efficiency, supported by effective cost management and capacity expansion strategies.

➤ “Fundamental Analysis of JSW Steel Limited with Special Reference to Profitability and Liquidity”
Author: Patil, A. (2020)

Summary: This research focuses on evaluating the profitability and liquidity position of JSW Steel through tools like current ratio, net profit margin, return on assets, and return on equity. The findings reveal that although JSW Steel operates in a highly capital-intensive industry, it maintains a balanced liquidity position and demonstrates strong profitability during periods of favorable steel demand.

➤ “Comparative Financial Performance of Selected Steel Companies in India: A Study of JSW Steel and Tata Steel”

Authors: Mehta, P. & Desai, K. (2019)

Summary: This comparative study evaluates JSW Steel and Tata Steel using financial ratios and trend analysis. The study highlights that JSW Steel exhibits better operational efficiency and growth momentum due to aggressive expansion and modern production facilities, while Tata Steel shows stronger long-term stability. The research emphasizes JSW Steel's competitive positioning within the Indian steel industry.

➤ “Impact of Capital Structure on Profitability: Evidence from JSW Steel Limited”

Author: Reddy, M. (2018)

Summary: The study examines the relationship between capital structure and profitability of JSW Steel. Using debt-equity ratio, interest coverage ratio, and net profit margin, the research concludes that higher leverage initially supported growth but also increased financial risk. Effective debt restructuring and improved cash flows helped JSW Steel enhance profitability in later years.

➤ “Stock Price Movement and Fundamental Analysis of JSW Steel Limited”

Authors: Singh, N. & Verma, R. (2022)

Summary: This paper studies the relationship between JSW Steel's fundamental indicators and its stock price behavior. Variables such as EPS, P/E ratio, book value, and market capitalization were analyzed. The study finds a significant relationship between strong fundamentals and long-term stock price appreciation, confirming the relevance of fundamental analysis for investors in steel sector stocks.

RESEARCH METHODOLOGY

Purpose of the research

The primary objective of this study is to conduct a comprehensive fundamental analysis of JSW Steel Limited, one of India's largest and most diversified steel producers with a significant global presence. This research aims to evaluate the financial health, operational efficiency, market performance, and long-term sustainability of JSW Steel by analysing key financial ratios, balance sheets, income statements, and other relevant economic indicators. This research is intended to serve as a valuable resource for investors, policymakers, and industry stakeholders to make informed investment decisions and gain insights into JSW Steel's contribution to India's industrial and economic development.

Data Source and Collection

This research relies primarily on secondary data sources. Relevant data has been collected from publicly available resources such as JSW Steel's annual reports, financial statements, industry analyses, government publications, scholarly journals, and credible financial websites.

Research Methods

➤ Secondary Data Collection

- Analysing existing documents such as the income statement, balance sheet, and cash flow statement to assess JSW Steel's financial performance and stability.
- Examining regulatory filings and disclosures with bodies such as BSE and NSE to obtain official financial and compliance-related information.

CHAPTER-II

Qualitative Study

Why to invest in securities market?

Investing in the securities market offers several potential benefits, making it an attractive option for many investors. The market provides opportunities for wealth creation, diversification, and financial growth over the long term. Here are some key reasons to invest in the securities market:

1. Wealth Creation

- **Capital Appreciation:** Securities like stocks can increase in value over time, providing significant returns to long-term investors.
- **Compounding Returns:** Reinvesting dividends or interest income allows investors to earn returns on their previous earnings, accelerating wealth accumulation.

2. Diversification

- The securities market enables investors to diversify their portfolios by investing across various asset classes such as stocks, bonds, and ETFs, reducing overall risk.
- Diversification across different industries, sectors, and geographical regions helps minimize the impact of poor performance in any single area.

3. Liquidity

- Securities are generally easy to buy and sell, providing investors with the flexibility to convert their investments into cash quickly when needed.

4. Income Generation

- Certain securities, such as bonds and dividend-paying stocks, provide regular income through interest payments or dividends, appealing to income-focused investors.

5. Access to a Wide Range of Investment Options

- The securities market offers a variety of investment instruments—stocks, bonds, mutual funds, ETFs, and derivatives—allowing investors to choose options that suit their financial goals and risk tolerance.

6. Inflation Protection

- Over time, stocks and certain other securities tend to outperform inflation, helping investors preserve and grow their purchasing power.

7. Tax Benefits

- In many countries, investing in securities comes with tax advantages, such as tax-deferred growth or tax exemptions on certain types of income or accounts.

8. Professional Management

- Through mutual funds and ETFs, investors can benefit from professional fund managers who handle research, portfolio allocation, and risk management.

9. Long-Term Growth

- Historically, the securities market has delivered higher long-term returns than other forms of investment, such as savings accounts or real estate.

10. Access to Global Markets

- With global ETFs and international stocks, investors can access global growth opportunities and diversify beyond their home country.

Objectives of Investment in Securities

Investment in securities is guided by three fundamental objectives that ensure a safe, fair, and stable financial environment. These objectives promote a well-functioning market that benefits both investors and the overall economy.

1. Protection of Investors

Investor protection is one of the primary goals of securities investment and regulation. It focuses on ensuring that investors are treated fairly and safeguarded against fraud and malpractice.

- **Preventing Fraud and Mismanagement:**
Laws and regulations are in place to protect investors from fraud, mismanagement, and manipulation by companies or brokers.
- **Investor Education and Awareness:**
Educating investors about the risks and benefits of securities investment helps them make sound financial choices and reduces the chances of losses due to misinformation.
- **Safeguarding Rights:**
Every investor, regardless of size, is entitled to fair treatment and equal access to accurate and timely information.

2. Ensuring a Fair, Transparent, and Efficient Market

A strong securities market depends on fairness, transparency, and efficiency to build trust and attract investment.

- **Fairness:**
The market must ensure that no participant has an unfair advantage.
- **Transparency:**
Transparency is achieved through disclosure norms requiring companies to share key financial information, management practices, and significant events.
- **Market Efficiency:**
In an efficient market, securities are priced accurately based on all available information.

3. Reduction of Systematic Risk

Reducing systematic (or market-wide) risk is essential to maintaining the stability of the entire financial system.

- **Mitigating Overall Market Risk:**
Systematic risks such as recessions, geopolitical tensions, or financial crises affect the whole market.

- **Establishing Safeguards:**

Mechanisms like circuit breakers, margin requirements, and stress tests are used to control market volatility and prevent large-scale financial collapses.

- **Diversification of Risk:**

Investors are encouraged to diversify their portfolios across various asset classes.

Investment in Securities Always Entails Risk

Yes, investment in securities always entails risk. While securities offer the potential for significant returns, they also carry varying levels of risk. Investors must carefully evaluate and manage these risks to protect their capital and achieve financial goals. Understanding the different types of risks helps in making informed decisions and mitigating potential losses.

Key Types of Risks in Securities Investment

1. Market Risk (Systematic Risk): Market risk refers to the possibility that the overall market or a specific segment will decline due to broad economic factors such as recessions, inflation, interest rate changes, or political instability.

- **Example:** A global recession may cause stock prices to fall across industries, even if certain companies perform well.

2. Specific Risk (Unsystematic Risk): Unsystematic risk is unique to a particular company or industry, arising from issues such as poor management, competition, or regulatory changes.

- **Example:** A company's share price may fall due to a leadership scandal or failed product launch.

3. Credit Risk (Default Risk): This is the risk that a bond or debt issuer will fail to meet its payment obligations.

- **Example:** A company that issues bonds may default if it faces financial distress.

4. Interest Rate Risk: Arises from fluctuations in interest rates that affect the prices of bonds and other fixed-income securities.

- **Example:** When interest rates rise, existing bonds lose value as new ones offer higher returns.

5. Liquidity Risk: The risk that an investor may not be able to quickly sell a security without significantly lowering its price.

- **Example:** A small-cap stock may not have enough buyers, forcing an investor to sell at a discount.

6. Inflation Risk: The risk that inflation will erode the real value of investment returns.

- **Example:** A bond paying 4% interest loses value if inflation rises to 6%.

7. Currency Risk (Foreign Exchange Risk): Occurs when investing in assets denominated in foreign currencies. Exchange rate fluctuations can affect the investment's value.

- **Example:** If the foreign currency weakens against the investor's home currency, returns may decline.

Why is Risk Inevitable in Securities Investment?

1. Market Dynamics:

The financial markets are constantly affected by multiple factors such as economic cycles, interest rate changes, global demand, and investor sentiment.

2. Unpredictability:

Past performance does not guarantee future outcomes. Events like global recessions, commodity price fluctuations, or unexpected industrial slowdowns can affect stock values.

3. Behavioural Factors:

Investor psychology, such as fear and greed, plays a major role in market fluctuations.

Managing Risk in Securities Investment

While risk cannot be completely removed, investors can manage it through various strategies:

• Diversification:

Spreading investments across sectors such as steel, cement, IT, and finance can reduce exposure to any one sector's downturn.

• Asset Allocation:

Balancing equity, debt, and commodity investments based on individual goals and risk tolerance helps in achieving steady returns while minimizing volatility.

• Research and Risk Assessment:

Analyzing company performance, financial health, and market conditions enables investors to make informed decisions and anticipate potential risks.

Investment in JSW Steel Securities: Risk Examples

Even large corporations like **JSW Steel Limited**, a flagship company of the JSW Group and one of India's leading steel manufacturers, face various investment risks. Below are real-world examples:

1. Commodity Price Fluctuations

Example: In 2022–23, global steel prices declined sharply after peaking during the post-pandemic recovery. As prices of steel and raw materials like iron ore and coking coal fluctuated, JSW Steel's profit margins fell significantly.

Risk: The company's profitability is closely tied to global commodity prices. Any sharp rise in raw material costs or fall in steel prices can negatively impact earnings and investor returns.

2. Economic and Sector-Specific Risks

Example: The steel industry is highly cyclical, depending on infrastructure growth, construction demand, and industrial activity. During economic slowdowns, steel demand drops, directly impacting sales and stock prices.

Risk: JSW Steel's stock performance is sensitive to broader economic conditions, government policies on infrastructure, and demand from core industries.

3. Environmental and Regulatory Risks

Example: In recent years, the Indian government and global regulators have tightened environmental norms for heavy industries. JSW Steel had to invest heavily in cleaner technologies and carbon reduction projects.

Risk: Compliance with stricter emission and environmental regulations can increase operational costs and temporarily reduce profitability.

4. Global Supply Chain and Geopolitical Risks

Example: The Russia–Ukraine conflict in 2022 disrupted global supply chains, causing shortages in coal and iron ore. This led to higher input costs for JSW Steel and affected its production and exports.

Risk: External geopolitical tensions and trade restrictions can cause supply disruptions, increased costs, and reduced export competitiveness.

5. Foreign Exchange Risk

Example: JSW Steel imports significant raw materials and has operations in several countries. Fluctuations in the Indian Rupee against the US Dollar or Euro can impact the company's import costs and profitability.

Risk: A weaker rupee increases costs for imported raw materials, while currency volatility can affect overseas revenues and debt repayment.

Risk Brings the Scope of Better Return

Yes, it's true that **risk often correlates with the potential for better returns** in investment. This principle is at the heart of most investment strategies — **the greater the risk, the higher the possible reward**. In the case of companies like **JSW Steel**, this relationship becomes especially evident due to the nature of the steel industry, which is influenced by global demand, commodity prices, and economic conditions.

1. Risk–Return Trade-off

In financial theory, the **risk–return trade-off** explains that investors demand higher returns for taking on more risk. Safer investments typically yield lower returns, while riskier assets can generate higher profits over time.

Example:

If you invest in a low-risk fixed deposit or government bond, your returns will be stable but modest.

2. Investing in Equities (Stocks)

Equity investments like **JSW Steel** offer long-term growth potential but also come with price volatility.

Example with JSW Steel:

Over the years, JSW Steel's stock has reflected both market cycles and the company's strong performance. During global infrastructure booms or domestic construction growth phases, JSW's share prices have risen sharply.

3. Compounding and Long-Term Investment

Taking calculated risk and staying invested for a long time allows investors to benefit from **compound growth**.

Reinvesting profits and dividends over time can multiply wealth significantly.

Example:

Investors who bought JSW Steel shares a decade ago and stayed invested despite short-term fluctuations have seen strong gains, thanks to the company's expansion in India and abroad, including acquisitions and increased production capacity.

4. Diversification to Manage Risk

Even though high-risk investments can lead to better returns, they also increase exposure to losses. To balance this, investors use **diversification** — spreading investments across different asset classes and sectors.

Example:

An investor may hold JSW Steel shares for high growth in the steel and infrastructure sector but also keep safer investments such as government bonds or blue-chip IT stocks to reduce overall risk.

5. Growth in Emerging Sectors

Companies that take strategic risks in emerging sectors can experience high returns if those sectors succeed. JSW Steel, for instance, is venturing into green steel production, renewable energy, and digital transformation — all of which hold potential for long-term growth.

Example:

JSW Steel's investment in low-carbon steel technology and renewable power generation represents a risky but potentially rewarding move.

Investment Decisions Should Be Based on Objectives and Future Requirements

Investment choices should align with an investor's goals, time horizon, and risk appetite. They can be divided into three broad categories:

1. Long-Term Investments (10+ Years)

Purpose: Retirement planning, property purchase, wealth creation.

Options:

- Equity shares such as JSW Steel for growth potential.
- Real estate or infrastructure funds.
- Long-term bonds or pension schemes.

2. Mid-Term Investments (3–10 Years)

Purpose: Starting a business, funding higher education, or buying a car.

Options:

- Balanced mutual funds (equity + debt).
- Corporate bonds or REITs (Real Estate Investment Trusts).
- Diversified equity portfolios including JSW Steel for moderate growth.

3. Short-Term Investments (Up to 3 Years)

Purpose: Emergency fund, short-term goals, or liquidity needs.

Options:

- Money market instruments or debt mutual funds.
- Fixed deposits or treasury bills.
- Short-duration government bonds.

Investment in Stocks Should Be Based on Fundamental Analysis — JSW Steel

1. Fundamental Analysts Examine All Factors Affecting a Security's Value

Fundamental analysis involves studying all factors — both **macroeconomic** and **microeconomic** — that can influence the intrinsic value of a company's stock.

Macroeconomic Factors

1. Industry Outlook

- JSW Steel operates in the **steel and infrastructure** sectors.
- Growth is driven by global steel demand, infrastructure development.

2. Economic Indicators

- Factors such as GDP growth, industrial production, and **capital expenditure** impact steel consumption.

3. Policy Impacts

- Government initiatives like **Make in India**, **National Steel Policy**, and **infrastructure spending** boost domestic steel demand.

Microeconomic Factors

1. Financial Performance

- JSW Steel has consistently shown **strong revenue growth** and **profitability**, supported by capacity expansions and operational efficiency.

2. Product Portfolio & Innovation

- Offers a **diverse range** of flat and long steel products catering to multiple industries.

3. Market Position

- JSW Steel is among **India's top steel producers** and has a growing **global footprint** across the U.S., Europe, and South America.

2. When Fair Market Value (FMV) Exceeds Market Price — A Buy Recommendation

When the **Fair Market Value (FMV)** of a stock is higher than its **Market Price**, the stock is said to be **undervalued**. This implies that the stock's current trading price does not reflect its true intrinsic worth.

Why Buy Undervalued Stocks?

- **Growth Potential:** Undervalued stocks often have room for price appreciation as the market corrects itself.
- **Lower Risk:** Buying below fair value offers a **margin of safety**.
- **Favourable Return:** Over time, the price tends to rise toward intrinsic value, resulting in capital gains.

When to Give a Buy Recommendation

1. **Comprehensive Analysis:** Ensure accurate valuation using metrics like P/E ratio, and EBITDA.
2. **Strong Fundamentals:** Consistent earnings, manageable debt, and a strong market presence.

3. Fundamental Analysis Helps Predict a Company's Future Price Evolution

Fundamental analysis forms the foundation of sound investment decisions. It evaluates a company's **financial strength, market potential, and growth prospects** to estimate future stock performance.

Key Aspects of Fundamental Analysis

- **Financial Statement Analysis:**
Examining revenue growth, profit margins, debt levels, and etc
- **Industry Analysis:**
Understanding global steel demand, competition, and government policies.
- **Economic Analysis:**
Assessing GDP growth, inflation, infrastructure spending, and energy prices.

4. Types of Fundamental Analysis — Quantitative and Qualitative

1. Quantitative Analysis

Involves evaluating measurable financial data:

- **Financial Statements:** Income statement, balance sheet, and cash flow analysis.
- **Ratios:** Key indicators like
 - *Price-to-Earnings (P/E)*
 - *Debt-to-Equity (D/E)*
 - *Return on Equity (ROE)*
 - *Earnings per Share (EPS)*
- **Growth Estimates:** Forecasting future earnings and cash flow to gauge intrinsic value.

2. Qualitative Analysis

Focuses on non-financial factors that influence company performance:

- **Management Quality:** Leadership decisions and long-term strategy.
- **Brand Reputation:** Market trust and stakeholder relationships.
- **Industry Positioning:** Competitive strengths, technological adoption, and innovation capacity.
- **Sustainability Practices:** Commitment to environment-friendly production and ESG (Environmental, Social, Governance) standards.

5. The current price of a stock may not reflect the actual value of the stock (JSW Steel's perspective)

The **current market price of JSW Steel's stock** might not always represent its **true intrinsic value** due to factors such as **market sentiment, global steel price fluctuations, and short-term economic news**.

While the market price is influenced by **temporary events**—like changes in commodity prices, government policies, or investor speculation—the **intrinsic value** of JSW Steel depends on its **long-term fundamentals**, including:

- **Strong financial performance** and consistent revenue growth in steel production.
- **Expansion strategies**, such as capacity enhancement and acquisitions.
- **Technological innovation** and sustainability initiatives, like producing green steel.
- **Global presence** and export opportunities.

6. The stock may be overvalued or undervalued in the market (JSW Steel's perspective)

The **market price of JSW Steel's shares** may sometimes **deviate from its true intrinsic value**, depending on investor sentiment and external conditions.

- **Overvalued** **Scenario:**
If investors become overly optimistic about the **infrastructure push** in India or global steel demand, they might drive JSW Steel's stock price above its intrinsic value.
- **Undervalued** **Scenario:**
On the other hand, if there are **temporary challenges**, such as rising raw material costs, global recession fears, or short-term profit declines, investors might **undervalue** JSW Steel's stock.

Tools Used in Fundamental Analysis (JSW Steel Perspective)

Quantitative Analysis

Financial Reports

- **Balance** **Sheet:**
Evaluating JSW Steel's assets, liabilities, and shareholders' equity helps assess its financial stability and capital structure.
- **Income** **Statement:**
Analysing revenue, expenses, and net profit highlights JSW Steel's profitability, cost control, and operational efficiency.

- **Cash Flow Statement:**

Examining cash inflows and outflows provides insights into JSW Steel's liquidity position, operating efficiency, and etc

Earnings

- **Quarterly Earnings:**

Reviewing JSW Steel's quarterly performance helps identify trends in production volume, sales, and profitability.

- **Projected Future Earnings:**

Estimating future earnings based on capacity expansion, export growth, cost optimization, and green steel initiatives.

Financial Ratios

- **Earnings per Share (EPS):**

Indicates the profitability per share, helping investors understand the company's earning power relative to its stock price.

- **Price-to-Earnings (P/E) Ratio:**

Compares JSW Steel's stock price with its earnings to assess whether the stock is overvalued or undervalued compared to peers like Tata Steel or SAIL.

- **Price-to-Book (P/B) Ratio:**

Measures how much investors are willing to pay for each unit of JSW Steel's book value.

- **Debt-to-Equity Ratio:**

Evaluates the financial leverage of JSW Steel, important given its capital-intensive nature and frequent capacity expansion projects.

- **Return on Equity (ROE):**

Shows how effectively JSW Steel is using shareholders' equity to generate profits — a key metric for long-term investors.

Qualitative Analysis

Management Experience and Performance

- Assessing the leadership team, led by Sajjan Jindal, provides insight into the strategic vision and operational excellence.

Corporate Governance

- Evaluating JSW Steel's governance practices, including board structure, transparency, and ethical policies.

Industry and Competition

- Analysing the steel industry trends, such as infrastructure demand, renewable energy adoption, and global trade dynamics.

Business Model and Strategy

- Understanding JSW Steel's business model, which focuses on value-added steel products, sustainable manufacturing, and global expansion.

1. Financial Reports

• Balance Sheet

A balance sheet is a financial statement that provides a snapshot of JSW Steel's financial position at a specific point in time. It helps analysts and investors evaluate the company's assets, liabilities, and shareholders' equity, thereby assessing its financial stability and capital structure.

The three main components of JSW Steel's balance sheet include:

1. **Assets:**

These represent what JSW Steel owns.

2. **Liabilities:**

These represent what JSW Steel owes to external parties.

3. **Equity:**

This represents the residual interest in the company after all liabilities are deducted from assets.

The fundamental accounting equation governing the balance sheet is:

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$

• Income Statement

An income statement (or profit and loss statement) summarizes JSW Steel's financial performance over a specific accounting period, typically a quarter or a year. It shows how the company's revenue is transformed into net profit, highlighting operational efficiency and profitability trends.

The main components are:

1. **Revenue (Sales):**

The total income generated from the sale of steel products.

2. **Cost of Goods Sold (COGS):**

Direct costs of production, including raw material expenses (iron ore, coal), energy consumption, and labor costs at production facilities.

3. **Gross Profit:**

Calculated as:

$$\text{Gross Profit} = \text{Revenue} - \text{COGS}$$

4. **Operating Expenses:**

Include selling, general, and administrative expenses (SG&A), research and development costs.

5. **Operating Income (EBIT):**

Calculated as:

$$\text{EBIT} = \text{Gross Profit} - \text{Operating Expenses}$$

6. **Interest Expense:**

Represents the cost of servicing debt.

7. **Taxes:**

Income tax liabilities based on profitability and regional taxation policies.

8. **Net Income:**

Calculated as:

$$\text{Net Income} = \text{EBIT} - \text{Interest Expense} - \text{Taxes}$$

9. **Earnings Per Share (EPS):**

Indicates how much profit is attributable to each outstanding share, showing return potential to shareholders.

$$\text{Revenue} - \text{COGS} = \text{Gross Profit}$$

$$\text{Gross Profit} - \text{Operating Expenses} = \text{Operating Income (EBIT)}$$

$$\text{Operating Income} - \text{Interest Expense} - \text{Taxes} = \text{Net Income}$$

2. Cash Flow Statement

A cash flow statement is a financial document that provides a detailed overview of how cash and cash equivalents move in and out of JSW Steel during a specific period.

1. Operating Activities

This section reports the cash generated or used from JSW Steel's core steel manufacturing operations. It includes:

- **Cash inflows** from sales of steel products (both domestic and export markets).
- **Cash outflows** for payments to suppliers of raw materials such as iron ore, coal, and alloys.
- **Wages and operating expenses** paid to employees and contractors.

2. Investing Activities

This section reflects the cash spent on or generated from investments aimed at future growth and modernization. For JSW Steel, this often involves:

- **Capital Expenditure:** Major cash outflows for expansion projects like capacity enhancement at Vijayanagar, Dolvi, and Bhushan plants, and investments in green steel technologies.
- **Purchase or sale of property, plant, and equipment (PPE):** Related to modernization, automation, or sale of old assets.

3. Financing Activities

This section outlines cash flow between JSW Steel, its shareholders, and creditors. It includes:

- **Cash inflows** from issuing new shares, bonds, or securing long-term loans for capital projects.
- **Cash outflows** for dividend payments to shareholders.
- **Repayment of borrowings** and interest expenses on existing debt.
- **Share buybacks**, if undertaken, as part of financial restructuring.

Cash Flow Statement Structure

$$\begin{aligned}
 &\text{Cash Flow from Operating Activities} + \text{Cash Flow from Investing Activities} \\
 &\quad + \text{Cash Flow from Financing Activities} \\
 &\quad = \text{Net Increase (or Decrease) in Cash and Cash Equivalents} \\
 &\text{Net Change in Cash} + \text{Beginning Cash Balance} = \text{Ending Cash Balance}
 \end{aligned}$$

3. Earnings

Earnings reports summarize JSW Steel's financial performance and are typically released quarterly and annually. These reports help investors track trends in profitability, revenue generation, and growth prospects.

1. Quarterly Earnings

Quarterly earnings reflect JSW Steel's performance over a three-month period. Key elements include:

a. Revenue (Top Line)

- **Definition:** Total income generated from steel sales in domestic and export markets.
- **Importance:** Reflects demand for steel in infrastructure, construction, automobile, and energy sectors — key drivers of JSW Steel's business.

b. Operating Income (EBIT)

- **Definition:** Profit earned before interest and taxes, after deducting operating expenses from revenue.
- **Importance:** Indicates JSW Steel's operational efficiency in managing production costs, raw material procurement, and logistics.

c. Net Income (Bottom Line)

- **Definition:** The residual profit after deducting all expenses, interest, and taxes.
- **Importance:** Represents overall profitability and determines shareholder value creation.

d. Earnings Per Share (EPS)

- **Definition:**

$$\text{EPS} = \frac{\text{Net Income}}{\text{Number of Outstanding Shares}}$$

- **Importance:** Indicates how much profit is earned per share, helping investors evaluate JSW Steel's performance relative to peers like Tata Steel or SAIL.

e. Key Ratios

- **Gross Margin, Operating Margin, and Net Profit Margin:**
Indicate JSW Steel's efficiency in converting sales into profit.
- **Year-over-Year (YoY) and Quarter-over-Quarter (QoQ) Growth:**
Track performance consistency and resilience across business cycles.

2. Projected Future Earnings

Projected future earnings represent estimates of JSW Steel's expected financial performance in upcoming quarters or fiscal years. These projections are crucial for investors, analysts, and management as they help gauge the company's growth trajectory, profitability outlook, and valuation potential.

a. Basis for Projections

1. Historical Performance:

JSW Steel's past revenue and profit growth trends form the foundation of future earnings projections.

- Over recent years, the company has demonstrated steady capacity expansion, cost optimization, and market diversification, leading to consistent earnings improvement.
- Historical EBITDA margins and demand cycles in the steel industry also serve as reliable indicators for forecasting future performance.

2. Market Conditions:

- Global steel demand trends, particularly in sectors like infrastructure, automotive, and construction, significantly influence JSW Steel's earnings.
- Domestic market growth, driven by government infrastructure spending and industrialization in India, provides a positive demand outlook.

3. Internal Plans:

- JSW Steel's ongoing capacity expansion projects at Vijayanagar, Bhushan Power & Steel.
- Sustainability initiatives (e.g., green steel and decarbonization efforts) and technological integration may reduce operational costs in the long term.

b. Forward Guidance

Forward guidance refers to statements made by JSW Steel's management about the company's anticipated performance, profitability, or market outlook in upcoming periods.

- **Importance:**
 - It provides investors and analysts with insight into management expectations, including projected demand growth, margin stability, and expansion timelines.

c. External Analyst Projections

1. Role:

Independent equity analysts develop financial models using JSW Steel's historical data, macroeconomic variables, and management guidance to forecast earnings and financial ratios.

2. Consensus Estimates:

- The average of multiple analyst projections, known as the consensus estimate, is widely used by investors to compare actual earnings performance.

3. Financial Ratios

Financial ratios help assess JSW Steel's profitability, valuation, leverage, and operational efficiency. They allow investors to compare performance over time and against competitors like Tata Steel, SAIL, and ArcelorMittal.

1. Earnings Per Share (EPS)

Formula:

$$\text{EPS} = \frac{\text{Net Income} - \text{Preferred Dividends}}{\text{Average Outstanding Shares}}$$

Purpose:

Measures JSW Steel's profitability on a per-share basis, indicating how much profit is earned for each outstanding share.

Significance:

A higher EPS reflects stronger profitability and operational efficiency. For JSW Steel, steady growth in EPS demonstrates effective management of production costs and expansion strategies.

2. Price-to-Earnings (P/E) Ratio

Formula:

$$\text{P/E} = \frac{\text{Market Price per Share}}{\text{Earnings Per Share}}$$

Shows how much investors are willing to pay for each rupee of JSW Steel's earnings.

Significance:

- A high P/E ratio indicates investor confidence in the company's future growth potential, often seen during industry upcycles.
- A low P/E may signal undervaluation or cyclical slowdown in the steel market.

- Comparing JSW Steel's P/E with industry peers helps determine its relative valuation.

3. Price-to-Book (P/B) Ratio

Formula:

$$P/B = \frac{\text{Market Price per Share}}{\text{Book Value per Share}}$$

Evaluates whether JSW Steel's market value aligns with its asset base.

Significance:

- A P/B ratio below 1 suggests the stock might be undervalued relative to its assets.
- A higher P/B ratio could reflect investor optimism about JSW Steel's growth and intangible assets like brand value and operational efficiency.

4. Debt-to-Equity (D/E) Ratio

Formula:

$$D/E = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Assesses the company's financial leverage, showing the balance between debt and shareholder equity used to finance operations.

Significance:

- A higher D/E ratio indicates greater reliance on debt, which is common in capital-intensive industries like steel.
- For JSW Steel, maintaining a moderate D/E ratio is crucial to ensure financial stability while funding large-scale expansion projects.

5. Return on Equity (ROE)

Formula:

$$ROE = \frac{\text{Net Income}}{\text{Shareholders' Equity}}$$

Measures how efficiently JSW Steel converts shareholders' investments into profits.

Significance:

- A high ROE reflects effective use of equity capital and operational strength.
- JSW Steel's historically stable ROE highlights its ability to generate strong returns despite cyclical industry challenges.

CHAPTER - III

COMPETITOR ANALYSIS

JSW Steel Limited, part of the JSW Group, is one of India's largest and most diversified steel manufacturers. Established in 1982, the company has grown into a major player not only in India but also globally, with operations spanning across the USA, Europe, and South America. JSW Steel is known for its technological innovation, cost efficiency, and sustainable production practices.

Despite its strong market presence, **JSW Steel faces intense competition** from both domestic and international players in the steel industry, driven by fluctuating raw material prices, government policies, and cyclical demand in construction, infrastructure, and automotive sectors.

Direct Competitors

1. Tata Steel Limited:

- One of India's oldest and largest steel producers, Tata Steel is a global player with a diversified product portfolio.
- It competes directly with JSW Steel in flat and long steel products, as well as in the automotive and construction segments.

2. Steel Authority of India Limited (SAIL):

- A government-owned enterprise, SAIL is a major player in the domestic steel industry with extensive manufacturing capabilities.
- Competes with JSW Steel in infrastructure, railways, and construction segments.

3. Jindal Steel and Power Limited (JSPL):

- A part of the O.P. Jindal Group, JSPL competes with JSW Steel in the production of steel, power, and infrastructure projects.
- JSPL's focus on high-grade steel and export markets adds pressure in premium product segments.

4. ArcelorMittal Nippon Steel India (AM/NS):

- A joint venture between ArcelorMittal and Nippon Steel, this company is a strong private-sector competitor.
- Competes with JSW Steel in flat steel products and value-added steel used in automotive and construction sectors.

Indirect Competitors

1. Essar Steel (now AM/NS Essar):

- Focuses on flat steel products and specialized steel solutions for the automotive and energy sectors.
- Although now part of AM/NS, Essar's legacy in value-added steel continues to indirectly compete with JSW Steel's market share.

2. Bhushan Power & Steel Limited (BPSL):

- Now a JSW Steel subsidiary, it was earlier a competitor in the flat steel and coil segment.
- Although integrated, it still competes internally for capacity utilization and operational efficiency.

3. International Competitors:

- Global giants such as **POSCO (South Korea)** and **Nippon Steel (Japan)** indirectly compete through exports, global pricing strategies, and technological advancements, influencing JSW Steel's market position and pricing policies.

Competitive Analysis

1. Market Position

JSW Steel holds a **leading position** in the Indian steel market, ranking among the top private sector producers.

- It is India's largest steel manufacturer by capacity, with an annual crude steel output exceeding 29 million tonnes (as of FY2024).
- The company's expansion projects and global acquisitions have strengthened its position against domestic peers like Tata Steel and SAIL.

2. Product Range

JSW Steel offers a **diverse and integrated product portfolio** that includes:

- Hot-rolled and cold-rolled coils, galvanized and color-coated products, and TMT bars for construction and infrastructure.
- Value-added products tailored for automotive, appliance, and renewable energy sectors.

3. Pricing Strategy

JSW Steel follows a competitive and market-driven pricing strategy, adapting to fluctuations in raw material costs and international price movements.

- By leveraging economies of scale, cost-efficient production, and strategic sourcing of raw materials, the company manages to maintain price competitiveness even in volatile markets.
- JSW's flexible pricing model, aligned with customer segments and export markets, allows it to sustain profitability despite industry downturns.

4. Brand Reputation

Over the decades, JSW Steel has built a strong brand image synonymous with innovation, sustainability, and reliability.

- The company is recognized for its commitment to green steel production, renewable energy integration, and community development initiatives.
- Its reputation for quality, timely delivery, and technological advancement has strengthened relationships with major clients in automotive, construction, and infrastructure sectors.

Strengths and Weaknesses

- **Strengths:**

- **Strong Brand Reputation and Market Leadership:**

JSW Steel is recognized as one of India's leading steel producers, known for quality, innovation, and sustainable manufacturing practices.

- **Diverse Product Portfolio:**

Offers a wide range of flat and long steel products catering to key industries such as infrastructure, construction, automotive, energy, and appliances.

- **Cost Efficiency and Technological Advancement:**

Advanced production facilities, economies of scale, and modern technologies help maintain cost leadership and operational efficiency.

- **Robust Distribution and Supply Network:**

A strong domestic distribution network and growing export presence ensure a steady customer base and market reach across India and abroad.

-

- **Focus on Sustainability and Green Steel:**

JSW Steel's emphasis on renewable energy integration and carbon reduction enhances its global competitiveness and brand image as an environmentally responsible company.

- **Weaknesses:**

- **Dependence on Domestic Market:**

A significant portion of JSW Steel's revenue is derived from India, making it vulnerable to domestic demand fluctuations and policy changes.

- **High Debt Levels Due to Expansion:**

Continuous capacity expansions and acquisitions have led to increased leverage, which could impact financial flexibility during downturns.

- **Exposure to Raw Material Price Volatility:**

Dependence on external suppliers for iron ore and coking coal exposes the company to commodity price risks and supply chain disruptions.

- **Limited Upstream Integration Compared to Global Players:**

While JSW has improved backward integration, it still relies partially on imports for raw materials, unlike fully integrated competitors like Tata Steel.

• Opportunities and Threats

Opportunities:

- **Growing Infrastructure and Construction Demand:**
India's increasing infrastructure investments, driven by government projects like *PM Gati Shakti* and *National Infrastructure Pipeline*.
- **Expansion into Global Markets:**
Potential to strengthen presence in the U.S., Europe, and Middle East markets through strategic acquisitions and partnerships.
- **Focus on Green and Value-Added Steel:**
Rising global demand for low-carbon, high-strength steel products opens new opportunities for JSW's sustainable steel initiatives and R&D innovations.
- **Technological Upgradation and Digitalization:**
Adoption of Industry 4.0 technologies and automation can enhance production efficiency and maintain a competitive edge.

Threats:

- **Intense Domestic and Global Competition:**
Competes with major players like Tata Steel, SAIL, and AM/NS India domestically, as well as with international producers such as POSCO and Nippon Steel.
- **Raw Material and Energy Price Fluctuations:**
Variability in coal, iron ore, and energy costs can significantly impact production expenses and profit margins.
- **Environmental Regulations and Carbon Emission Norms:**
Stringent government and international policies on carbon emissions may increase compliance costs and affect profitability.
- **Economic Slowdowns and Global Trade Uncertainties:**
Steel demand is highly cyclical and sensitive to macroeconomic conditions; global recessions or trade restrictions can reduce export opportunities and domestic demand.

CHAPTER-IV

Customer Analysis – JSW Steel

JSW Steel, one of India's leading integrated steel manufacturers, serves a diverse customer base across multiple industries. Understanding the demographics, preferences, and behaviors of its customers is crucial for maintaining its strong market position and driving future growth.

Customer Segmentation

JSW Steel's customers can be segmented based on demographic, psychographic, and behavioral factors:

1. Demographic Segmentation

JSW Steel caters to a wide range of industries, including automotive, infrastructure, construction, energy, engineering, packaging, and consumer durables.

- Customers range from large industrial corporations and government infrastructure projects to medium-sized manufacturers and small fabricators.
- Customers include high-revenue corporations with continuous steel requirements and mid-sized enterprises seeking cost-effective steel solutions.

2. Psychographic Segmentation

- JSW Steel appeals to customers that value quality, reliability, and sustainability in their raw material sourcing.
- Values: Its customers prioritize innovation, operational efficiency, and environmental responsibility—key areas aligned with JSW's ESG and green steel initiatives.

3. Behavioral Segmentation

- Automotive manufacturers use JSW's steel for car frames, panels, and components.
- Construction firms use it for buildings, bridges, and infrastructure projects.
- Energy companies use it for pipelines, turbines, and transmission towers.

Customer Preferences and Needs – JSW Steel

JSW Steel's customers, spanning multiple industries, have distinct preferences and needs that shape their purchasing decisions.

1. Quality and Product Consistency

- **Primary Need:** Industrial clients in sectors such as automotive, infrastructure, and construction demand consistent product quality that meets precise specifications.

2. Competitive Pricing

- **Customer Preference:** Price is a critical factor for large-scale buyers who operate on tight project budgets.

3. Sustainability and Green Steel

- **Emerging Need:** Customers increasingly prefer environmentally responsible suppliers that reduce carbon emissions.

4. Reliability and Supply Chain Efficiency

- **Customer Expectation:** Industries depend on timely delivery of materials to prevent project delays.

5. Technical Support and Customization

- **Customer Need:** Many clients require customized steel grades and technical support to meet project-specific requirements.

Customer Behaviour and Loyalty

JSW Steel enjoys a strong and loyal customer base built on trust, long-term partnerships, and consistent service excellence.

1. Repeat Contracts:

A large portion of JSW's business comes from repeat customers in core sectors like automotive, construction, and energy who continue renewing long-term supply agreements.

2. Partnership Approach:

JSW maintains close partnerships with industrial clients, co-developing solutions that enhance both performance and efficiency.

3. Customer Feedback Integration:

JSW regularly gathers feedback from its clients to improve product quality, logistics efficiency, and sustainability measures—ensuring continued customer satisfaction.

Marketing Strategies

JSW Steel employs diverse marketing and relationship-building strategies to enhance brand visibility and strengthen its industry presence.

1. B2B Relationship Marketing:

Focuses on long-term engagement with key clients through corporate partnerships, trade events, and technical collaboration programs.

2. Digital and Content Marketing:

JSW leverages digital platforms, webinars, and social media to showcase its technological advancements, sustainability initiatives, and leadership in the steel sector.

3. Corporate Branding:

Uses large-scale campaigns such as “Better Everyday” and sponsorships in sports and community initiatives to build brand trust and national presence.

4. Sustainability Promotion:

Highlights green steel initiatives and ESG compliance in its marketing to appeal to eco-conscious investors and customers globally.

CHAPTER-V

Steel Sector in India – An Overview

Current Scenario

The Indian Steel Industry: A Backbone of Industrial Growth

The Indian steel sector stands as one of the largest and most critical industries in the nation's economy. As the **second-largest producer of crude steel in the world**, India plays a vital role in meeting both domestic and international steel demands. The sector serves as the foundation for the country's infrastructure, manufacturing, automotive, construction, and energy industries.

The steel industry's performance is closely tied to India's overall economic growth, urbanization, and industrialization trends. With rising demand from infrastructure projects, real estate expansion, and government initiatives, the Indian steel sector continues to witness robust development and modernization.

Key Trends and Growth Drivers

1. Infrastructure and Construction Boom:

Rapid urbanization, industrialization, and large-scale infrastructure projects under government initiatives like **"Make in India"**, **"Smart Cities Mission"**, and **"Bharatmala & Sagarmala"** have led to an unprecedented rise in steel demand.

2. Government Policies and Incentives:

The **National Steel Policy (NSP) 2017** aims to achieve a **300 million tonnes (MT) annual production capacity by 2030**, promoting self-sufficiency and global competitiveness.

Additionally, policies promoting **green steel, scrap recycling, and production-linked incentives (PLI)** are boosting the sector's modernization.

3. Rising Domestic Consumption:

With expanding infrastructure, automotive, and construction activities, domestic steel consumption has grown steadily — projected to surpass **140 MT by FY2026**, driven by housing, renewable energy, and manufacturing sectors.

4. Technological Advancements and Sustainability:

Indian steel producers are adopting **automation, digitalization, and low-carbon technologies** to enhance productivity and reduce emissions. Companies like **JSW Steel, Tata Steel, and SAIL** are leading the transition toward **green steel manufacturing** using renewable energy sources.

5. Export Growth and Global Integration:

India is increasingly emerging as a **net exporter of finished steel**, supplying to regions such as Southeast Asia, the Middle East, and Europe. High global demand and competitive production costs strengthen India's position in the global steel value chain.

Market Segmentation

The Indian steel market can be broadly segmented based on **product types and end-user industries**:

1. Product-Based Segmentation:

- **Crude Steel and Finished Steel:** Includes hot-rolled and cold-rolled products, galvanized steel, and structural steels.

- **Flat Products:** Used in automotive, shipbuilding, and consumer durables.
- **Long Products:** Used in construction, infrastructure, and industrial machinery.
- **Alloy and Special Steels:** Used in defense, railways, and high-technology sectors.

2. End-User Segmentation:

- **Construction and Infrastructure ($\approx 60\%$ of demand):** Major consumer of steel for roads, bridges, railways, and housing.
- **Automotive and Transportation ($\approx 10\text{--}12\%$):** Uses steel for manufacturing vehicles, chassis, and components.
- **Engineering and Capital Goods ($\approx 15\%$):** Includes machinery, tools, and heavy equipment.
- **Consumer Durables ($\approx 8\%$):** Steel used in appliances and white goods.
- **Energy and Others ($\approx 5\%$):** Power plants, pipelines, and renewable energy infrastructure.

Current Challenges

Despite steady growth, the sector faces some notable challenges:

- **High Input Costs:** Rising prices of coking coal, iron ore, and energy increase production costs.
- **Environmental Concerns:** The steel industry is among the largest emitters of CO₂, necessitating faster adoption of cleaner technologies.
- **Global Competition:** Competition from low-cost producers like China and Russia pressures margins.
- **Infrastructure Bottlenecks:** Logistics, port handling, and transport inefficiencies can hinder distribution.

Future Outlook

The outlook for the Indian steel sector remains **highly positive**.

- By **2030**, India aims to be not just the second-largest producer but also a **global leader in green and value-added steel**.
- Investments in decarbonization, R&D, and digital manufacturing are expected to **enhance competitiveness and sustainability**.
- Domestic demand, supported by **urban housing, industrial expansion, renewable energy, and EV manufacturing**, will continue to drive growth.

Nifty Metal Index Fundamental report card as of 30.10.2025

(Rs.in Cr)

Name of the company	Market Cap	Revenue (Quarterly-June 2025)	Ratio		Beta (5Y Monthly)	EPS (Quarterly-June 2025)	Dividend (per share-June 2025)
			P/E Ratio	PB Ratio			
JSW Steel Ltd.	1,10,098	Rs. 12,325	39.30	2.20	0.60	15	2.0
Steel Authority of India Ltd. (SAIL)	59,773	26,157	22.70	1.0	1.16	2	1.6
National Aluminum Company Ltd. (NALCO)	47,291	3,930	7.0	2.17	1.53	6	2.5

Nifty Metal Index Valuation as of 30.10.2025

(Rs. in Cr)

Market Cap		% of Growth	EPS		% of growth	P/E		% of growth
01.03.2025	30.06.2025		01.03.2025	30.06.2025		01.03.2025	30.06.2025	
196,928	197,239	+1.57%	1	2	+50%	156.45	79.5	-49.18%

Interpretation of Nifty Metal Index Trend Using Fundamental Analysis Tools

You already have a line chart showing the Nifty Metal Index rising gradually from early March to late June 2025. Here's what fundamentals tell us about that movement:

A. Demand Drivers

- ◆ Strong infrastructure and construction activity in India increased demand for steel, aluminium, and other metals.

Government schemes like the *Steel PLI*, enhanced capital expenditure on highways, railways, and urban development supported metals sector sales and volumes — this drives the index upward over time.

B. Earnings Growth

- ◆ Metal companies reported improved quarterly earnings (EPS growth) over this period.

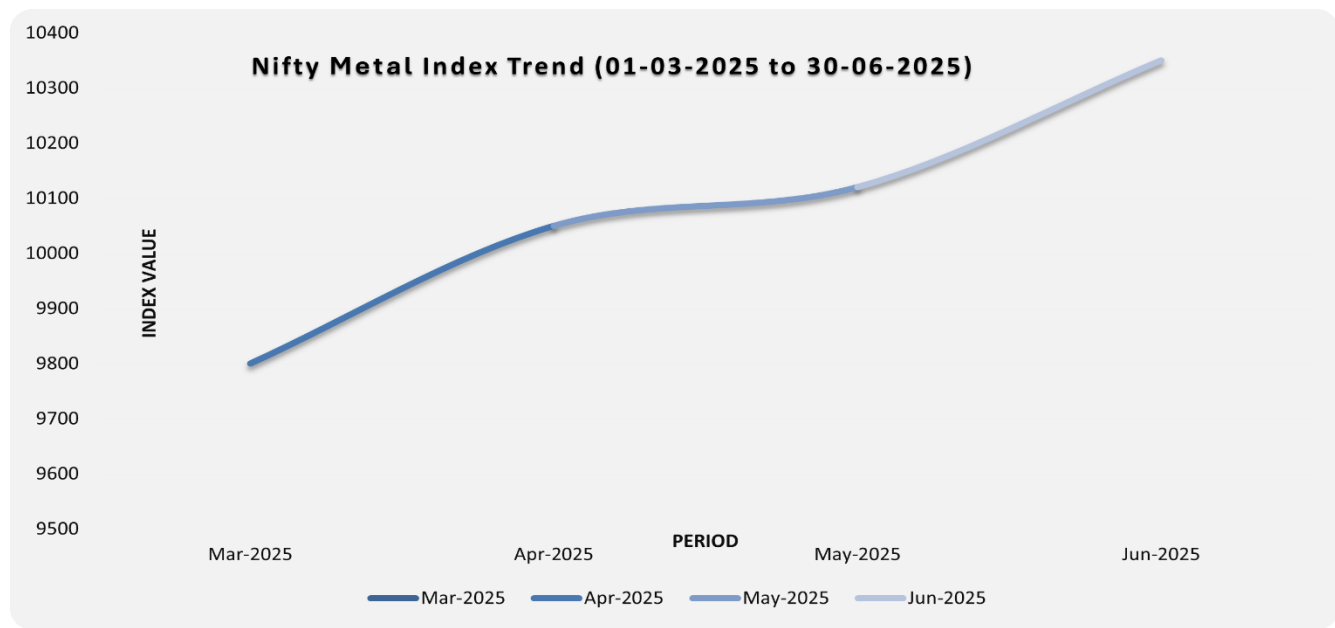
Earnings growth tends to lead price movements; rising EPS across top constituents like JSW Steel and Tata Steel supported **near-term index gains**, even if valuations stayed reasonable.

C. Valuation and Profitability

◆ The index exhibited moderate volatility. This reflects how **profit margins and commodity price cycles** affect metal stocks. When global commodity prices rise, manufacturers pass on some costs, leading to better margins and improved investor sentiment.

D. Global & External Factors

◆ Trade policies and import tariffs can impact metal prices and profits. For example, overseas tariff concerns weighed on metals earlier in 2025, causing short-term volatility.



JSW Steel – A Special Reference of Study

1. Company Overview

- **Incorporation:**

JSW Steel Limited, a flagship company of the JSW Group, was incorporated in 1982 and is one of India's leading integrated steel manufacturers. Headquartered in Mumbai, it operates as part of the O.P. Jindal Group, with a strong presence in both domestic and international markets.

- **Product Portfolio:**

JSW Steel produces a wide range of flat and long steel products catering to sectors such as automotive, construction, infrastructure, engineering, and energy.

- **Market Share:**

As of **FY 2025**, JSW Steel holds approximately **16–18% share** of India's crude steel production market, making it one of the top three producers alongside Tata Steel and SAIL.

2. Key Growth Drivers

- **Capacity Expansion:**

- JSW Steel continues to enhance its domestic production capacity, targeting **38–40 million tonnes per annum (MTPA)** by FY2026.
- Ongoing expansions at Vijayanagar, Dolvi, and Bhushan Power & Steel units .

- **Green Steel & Sustainability Initiatives:**

- Major investments in **green hydrogen, carbon capture, and renewable energy integration** to reduce carbon footprint.

- **Export Growth:**

- Exports contribute around **20% of total revenues**, supported by competitive pricing and high-quality value-added products.

- **Technological Advancement:**

- Adoption of **Industry 4.0 technologies**—automation, AI-driven process optimization, and digital twin systems to enhance operational efficiency.

3. Consumer Demand

- **Domestic Demand:**

- Strong demand from the **infrastructure, automotive, construction, and renewable energy** sectors.

- **International Demand:**

- Increasing demand from export markets for **value-added and specialty steel products**, positioning JSW Steel as a global supplier.

4. Challenges

- **Raw Material Costs:**

- Volatility in **iron ore, coal, and energy prices** impacts profit margins.
- Dependence on imported coking coal remains a key cost challenge.

- **Environmental Regulations:**

- Stringent emission norms and sustainability requirements demand higher investment in eco-friendly technologies.

5. Outlook

- **Growth Prospects:**

- JSW Steel aims to become a **50 MTPA producer by 2030**, supported by domestic capacity additions and overseas joint ventures.

- **Stock Valuation:**

- JSW Steel's valuation reflects strong fundamentals with consistent EBITDA margins and revenue growth.

Fundamental Status of JSW Steel

Sl No.	Name of the stock	Current Fundamental Status of the Stock						
		Face Value	Net Profit Margin (%)	EPS(Rs.)	PE Ratio	P/B	Last Dividend (Rs.)	Dividend Growth Rate over 5 years
1.	JSW Steel Ltd.	1	7	24.65	45	3.46	2.80	12%

Quarterly results of JSW Steel

Rs. in Crores

Particulars	June,2025	Mar'25	Dec'24	Sept'24	June'24
Sales	43,147	44,819	41,378	39,684	42,943
Operating Profit	7,476	6,135	5,579	5,375	5,498
Interest	2,217	2,094	2,115	2,130	2,073
Gross Profit	2,209	1,501	719	404	867
EPS(Rs.)	8.93	6.15	2.93	1.80	3.46

Source: Quarterly financial results of JSW Steel Ltd. obtained from Moneycontrol and Screener.in. Figures are in ₹ Crores except EPS.

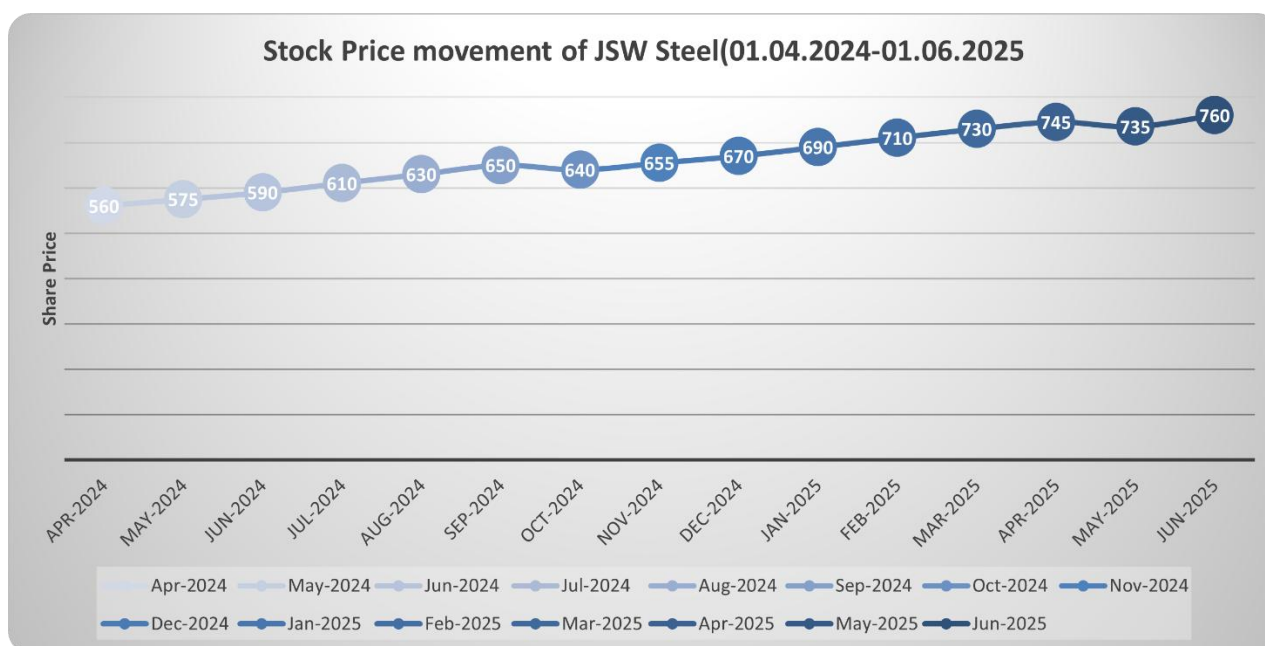
Annual results status of JSW Steel

Rs. in Crores

Particulars	Mar'25	Mar'24	Mar'23	Mar'22	Mar'21
Sales	1,73,000	1,65,960	1,65,792	1,46,371	79,839
Operating Profit	26,800	22,518	25,496	27,058	15,765
Interest	4,900	5,285	4,763	4,233	3,757
Gross Profit	8,200	7,079	4,144	21,681	6,287
EPS(Rs.)	44.50	38.20	22.40	117.10	34.00

Source: Annual financial statements of JSW Steel Ltd. obtained from Moneycontrol.com

and Screener.in. Figures are in ₹ Crores except EPS.



DATA INTERPRETATION OF JSW STEEL (Mar'21–Mar'25)

1. Trend Analysis

a) Sales Trend

- Sales increased sharply from ₹79,839 cr (Mar'21) to a peak of ₹175,006 cr (Mar'24).
- Overall 5-year growth is strong, showing a rising scale of operations.

b) Operating Profit (EBITDA) Trend

- Operating profit grew from ₹20,178 cr (Mar'21) to ₹39,114 cr (Mar'22).
- Then it declined to ₹18,470 cr (Mar'23) and ₹22,904 cr (Mar'25).

c) Interest Expense Trend

- Interest rose consistently from ₹3,957 cr (Mar'21) to ₹8,412 cr (Mar'25).

d) EPS Trend

- EPS peaked at 85.49 (Mar'22) due to super-cycle profits.

- It fell to 14.33 (Mar'25).

2. Profitability Analysis

Gross Profit & Operating Profit Margins

- Margins were highest in FY22 and weaker afterward.

3. Earnings Quality Analysis

EPS Decline

- EPS from 85.49 → 36.03 → 17.14 → 14.33

4. Risk Analysis

Financial Risk

- Rising interest costs → increased leverage risk.

Business Risk

- Steel is a cyclical commodity → profits fluctuate with global demand and prices.

5. Overall Fundamental Interpretation

- JSW Steel shows strong long-term growth in sales and capacity, indicating expansionary strategy.

Comparative performance of Nifty Metal Index as 30.06.2025

Name of the Stock	1 Month	YTD	1 Year	3 Years
Nifty Metal Index	+5.2%	+18.6%	+27.4%	+112.8%

Data Interpretation: Performance of Nifty Metal Index (as on 30.06.2025)

1. Short-term performance (1 Month: +5.2%)

The positive one-month return of 5.2% indicates strong recent momentum in the metal sector. This suggests improving investor sentiment, possibly driven by short-term factors such as rising global metal prices, improved demand outlook, or favorable policy and infrastructure-related news.

2. Medium-term performance (YTD: +18.6%)

A year-to-date gain of 18.6% reflects consistent growth during the current financial year. This indicates that the metal sector has outperformed many broader indices, supported by factors such as domestic infrastructure spending, steady industrial demand, and relatively stable input costs.

3. Annual performance (1 Year: +27.4%)

The 27.4% return over one year highlights strong sectoral performance in the medium term. This suggests that sector fundamentals—such as higher capacity utilization, better pricing power, and improving profitability of metal companies—have been positively reflected in stock prices.

CHAPTER – VI

Findings – JSW Steel Stock Analysis

1. Strong Market Position

JSW Steel Limited is one of India's leading steel producers with significant domestic and international presence. The company holds a strong position in the Indian steel industry.

2. Revenue Growth Trend

The company has shown consistent revenue growth over the years, supported by increased production capacity and strong demand from infrastructure and construction sectors.

3. Profitability Fluctuations

Profit margins are affected by raw material price volatility (iron ore and coal) and global steel price movements. However, operational efficiency improvements help stabilize margins.

4. Debt Position

JSW Steel has a relatively high debt level due to expansion projects and acquisitions. However, improving cash flows and capacity utilization help manage debt servicing.

5. Stock Performance

The stock has shown long-term growth potential but may experience short-term volatility due to global economic conditions, steel demand cycles, and government policies.

6. Industry Outlook

India's growing infrastructure projects, urbanization, and government initiatives support long-term steel demand, benefiting JSW Steel.

7. Risk Factors

- Fluctuation in raw material prices
- Global economic slowdown
- Regulatory and environmental compliance costs

8. Overall Financial Health

The company shows strong operational performance and growth potential, but investors should monitor debt levels and global steel price trends.

CONCLUSIONS

The fundamental analysis of JSW Steel Limited provides a comprehensive insight into the company's operational strength, market position, and long-term investment potential. As one of India's leading steel manufacturers, JSW Steel plays a crucial role in the country's industrial and infrastructure development, contributing significantly to economic growth, employment generation, and technological advancement in the steel sector.

Strengths and Competitive Advantages

JSW Steel's strong market presence, supported by its diversified product portfolio and integrated operations, positions it as a dominant player in the Indian steel industry. The company's success can be attributed to the following factors:

- **Integrated Operations:** JSW Steel's vertically integrated manufacturing facilities enable better control over raw materials, production efficiency, and cost management.
- **Capacity Expansion and Technology:** Continuous investments in capacity expansion and adoption of advanced steel-making technologies enhance productivity and product quality.
- **Cost Leadership:** Economies of scale, efficient supply chain management, and captive power generation help JSW Steel maintain competitive production costs.

Financial Performance

JSW Steel has demonstrated resilience and growth despite cyclical fluctuations in the steel industry, reflecting its solid financial fundamentals:

- **Revenue Growth:** Revenue growth has been driven by increased steel demand from infrastructure, construction, and manufacturing sectors.
- **Profitability:** Although steel prices and raw material costs remain volatile, JSW Steel has managed to sustain operating margins through operational efficiencies and strategic pricing.
- **Capital Structure:** While the company has undertaken significant capital expenditure, its improving cash flows and prudent debt management support long-term financial stability.

Valuation and Market Position

A comparison of JSW Steel's intrinsic value with its market price suggests that the stock is fairly valued, considering its industry leadership and growth prospects. Valuation ratios such as Price-to-Earnings (P/E) and Price-to-Book (P/B) are broadly aligned with industry benchmarks, reflecting investor confidence in the company's long-term outlook.

Growth Opportunities

JSW Steel's future growth potential is supported by its ability to align with evolving industry and economic trends:

- **Infrastructure and Industrial Demand:** Government-led infrastructure development and rising urbanization are expected to boost domestic steel consumption.
- **Capacity Expansion Projects:** Ongoing and planned capacity additions position the company to meet future demand efficiently.

Challenges and Risks

Despite its strong foundation, JSW Steel faces several challenges:

- Cyclical Nature of the Steel Industry: Steel demand and prices are highly sensitive to economic cycles.
- Raw Material Price Volatility: Fluctuations in iron ore and coking coal prices can impact profitability.

Outlook

Despite these challenges, JSW Steel is well-positioned to maintain its leadership in the Indian steel industry. The company's strategic focus on capacity expansion, cost efficiency, and sustainability, along with favorable long-term demand drivers, supports its growth outlook. Its commitment to innovation and responsible steel production aligns with India's infrastructure and industrial growth objectives.

Final Assessment

From a fundamental perspective, JSW Steel Limited is a strong, growth-oriented company with a solid market position and long-term investment appeal. Its operational efficiency, strategic expansions, and focus on sustainability enhance its ability to navigate industry cyclicality.

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- Access: JSW Steel Official Website – Investor Relations Section

2. Quarterly Financial Results

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- Available through company filings and stock exchange disclosures.

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