

## JSW Steel

### Weakness persists

(₹ cr)	2QFY16	2QFY15	yoy (%)	1QFY16	qoq%
Net Sales	9,653	11,886	(18.8)	9,982	(3.3)
EBITDA	1,566	2,620	(40.2)	1,505	4.1
EBITDA margin (%)	16.2	22.0	(582)bp	15.1	115bp
Adj. PAT	349	943	(63.0)	168	107.8

Source: Company, Angel Research

**Steel price declines hurt margins:** JSW Steel's standalone revenues for 2QFY2016 come in at ₹9,653cr, in line with our estimate of ₹9,345cr. Raw Material expenses for the quarter, at ~₹5,458cr, are 2.5% below our expectation, led by decline in iron ore and coking coal prices. The EBITDA however declined by 40% yoy, owing to a sharp decline in steel prices.

Consolidated (₹ cr)	2QFY16	2QFY15	yoy%	1QFY16	qoq%
Net Sales	10,743	13,692	(21.5)	11,382	(5.6)
EBITDA	1,729	2,791	(38.0)	1,627	6.3
Margin (%)	16.1	20.4	(429)bp	14.3	180bp
Adj. PAT	118	749	(84.2)	(106)	(211.6)

Source: Company, Angel Research

**Strong performance of subsidiaries:** During the quarter, Coated Products' revenues came in ahead of our expectations at ₹1,927cr on account of higher realizations, while the segment's EBITDA rose by 5.3% yoy to ₹102cr as against our expectations of ₹60cr. The company's Chilean operations posted an EBITDA loss of \$0.48mn as against a loss of \$1.76mn in 2QFY2015, which is in line with the guidance. The company's plate and pipe mill business in the US reported an EBITDA loss of \$3.1mn, lower than our expectation of a EBITDA loss of \$8.5mn.

**Outlook:** The company's results for the quarter are marginally better than our expectations, but the outlook on steel prices continues to remain weak. Pressure from imports and slowdown in China remain key concerns for the domestic steel industry. At the current price of ₹906, the stock trades at 7x FY2017 EV/EBITDA; we retain our Neutral rating on the stock.

#### Key financials (Consolidated)

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
Net sales	38,095	50,409	52,051	42,308	45,147
% chg	11.6	32.3	3.3	(18.7)	6.7
Adj. net profit	1,361	2,141	1,822	(217)	1,229
% chg	3.6	4.2	3.5	(0.5)	2.7
Adj. EPS (₹)	59.5	87.2	74.0	(10.3)	49.5
OPM (%)	17.1	18.2	18.0	16.4	20.7
P/E (x)	15.2	10.4	12.2	NMF	18.3
P/BV (x)	1.2	1.0	1.0	1.0	1.0
RoE (%)	8.1	11.2	8.4	(1.0)	5.6
RoCE (%)	9.7	10.9	8.9	4.4	7.3
EV/Sales (x)	1.1	1.2	1.3	1.6	1.5
EV/EBITDA	6.7	6.6	6.9	9.6	7.0

Source: Company, Angel Research: Note CMP as of October 21, 2015

## NEUTRAL

CMP	₹906
Target Price	-
Investment Period	-

#### Stock Info

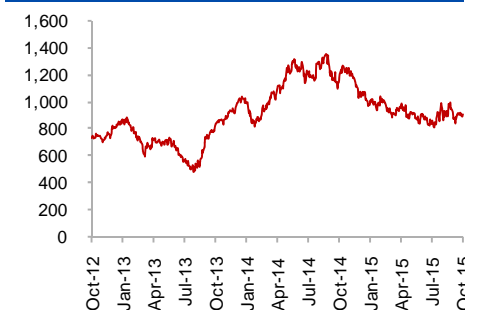
Sector	Steel
Market Cap (₹ cr)	21,895
Net Debt (₹ cr)	39,008
Beta	1.2
52 Week High /Low	1,274/801
Avg. Daily Volume	10,03,011
Face Value (₹)	10
BSE Sens ex	27,288
Nifty	8,252
Reuters Code	JSTL.BO
Bloomberg Code	JSTL IN

#### Shareholding Pattern (%)

Promoters	41.5
MF /Banks /Indian Fls	5.2
FII /NR Is /OCBs	17.2
Indian Public /Others	36.2

Abs. (%)	3m	1yr	3yr
Sensex	(3.2)	2.7	46.1
JSW Steel	8.3	(23.0)	23.4

#### 3-year price chart



Source: Company, Angel Research

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**Exhibit 1: 2QFY2016 performance (Standalone)**

(₹ cr)	2QFY16	2QFY15	yoy%	1QFY16	qoq%	FY2015	FY2014	yoy%
<b>Net sales</b>	<b>9,653</b>	<b>11,886</b>	<b>(18.8)</b>	<b>9,982</b>	<b>(3.3)</b>	<b>45,352</b>	<b>44,529</b>	<b>1.8</b>
Raw material	5,458	6,651	(17.9)	5,890	(7.3)	26,064	26,946	(3.3)
% of net sales	56.5	56.0		59.0		57.5	60.5	
Power & fuel	834	953	(12.5)	843	(1.1)	3,476	3,354	3.6
% of net sales	8.6	8.0		8.4		7.7	7.5	
Staff cost	257	237	8.5	261	(1.6)	947	800	18.4
% of net sales	2.7	2.0		2.6		2.1	1.8	
Other expenditure	1,651	1,593	3.7	1,630	1.3	6,729	5,416	24.2
% of net sales	17.1	13.4		16.3		14.8	12.2	
Total expenditure	8,199	9,434	(13.1)	8,623	(4.9)	37,216	36,515	1.9
% of net sales	84.9	79.4		86.4		82.1	82.0	
<b>Operating profit</b>	<b>1,453</b>	<b>2,452</b>	<b>(40.7)</b>	<b>1,358</b>	<b>7.0</b>	<b>8,136</b>	<b>8,014</b>	<b>1.5</b>
Other operating income	113	168	(32.8)	146	(23.0)	736	768	(4.2)
<b>EBIDTA</b>	<b>1,566</b>	<b>2,620</b>	<b>(40.2)</b>	<b>1,505</b>	<b>4.1</b>	<b>8,872</b>	<b>8,783</b>	<b>1.0</b>
EBITDA margins (%)	16.2	22.0		15.1		19.6	19.7	0.16
Interest	675	720	(6.2)	653	3.3	2,909	2,495	16.6
Depreciation	510	699	(27.1)	752	(32.2)	2,785	2,726	2.2
Other income	106	119	(11.1)	92	14.6	209	86	143.7
Exceptional items	116	(190)		(146)		(396)	(1,692)	
<b>Profit before tax</b>	<b>371</b>	<b>1,131</b>	<b>(67.2)</b>	<b>46</b>	<b>704.9</b>	<b>2,992</b>	<b>1,955</b>	<b>42.4</b>
% of net sales	3.8	9.5		0.5		6.6	4.4	
Tax	130	369	(64.8)	15	747.4	1,082	621	74.4
% of PBT	35.0	32.6		33.2		36.2	31.8	
<b>Reported PAT</b>	<b>241</b>	<b>762</b>	<b>(68.4)</b>	<b>31</b>	<b>683.7</b>	<b>1,909</b>	<b>1,335</b>	<b>43.1</b>
<b>Adj. PAT</b>	<b>349</b>	<b>943</b>	<b>(63.0)</b>	<b>168</b>	<b>107.8</b>	<b>2,305</b>	<b>3,003</b>	<b>(23.2)</b>

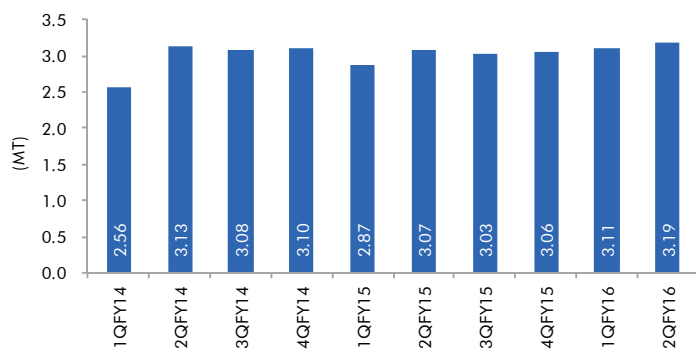
Source: Company, Angel Research

## Result highlights

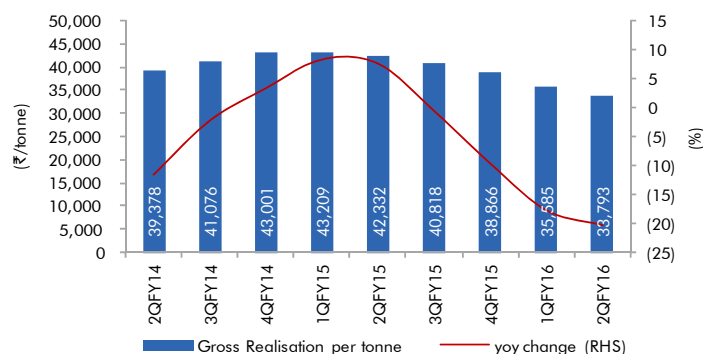
### Lower realizations continue to dent margins

The company's standalone revenues for the quarter, at ₹9,653cr, are in line with our estimate of ₹9,345cr. Raw Material expenses were 2.5% below our expectations at ~₹5,458cr, owing to decline in iron ore and coking coal prices. We expect the company to further benefit from raw material cost declines in 3QFY2016. Led by better-than-expected revenue, the standalone EBITDA was 2.5% ahead of our estimate at ₹1,566cr. The EBITDA margin however declined by 582bp yoy.

Gross realization/tonne for the quarter declined by 20% yoy to ₹33,793 from ₹42,332 in 2QFY2016, but came in ahead of our expectation of ₹31,670. Volumes grew to 3.19MT in 2QFY2016 as against 3.07MT in 2QFY2015, but were marginally below our expectations of 3.24MT.

**Exhibit 2: Volume growth remains steady**


Source: Company, Angel Research

**Exhibit 3: Realisation dips sharply**


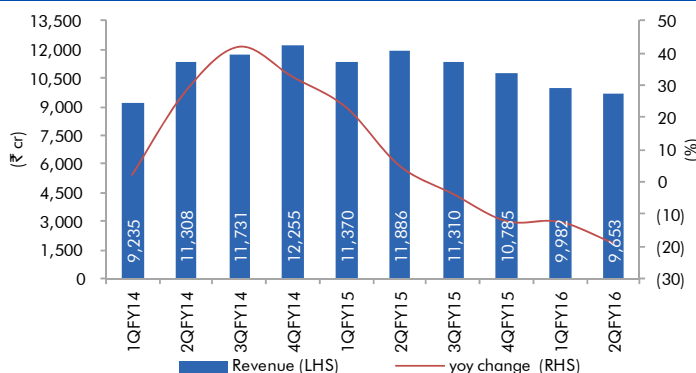
Source: Company, Angel Research

Depreciation expenses declined by 27% yoy, led by a change in the accounting policy. Revisions in the Companies Act, 2013 allow companies to depreciate assets over their useful life. Interest costs also declined by 6.2% yoy, led by a reduction in finance costs. On the back of better-than-expected realisation and lower depreciation expenses, the company managed to report a net profit of ₹241cr for the quarter as against our expectation of a net loss of ₹44cr.

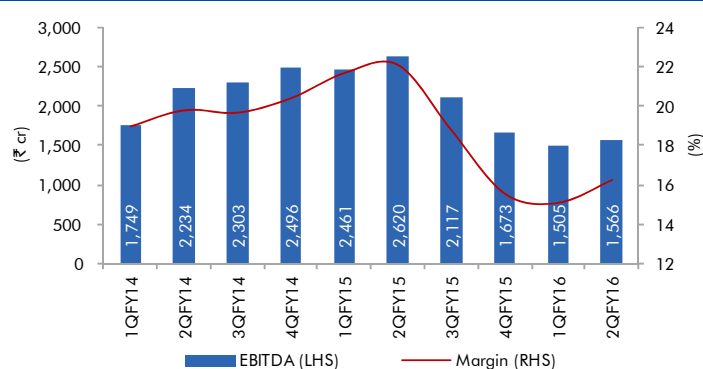
**Exhibit 4: Quarterly performance trend**

	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16
Realisation (₹/tonne)	41,076	43,001	43,209	42,332	40,818	38,866	35,585	33,793
EBITDA (₹/tonne)	7,478	8,052	8,575	8,534	6,988	5,469	4,838	4,908

Source: Company, Angel Research

**Exhibit 5: Revenue declines, owing to lower realisation**


Source: Company, Angel Research

**Exhibit 6: EBITDA margin declines 582bp yoy**


Source: Company, Angel Research

**Exhibit 7: 2QFY2016 performance (Consolidated)**

(₹ cr)	2QFY16	2QFY15	yoy%	1QFY16	qoq%	FY2015	FY2014	yoy%
<b>Net sales</b>	<b>10,743</b>	<b>13,692</b>	<b>(21.5)</b>	<b>11,382</b>	<b>(5.6)</b>	<b>52,051</b>	<b>50,409</b>	<b>3.3</b>
Raw material	5,840	7,649	(23.7)	6,527	(10.5)	29,686	30,334	(2.1)
% of net sales	54.4	55.9		57.3		57.0	60.2	
Power & fuel	981	1,095	(10.4)	1,034	(5.1)	4,123	3,813	8.1
% of net sales	9.1	8.0		9.1		7.9	7.6	
Staff cost	323	387	(16.6)	422	(23.5)	1,533	1,298	18.1
% of net sales	3.0	2.8		3.7		2.9	2.6	
Other expenditure	1,943	1,973	(1.5)	1,966	(1.2)	8,249	6,609	24.8
% of net sales	18.1	14.4		17.3		15.8	13.1	
Total expenditure	9,178	11,104	(17.3)	9,949	(7.8)	43,590	42,054	3.7
% of net sales	85.4	81.1		87.4		83.7	83.4	
<b>Operating profit</b>	<b>1,565</b>	<b>2,588</b>	<b>(39.5)</b>	<b>1,433</b>	<b>9.2</b>	<b>8,460</b>	<b>8,355</b>	<b>1.3</b>
Other operating income	164	203	(19.1)	194	(15.5)	921	811	
<b>EBIDTA</b>	<b>1,729</b>	<b>2,791</b>	<b>(38.0)</b>	<b>1,627</b>	<b>6.3</b>	<b>9,381</b>	<b>9,165</b>	<b>2.4</b>
EBITDA margin (%)	16.1	20.4		14.3		18.0	18.2	
Interest	836	855	(2.2)	822	1.7	3,493	3,048	14.6
Depreciation	682	851	(19.8)	939	(27.3)	3,434	3,183	7.9
Other income	39	26	47.4	26	51.3	111	86	29.9
Exceptional items	(1)	0		(1)		(26)	(1,713)	
<b>Profit before tax</b>	<b>248</b>	<b>1,112</b>	<b>(77.7)</b>	<b>(108)</b>	<b>(329.1)</b>	<b>2,539</b>	<b>1,308</b>	<b>94.1</b>
% of net sales	2.3	8.1		(1.0)		4.9	2.6	
Tax	142	374	(61.9)	17	757.0	819	920	(10.9)
% of PBT	57.3	33.6		(15.3)		32.3	70.3	
<b>Reported PAT</b>	<b>117</b>	<b>749</b>	<b>(84.4)</b>	<b>(107)</b>	<b>(209.5)</b>	<b>1,720</b>	<b>388</b>	<b>343.3</b>
<b>Adj. PAT</b>	<b>118</b>	<b>749</b>	<b>(84.2)</b>	<b>(106)</b>	<b>(211.6)</b>	<b>1,822</b>	<b>2,141</b>	<b>(14.9)</b>

Source: Company, Angel Research

**Exhibit 8: Consolidated – 2QFY2016 Actual vs Angel estimates**

(₹ cr)	Actual	Estimates	Variation (%)
Net sales	10,743	10,190	5.4
EBITDA	1,729	1,313	31.8
EBITDA margin (%)	16.1	12.9	322bp

Source: Company, Angel Research

**Result highlights - Consolidated**
**Better than expected performance from subsidiaries**

On a consolidated basis, the company's net sales declined ~21.5% yoy to ₹10,743cr, still ~5.4% ahead of our estimate. Coated Products' revenues came in ahead of our expectations at ₹1,927cr on account of higher realizations. Coated Products' realisations have not declined as sharply as HRC prices, which explain the outperformance. Coated Products' EBITDA increased 5.3% yoy to ₹102cr during the quarter as against our expectations of ₹60cr. The company's Chilean operations posted an EBITDA loss of \$0.48mn as against a loss of \$1.76mn in 2QFY2015, in line with the guidance given by the company.

**Exhibit 9: Quarterly performance trend (Coated Products)**

	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16
Deliveries (MT)	0.42	0.44	0.40	0.41	0.37	0.39	0.40	0.37
EBITDA Margin	3.2	3.4	3.8	4.3	2.9	2.8	5.2	5.3

Source: Company, Angel Research

**Strong realizations at US Plate and Pipe mill**

The company's plate and pipe mill business in the US reported an EBITDA loss of \$3.1mn as against our expectations of an EBITDA loss of \$8.5mn. The lower than expected loss was on account of better than expected realizations, leading to a revenue of \$53.4mn for the quarter as against our estimate of a revenue of \$42.5mn. Realisation/tonne dipped 2% yoy but increased 12% on a sequential basis to \$989, well ahead of our expectations of \$735. Pipe volumes, at 15,964MT, also came in ahead of our expectations of 12,461MT. Plate volumes however disappointed at 38,054MT as against our estimate of 42,250MT.

**Exhibit 10: US Plate and Pipe Mill Volumes**

MT	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16
Plate Volumes	77813	85892	86642	78094	57898	58024	43614	38054
Pipe Volumes	17608	14217	8373	15096	16421	12138	15565	15964

Source: Company

## **Investment arguments**

### **Capacity expansion remains on track**

JSW Steel is in the process of increasing its capacity to 17.8MT by end-FY2016 from 14.3MT currently. The Management reiterated in the conference call that the expansion is progressing as per schedule. The expansion at Dolvi, which includes blast furnace modification, a new sinter plant, billet caster and a bar mill are scheduled to be commissioned in 2HFY2016. Capacity at Dolvi is expected to increase to 5MT post expansion from 3.3MT currently. The Vijaynagar expansion is also expected to be completed by 4QFY2016. We expect volumes to continue to grow, led by higher capacity. We estimate deliveries of 12.6MT and 13.7MT in FY2016 and FY2017, respectively.

### **Margins to sustain going forward**

While steel realizations have declined sharply, the company still has some levers to sustain margins. These include, 1) Lower iron ore and coking coal prices are yet to pass through. Domestic iron ore prices are expected to decline as supply in Karnataka increases. The Management expects coking coal cost to decline by a further \$4-\$5/tonne over the coming months. 2) The Management also indicated certain cost saving measures and initiatives which will help reduce costs. 3) Improving mix toward higher margin value added products will help the company drive its margins going forward.

## **Outlook and valuation**

The results have been marginally better than our expectations, but the outlook on steel prices continues to remain weak. Pressure from imports and slowdown in China remain key concerns for the domestic steel industry. We believe that things may not have bottomed out yet and expect further pain for the industry. In line with our expectations, we have not materially changed our FY2016 and FY2017 EBITDA estimates. At the current price of ₹906, the stock trades at 7x FY2017 EV/EBITDA; we retain our Neutral rating on the stock.

## **Company background:**

JSW Steel Ltd is India's largest integrated steel producer with a manufacturing capacity of 14.3MT with facilities in Karnataka, Tamil Nadu and Maharashtra. The company's products include hot rolled coils, cold rolled coils, wire rods, galvanized coils and sheets (~35% share of value added and special products). ~20% of its products are exported, making the company India's largest exporter of coated products with a presence in over 100 countries.

**Profit & Loss Statement (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>Gross sales</b>	<b>41,463</b>	<b>54,621</b>	<b>56,577</b>	<b>45,987</b>	<b>49,072</b>
Less: Excise duty	3,368	4,212	4,164	3,385	3,612
<b>Net Sales</b>	<b>38,095</b>	<b>50,409</b>	<b>52,051</b>	<b>42,308</b>	<b>45,147</b>
Other operating income	115	811	921	715	762
<b>Total operating income</b>	<b>38,210</b>	<b>51,220</b>	<b>52,972</b>	<b>43,022</b>	<b>45,909</b>
% chg	11.2	34.0	3.4	(18.8)	6.7
Total Expenditure	31,706	42,054	43,590	36,104	36,581
Net Raw Materials	24,168	30,334	29,686	26,439	26,448
Other Mfg costs	6,557	10,422	12,372	8,419	8,804
Personnel	980	1,298	1,533	1,246	1,330
<b>EBITDA</b>	<b>6,504</b>	<b>9,165</b>	<b>9,381</b>	<b>6,918</b>	<b>9,328</b>
% chg	6.6	40.9	2.4	(26.3)	34.8
(% of Net Sales)	17.1	18.2	18.0	16.4	20.7
Depreciation & Amortisation	2,237	3,183	3,434	3,805	4,071
<b>EBIT</b>	<b>4,266</b>	<b>5,983</b>	<b>5,947</b>	<b>3,114</b>	<b>5,258</b>
% chg	2.3	40.2	(0.6)	(47.6)	68.9
(% of Net Sales)	11.2	11.9	11.4	7.4	11.6
Interest & other Charges	1,967	3,048	3,493	3,780	3,821
Other Income	70	86	111	220	253
(% of PBT)	2.9	2.8	4.3	(49.3)	15.0
<b>Recurring PBT</b>	<b>2,369</b>	<b>3,021</b>	<b>2,565</b>	<b>(446)</b>	<b>1,690</b>
% chg	(16.0)	27.5	(15.1)	(117.4)	(478.7)
Exchange gain/(loss)	(369)	(1,713)	(25.9)	(25.9)	(25.9)
<b>PBT (reported)</b>	<b>1,999</b>	<b>1,308</b>	<b>2,539</b>	<b>(472)</b>	<b>1,664</b>
Tax	845	920	819	(152)	537
(% of PBT)	42.3	70.3	32.3	32.3	32.3
<b>PAT (reported)</b>	<b>1,154</b>	<b>388</b>	<b>1,720</b>	<b>(320)</b>	<b>1,127</b>
Add: Share of earnings of asso.	(165)	14	2	2	2
Less: Minority interest (MI)	34	50	75	75	75
Extraordinary Expense/(Inc.)	61	-	-	-	-
<b>PAT after MI (reported)</b>	<b>1,085</b>	<b>452</b>	<b>1,797</b>	<b>(243)</b>	<b>1,203</b>
<b>ADJ. PAT</b>	<b>1,361</b>	<b>2,141</b>	<b>1,822</b>	<b>(217)</b>	<b>1,229</b>
% chg	(33.4)	57.3	(14.9)	(111.9)	(666.0)
(% of Net Sales)	3.6	4.2	3.5	(0.5)	2.7
<b>Basic EPS (₹)</b>	<b>59.5</b>	<b>87.2</b>	<b>74.0</b>	<b>(10.3)</b>	<b>49.5</b>
<b>Adj. fully Diluted EPS (₹)</b>	<b>59.5</b>	<b>87.2</b>	<b>74.0</b>	<b>(10.3)</b>	<b>49.5</b>
% chg	(33.9)	46.5	(15.2)	(114.0)	(578.8)



**Balance Sheet (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>SOURCES OF FUNDS</b>					
Equity Share Capital	284	303	303	303	303
Reserves & Surplus	17,060	21,150	22,266	21,649	22,479
<b>Shareholders Funds</b>	<b>17,344</b>	<b>21,453</b>	<b>22,569</b>	<b>21,952</b>	<b>22,781</b>
Share Warrants	-	-	-	-	-
Minority Interest	197	167	98	23	(52)
Total Loans	26,812	39,749	45,772	46,772	46,772
Deferred Tax Liability	3,272	2,123	2,889	2,757	3,223
Other Long term liabilities	600	910	591	592	593
Long term provisions	41	60	90	100	110
<b>Total Liabilities</b>	<b>48,482</b>	<b>64,947</b>	<b>72,760</b>	<b>72,947</b>	<b>74,179</b>
<b>APPLICATION OF FUNDS</b>					
Gross Block	44,553	59,736	68,604	73,563	78,546
Less: Acc. Depreciation	11,151	14,252	18,013	21,817	25,888
<b>Net Block</b>	<b>33,402</b>	<b>45,484</b>	<b>50,591</b>	<b>51,746</b>	<b>52,659</b>
Capital Work-in-Progress	5,898	9,400	8,265	8,306	5,822
Goodwill	1,314	1,562	1,585	1,685	1,725
Investments	1,750	663	599	598	599
<b>Current Assets</b>	<b>11,790</b>	<b>15,382</b>	<b>18,817</b>	<b>17,675</b>	<b>18,433</b>
Cash	1,653	663	1,913	1,954	2,336
Loans & Advances	2,535	4,272	3,395	2,971	3,396
Other	7,602	10,448	13,509	12,750	12,701
<b>Current liabilities</b>	<b>9,246</b>	<b>12,693</b>	<b>13,159</b>	<b>13,124</b>	<b>11,122</b>
Net Current Assets	<b>2,544</b>	<b>2,690</b>	<b>5,658</b>	<b>4,551</b>	<b>7,312</b>
Misc. Exp. not written off	-	-	-	-	-
<b>Total Assets</b>	<b>48,482</b>	<b>64,947</b>	<b>72,760</b>	<b>72,947</b>	<b>74,179</b>

**Cash flow statement (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
Profit before tax	1,999	1,308	2,539	(472)	1,664
Depreciation	2,237	3,183	3,434	3,805	4,071
Change in Working Capital	589	(3,520)	(1,175)	1,148	(2,379)
Others	-	-	-	-	-
Direct taxes paid	511	404	773	(20)	71
<b>Cash Flow from Operations</b>	<b>4,315</b>	<b>567</b>	<b>4,026</b>	<b>4,500</b>	<b>3,284</b>
(Inc.)/ Dec. in Fixed Assets	(5,630)	(5,670)	(6,650)	(5,000)	(2,500)
(Inc.)/ Dec. in Investments	12.0	(56.8)	207.0	1.5	(1.5)
Share of profit from associates	185	56	86	0	0
<b>Cash Flow from Investing</b>	<b>(5,433)</b>	<b>(5,671)</b>	<b>(6,357)</b>	<b>(4,999)</b>	<b>(2,502)</b>
Issue of Equity	-	-	-	-	-
Inc./(Dec.) in loans	955	6,029	2,737	1,000	0
Dividend Paid (Incl. Tax)	227	315	344	372	372
Others	1,519	2,413.1	2,562.6	-	-
<b>Cash Flow from Financing</b>	<b>(791)</b>	<b>3,300</b>	<b>(169)</b>	<b>628</b>	<b>(372)</b>
Inc./(Dec.) in Cash	(1,909)	(1,803)	(2,500)	130	410
<b>Opening Cash balances</b>	<b>683</b>	<b>302</b>	<b>579</b>	<b>913</b>	<b>954</b>
<b>Closing Cash balances</b>	<b>302</b>	<b>579</b>	<b>913</b>	<b>954</b>	<b>1,335</b>

**Key ratios**

Y/E March	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>Valuation Ratio (x)</b>					
P/E (on FDEPS)	15.2	10.4	12.2	NMF	18.3
P/CEPS	6.3	6.0	4.2	6.1	4.2
P/BV	1.2	1.0	1.0	1.0	1.0
Dividend yield (%)	1.1	1.2	1.3	1.3	1.3
EV/Sales	1.1	1.2	1.3	1.6	1.5
EV/EBITDA	6.7	6.6	6.9	9.6	7.0
EV/Total Assets	0.9	0.9	0.9	0.9	0.9
<b>Per Share Data (₹)</b>					
EPS (Basic)	59.5	87.2	74.0	(10.3)	49.5
EPS (fully diluted)	59.5	87.2	74.0	(10.3)	49.5
Cash EPS	143.4	150.3	216.4	147.3	218.2
DPS	10.0	11.0	12.0	12.0	12.0
Book Value	764.8	875.9	922.1	896.5	930.8
<b>Dupont Analysis</b>					
EBIT margin	11.2	11.9	11.4	7.4	11.6
Tax retention ratio (%)	57.7	29.7	67.7	67.7	67.7
Asset turnover (x)	0.9	0.8	0.8	0.6	0.7
ROIC (Post-tax)	5.6	2.9	6.0	3.1	5.2
Cost of Debt (Post Tax)	4.7	2.7	5.5	5.5	5.5
Leverage (x)	1.4	1.8	1.9	2.0	1.9
Operating RoE	7.0	3.3	6.9	(1.8)	4.6
<b>Returns (%)</b>					
RoCE (Pre-tax)	9.7	10.9	8.9	4.4	7.3
Angel RoIC (Pre-tax)	12.5	13.7	10.9	5.3	8.7
RoE	8.1	11.2	8.4	(1.0)	5.6
<b>Turnover ratios (x)</b>					
Asset Turnover (Gross Block)	0.9	1.0	0.8	0.6	0.6
Inventory (days)	50	46	62	80	75
Receivables (days)	17	16	17	22	21
Payables (days)	27	26	29	33	29
WC cycle (ex-cash) (days)	13	44	60	75	72
<b>Solvency ratios (x)</b>					
Net debt to equity	1.4	1.8	1.9	2.0	1.9
Net debt to EBITDA	3.6	4.2	4.6	6.4	4.7
Interest Coverage	2.2	2.0	1.7	0.8	1.4

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Disclosure of Interest Statement	JSW Steel
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

*Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors*

**Ratings (Based on expected returns over 12 months investment period):**

Buy (> 15%)

Accumulate (5% to 15%)  
Reduce (-5% to -15%)

Neutral (-5 to 5%)  
Sell (< -15)