

JSW Steel

Performance Highlights

(₹ cr)	3QFY11 (S)	3QFY10 (S)	yoy (%)	3QFY11 (C)	3QFY10 (C)	yoy (%)
Net revenue	5,808	4,588	26.6	6,003	4,796	25.2
EBITDA	1,036	1,118	(7.3)	1,054	1,079	(2.3)
EBITDA margin (%)	17.8	24.4	(652bp)	17.6	22.5	(493bp)
Reported PAT	382	514	(25.7)	292	430	(32.1)

Source: Company, Angel Research

JSW Steel reported disappointing set of numbers for 3QFY2011. Consolidated revenue increased by 25.2% yoy to ₹6,003cr (in line with our estimate of ₹6,042cr), while net profit decreased by 32.1% yoy to ₹292cr (significantly below our estimate of ₹391cr).

Margins hit on the back of higher raw-material costs: JSW Steel's consolidated net revenue grew by 25.2% yoy to ₹6,003cr, aided by higher sales volume and improved product mix. The company reported the highest-ever crude steel production of 1.64mn tonnes in 3QFY2011. The company's saleable steel sales increased by 14.0% yoy to 1.59mn tonnes in 3QFY2011. Realisations also increased by 12.6% yoy to ₹36,237/tonne. However, EBITDA margin contracted by 493bp yoy to 17.6% mainly due to higher raw-material cost; thus, EBITDA/tonne declined by 15.5% yoy to US \$142. The company's US operations reported EBITDA of US \$1.7mn in 3QFY2011. JSW Steel's net profit declined by 32.1% yoy to ₹292cr.

Outlook and valuation: We believe JSW Steel is well placed to capitalise on strong domestic demand on the back of its expanded capacity, improving product mix, commissioning of beneficiation plant to lower iron ore cost and recovery in its US operations. However, we have lowered our profitability estimates for FY2012E to account for higher raw-material costs. At the CMP, the stock is trading at 7.5x FY2011E and 5.9x FY2012E EV/EBITDA. Nevertheless, given the significant decline in the stock price, **we upgrade the stock to Buy from Accumulate with a revised Target Price of ₹1,047 (earlier ₹1,310), valuing the stock at 6.5x FY2012E EV/EBITDA.**

Key financials (Consolidated)

Y/E March (₹ cr)	FY2009	FY2010	FY2011E	FY2012E
Net sales	15,886	18,897	22,349	30,499
% chg	28.7	19.0	18.3	36.5
Adj. net profit	804	1,321	1,454	1,970
% chg	5.1	7.0	6.5	6.5
Adj. EPS (₹)	38.2	63.8	56.9	77.1
OPM (%)	18.8	21.5	21.9	20.3
P/E (x)	23.7	14.2	15.9	11.7
P/BV (x)	2.2	1.9	1.2	1.1
RoE (%)	10.7	16.1	10.4	9.8
RoCE (%)	8.6	10.7	10.3	10.9
EV/Sales (x)	2.1	1.7	1.6	1.2
EV/EBIDTA	11.0	8.0	7.5	5.9

Source: Company, Angel Research

BUY

CMP	₹898
Target Price	₹1,047

Investment Period	12 months
-------------------	-----------

Stock Info

Sector	Metal
Market Cap (₹ cr)	20,029
Beta	1.7
52 Week High / Low	1,400/932
Avg. Daily Volume	305411
Face Value (₹)	10
BSE Sensex	18,396
Nifty	5,512
Reuters Code	JSTL.BO
Bloomberg Code	JSTL@IN

Shareholding Pattern (%)

Promoters	37.7
MF / Banks / Indian Fls	8.5
FII / NRIs / OCBs	47.3
Indian Public / Others	6.5

Abs. (%)	3m	1yr	3yr
Sensex	(7.7)	12.8	1.3
JSW Steel	(31.8)	(9.3)	(5.2)

Bhavesh Chauhan

Tel: 022- 39357800 Ext: 6821
bhaveshu.chauhan@angelbroking.com

Pooja Jain

Tel: 022-39357800 Ext: 6839
pooja.j@angelbroking.com

Exhibit 1: 3QFY2011 performance (Consolidated)

Y/E March (₹ cr)	3QFY11	3QFY10	yoy%	9MFY11	9MFY10	yoy%
Net sales	6,003	4,796	25.2	16,785	13,582	23.6
Raw material	3,865	2,792	38.5	10,411	8,107	28.4
% of net sales	64.4	58.2		62.0	59.7	
Power & fuel	307	261	17.7	890	761	16.9
% of net sales	5.1	5.4		5.3	5.6	
Staff cost	152	119	28.2	473	352	34.3
% of net sales	2.5	2.5		2.8	2.6	
Other expenditure	661	573	15.5	1,923	1,593	20.7
% of net sales	11.0	11.9		11.5	11.7	
Total expenditure	5,377	3,744	43.6	14,478	10,813	33.9
% of net sales	89.6	78.1		86.3	79.6	
Operating profit	626	1,052	(40.5)	2,306	2,769	(16.7)
Other operating income	38	27	41.2	154	77	100.0
EBIDTA	1,054	1,079	(2.3)	3,242	2,846	13.9
EBITDA margin (%)	17.6	22.5	(493.0)	19.3	21.0	(163.8)
Interest	197	258	(23.8)	667	815	(18.2)
Depreciation	391	330	18.4	1,142	976	17.0
Other income	4	1	163.1	11	7	59.9
Exceptional items	0	102		(55)	440	
Profit before tax	433	594	(27.1)	1,313	1,501	(12.5)
% of net sales	7.2	12.4		7.8	11.1	
Tax	150	172	(12.9)	459	442	3.9
% of PBT	34.7	29.0		34.9	29.4	
Net income	292	430	(32.1)	879	1,093	(19.6)

Source: Company, Angel Research

Exhibit 2: 3QFY2011 performance (Standalone)

Y/E March (₹ cr)	3QFY11	3QFY10	yoy%	9MFY11	9MFY10	yoy%
Net sales	5,808	4,588	26.6	16,223	13,069	24.1
Raw material	3,598	2,602	38.3	9,781	7,611	28.5
% of net sales	62.0	56.7		60.3	58.2	
Power & fuel	301	253	19.1	871	738	18.0
% of net sales	5.2	5.5		5.4	5.6	
Staff cost	128	88	44.9	396	268	47.8
% of net sales	2.2	1.9		2.4	2.1	
Other expenditure	650	552	17.6	1,894	1,542	22.8
% of net sales	11.2	12.0		11.7	11.8	
Total expenditure	4,807	3,495	37.5	13,205	10,160	30.0
% of net sales	82.8	76.2		81.4	77.7	
Operating profit	1,000	1,093	(8.5)	3,001	3,186	(5.8)
Other operating income	36	25	42.6	108	48	124.0
EBITDA	1,036	1,118	(7.3)	3,162	2,983	6.0
EBITDA margins (%)	17.8	24.4		19.5	22.8	
Interest	132	218	(39.4)	478	656	(27.2)
Depreciation	346	286	21.1	1,010	844	19.7
Other income	8	2	265.3	19	10	92.5
Exceptional items	0	102		(55)	440	
Profit before tax	530	718	(26.3)	1,566	1,932	(19.0)
% of net sales	9.1	15.7		9.7	14.8	
Tax	147	204	(27.8)	451	564	(20.0)
% of PBT	27.8	28.4		2.8	4.3	
Profit after tax	382	514	(25.7)	1,115	1,368	(18.5)

Source: Company, Angel Research

Exhibit 3: 3QFY2011 – Actual vs. Angel estimates

(₹ cr)	Actual	Estimates	Variation (%)
Net sales	6,003	6,042	(0.7)
EBITDA	1,054	1,312	(19.6)
EBITDA margins (%)	17.6	21.7	(415bp)
PAT	292	391	(25.4)

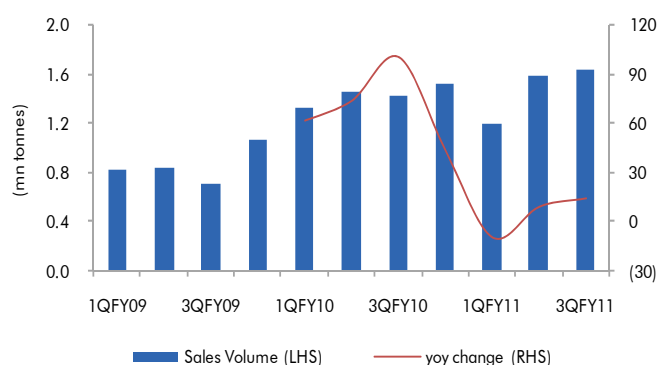
Source: Company, Angel Research

Result highlights

Consolidated net revenue grew by 25.2% yoy to ₹6,003cr, aided by higher sales volumes and improved product mix. The company reported the highest-ever crude steel production of 1.64mn tonnes in 3QFY2011. The company's saleable steel sales increased by 14.0% yoy to 1.59mn tonnes in 3QFY2011.

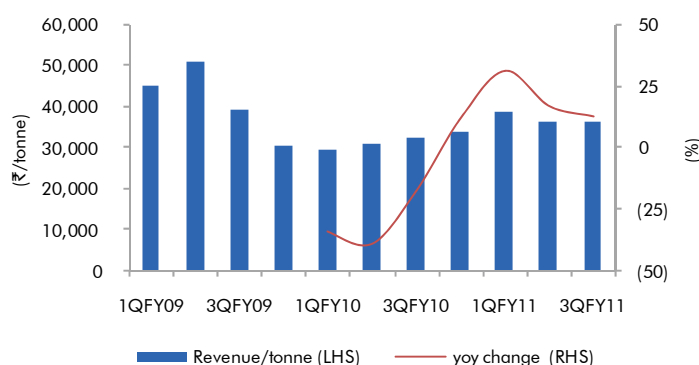
Flat product sales volume increased by 37.0% yoy to 1.2mn tonnes yoy. Sales volume of long products grew by 13.0% yoy to 0.3mn tonnes. Sales volume of value-added products was higher by 8.0% yoy to 0.4mn tonnes and that of semis fell by 72.0% yoy to 0.1mn tonnes.

Exhibit 4: Higher sales volume...



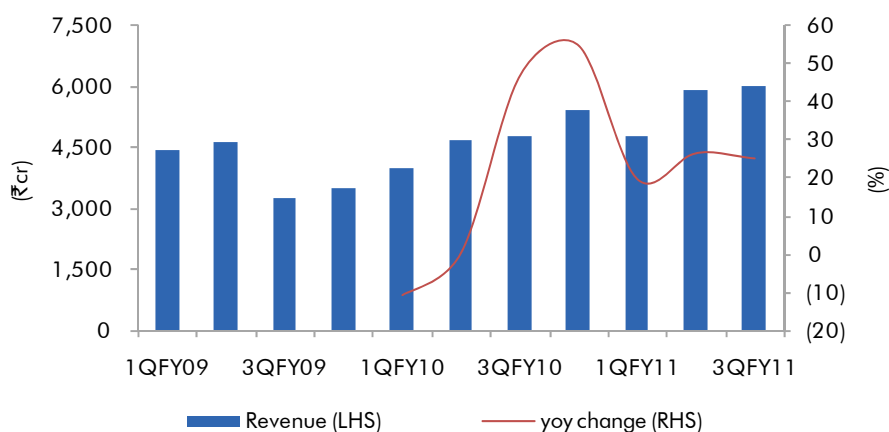
Source: Company, Angel Research

Exhibit 5: ...coupled with higher realisation yoy...



Source: Company, Angel Research

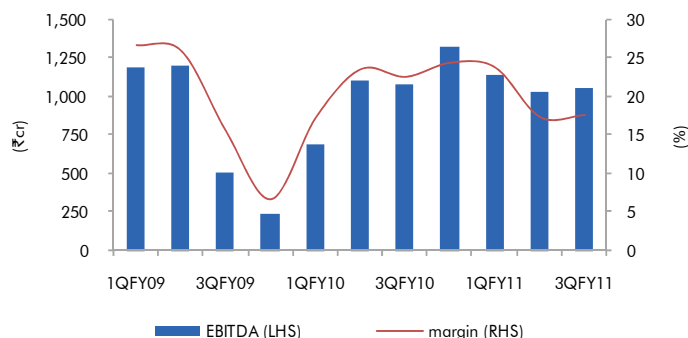
Exhibit 6: ...aided net revenue growth of 25.2% yoy



Source: Company, Angel Research

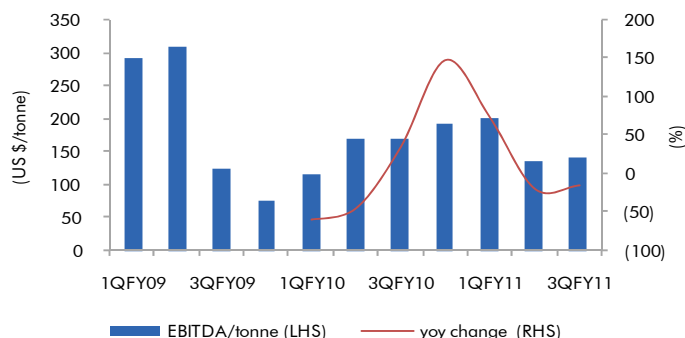
Despite an increase in top line, EBITDA margin contracted by 493bp yoy to 17.6% on account of rising prices of key inputs, iron ore and coking coal. Consequently, EBITDA/tonne declined by 15.5% yoy to US \$142 in 3QFY2011.

Exhibit 7: EBITDA margin contracted by 493bp yoy



Source: Company, Angel Research

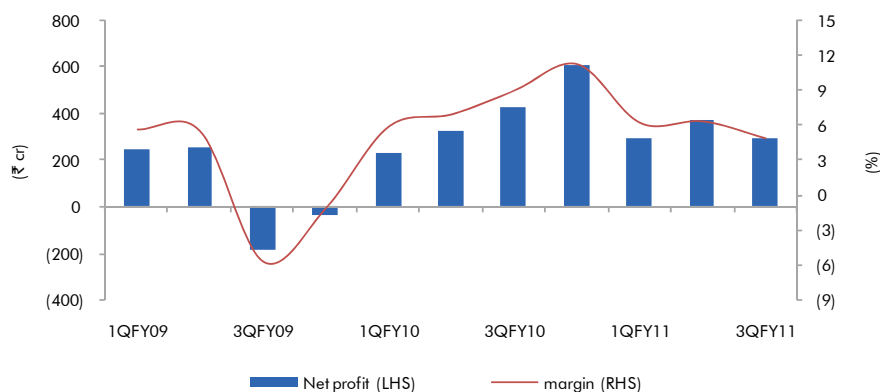
Exhibit 8: EBITDA/tonne declined 15.5% yoy



Source: Company, Angel Research

During the quarter, interest expenses decreased by 23.8% yoy to ₹197cr, while depreciation expense increased by 18.4% yoy to ₹391cr. Hence, net profit decreased by 32.1% yoy to ₹292cr.

Exhibit 9: Net profit came in at ₹292cr



Source: Company, Angel Research

Key analyst meet takeaways

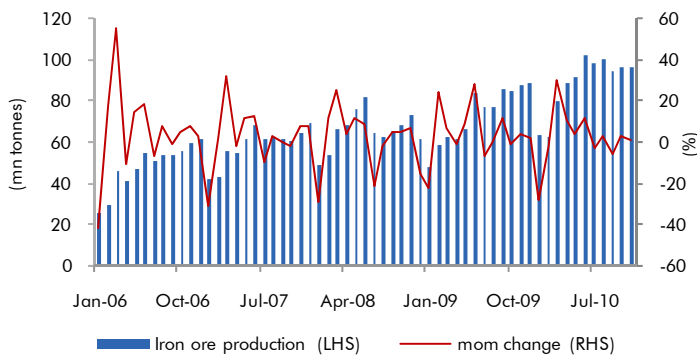
- JSW Steel's US subsidiary reported EBITDA of US \$1.7mn in 3QFY2011. However, it reported net loss of US \$12.9mn on account of higher interest costs. The company expects improvement in profitability going forward as the US economy recovers.
- JSW Steel announced it will set up a new cold rolling mill complex with a capacity of 2.3mn tonnes for an estimated capex of ₹4,024cr.
- JSW Steel will commence construction of the 4.5mn tonnes p.a. steel plant in West Bengal project during April 2011.
- The company announced to acquire majority stake in loss-making Ispat Industries during the quarter for ₹2,157cr. Also, the company announced to acquire assets of Bellary Steel in 3QFY2011 for ₹210cr.
- JSW Steel commenced iron ore mining in Chile during November 2010. The company plans to make the first shipment during 1QFY2012. As per management, the FOB cost of production after beneficiating is expected at US \$60/tonne. However, we await clarity on the grade of iron ore, mining and logistics costs and volumes.

Outlook

Spot iron ore prices have continued to rise...

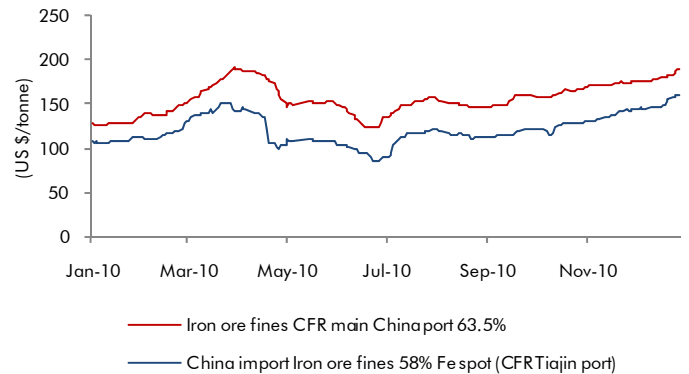
Higher crude steel production has led to an increase in international spot iron ore prices to over US \$180/tonne. However, growth in production of iron ore in China has remained flat during the past quarter. Due to crackdown on illegal mining by the government, India's iron ore prices have increased as well.

Exhibit 10: China iron ore prod. continues to rise



Source: Bloomberg, Angel Research

Exhibit 11: Spot iron ore prices have risen steeply

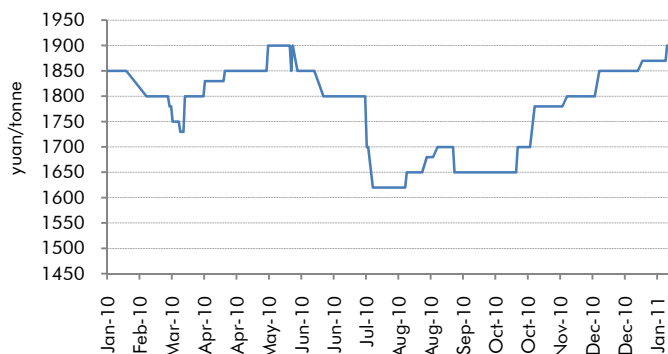


Source: Bloomberg, Angel Research

...while coking coal prices have spurted recently

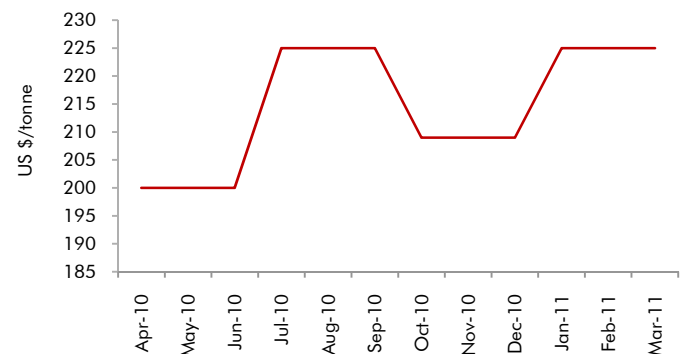
The flooding in Australia during December 2010–January 2011 has severely hit mining operations in Queensland, which accounts for ~50% of the world's coking coal trade, which has resulted in spurt in spot prices of coking coal since then. The rise in spot prices is likely to result in higher contract prices for 1QFY2012.

Exhibit 12: Spot coking coal prices have risen



Source: Bloomberg, Angel Research

Exhibit 13: Coking coal price contracts continue to rise

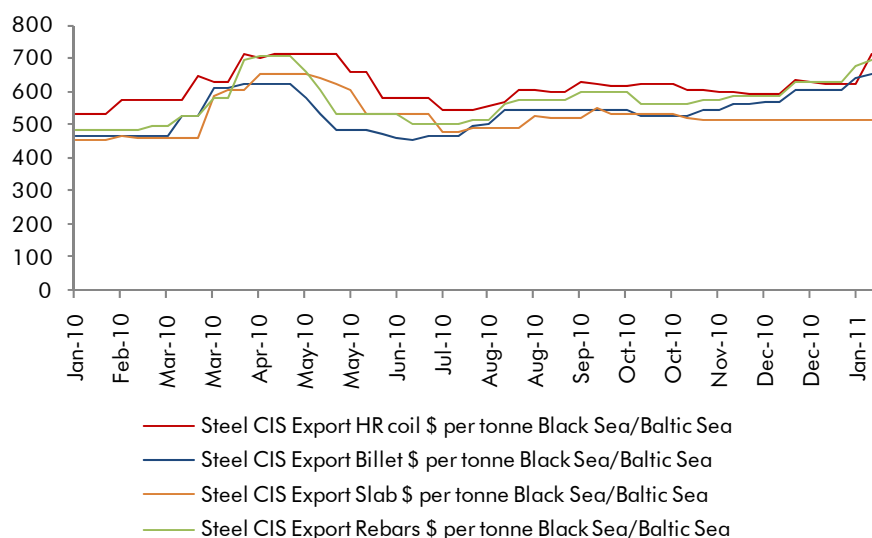


Source: Bloomberg, Angel Research

...resulting in rise in steel prices recently

The steep rise in iron ore and coking coal prices has resulted in higher steel prices across the globe.

Exhibit 14: Steel prices have risen recently (US \$/tonne)



Source: Bloomberg, Angel Research

However, steel production continues to rise globally, while there is lack of clarity on demand in western economies. We believe the rise in prices of key inputs will be more than offset by the increase in steel prices during FY2012. Hence, we expect profitability of companies with low levels of integration such as JSW Steel to decline in the coming few quarters.

Investment rationale

Strong volume growth: JSW Steel is expanding its capacity by 3.2mn tonnes from the current level of 7.8mn tonnes, thus taking its total capacity to 11mn tonnes by FY2011E. We believe the company will benefit from increased capacity as volumes are expected to grow at an 18.2% CAGR over FY2010–12E.

Savings due to low-grade ore usage: The commissioning of the beneficiation plant by March 2011 is expected to lower iron ore cost for the company. In case of rising iron ore prices, sourcing of low-grade iron ore fines from Bellary (Karnataka) is likely to reduce the impact of increasing iron ore costs. As 50% of the company's total iron ore requirement is met from third party, usage of low-grade iron ore is expected to lower iron ore cost by US \$10–30/tonne.

Improving performance of the US subsidiary: Going ahead, we expect performance of the company's US subsidiary to improve. The subsidiary is expected to post EBITDA of ₹258cr in FY2012E as compared to a loss of ₹188cr in FY2010.

Valuation

JSW Steel is expanding its capacity by 3.2mn tonnes from the current level of 7.8mn tonnes, thus taking its total capacity to 11mn tonnes by FY2011. Furthermore, JSW Steel will become India's largest steel company with total capacity of 14.3mn tonnes on successful completion of Ispat Industries' acquisition. We expect the company to reap benefits of economies of scale on account of large-scale production, which should slightly destroy per unit cost of production. Also, the commissioning of the beneficiation plant by March 2011 is expected to lower iron ore cost for the company by US \$10–30/tonne. However, rise in prices of key inputs (particularly coking coal) is likely to result in profitability decline during FY2012.

At the CMP, the stock is trading at 7.5x FY2011E and 5.9x FY2012E EV/EBITDA. **Given the recent decline in the stock price, we upgrade the stock to Buy from Accumulate with a revised Target Price of ₹1,047 (earlier ₹1,310), valuing the stock at 6.5x FY2012E EV/EBITDA.**

We have increased our estimates for FY2012E to factor in higher realisations. However, we have lowered our EBITDA margin estimates for FY2012E to account for higher iron ore and coking coal costs.

Exhibit 15: Change in estimates

Earlier estimates		Revised estimates		Upgrade/ (downgrade) (%)	
FY11E	FY12E	FY11E	FY12E	FY11E	FY12E
24,174	29,363	22,349	30,499	(7.6)	3.9
5,635	6,912	4,884	6,186	(13.3)	(10.5)
23.3	23.5	21.9	20.3	(146bp)	(326bp)
2,793	3,648	2,042	2,786	(26.9)	(23.6)
1,980	2,573	1,454	1,970	(26.6)	(23.4)
8.2	8.8	6.5	6.5	(168bp)	(230bp)

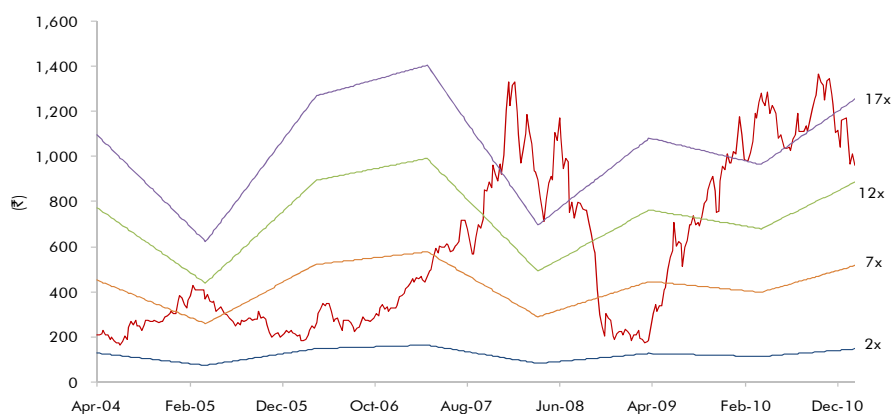
Source: Company, Angel Research

Exhibit 16: EPS - Angel forecast v/s consensus

Year (%)	Angel forecast	Bloomberg consensus	Variation (%)
FY2011E	56.9	76.0	(25.1)
FY2012E	77.1	115.0	(33.0)

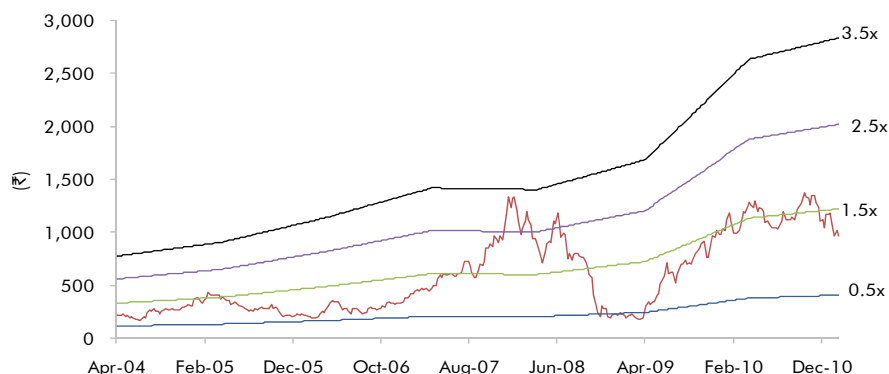
Source: Bloomberg, Angel Research

Exhibit 17: P/E band



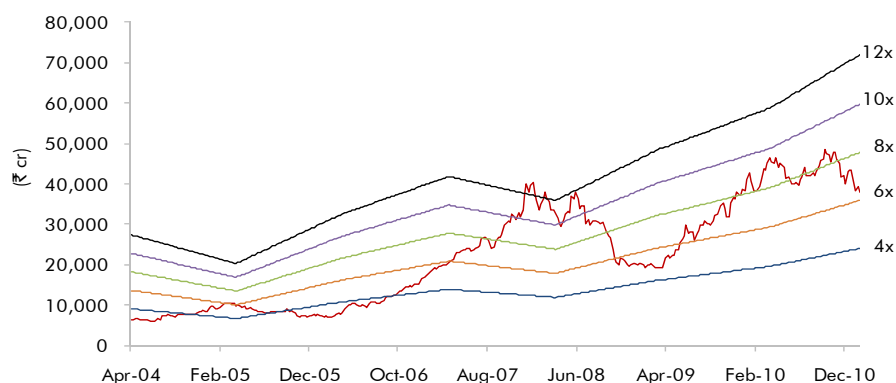
Source: Bloomberg, Angel Research

Exhibit 18: P/BV band



Source: Bloomberg, Angel Research

Exhibit 19: EV/EBITDA band



Source: Bloomberg, Angel Research

Exhibit 20: Recommendation summary

Company	CMP (₹)	Target price (₹)	Reco.	Mcap (₹ cr)	Upside (%)	P/E (x)		P/BV (x)		EV/EBITDA (x)		RoE (%)		RoCE (%)	
						FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E
SAIL	158	182	Accumulate	65,260		13.0	9.9	1.8	1.5	8.4	6.6	14.3	16.5	12.8	17.5
Tata Steel	636	766	Accumulate	60,976	20	8.7	7.9	1.8	1.5	6.1	5.2	25.0	21.0	15.0	15.4
JSW Steel	898	1,047	Buy	20,029	16	15.9	11.7	1.2	1.1	7.5	5.9	10.4	9.8	10.3	10.9
Sesa Goa	331	356	Accumulate	29,449	8	7.7	7.4	2.2	1.8	4.4	2.9	36.1	26.7	36.0	35.2
NMDC	265	-	Neutral	105,065	-	15.8	12.4	5.4	4.0	9.8	7.2	39.4	37.1	52.2	49.2

Source: Company, Angel Research

Profit & loss statement (Consolidated)

Y/E March (₹ cr)	FY2007	FY2008	FY2009	FY2010	FY2011E	FY2012E
Gross sales	9,337	13,554	17,064	20,151	24,003	32,756
Less: Excise duty	743	1,209	1,178	1,254	1,654	2,257
Net Sales	8,594	12,346	15,886	18,897	22,349	30,499
Other operating income	-	111	49	60	100	150
Total operating income	8,594	12,457	15,935	18,957	22,449	30,649
% chg	39.1	44.9	27.9	19.0	18.4	36.5
Total Expenditure	5,887	8,979	12,953	14,887	17,565	24,463
Net Raw Materials	4,027	6,244	9,619	11,231	13,073	18,333
Other Mfg costs	1,684	2,342	2,815	3,176	3,911	5,337
Personnel	176	392	519	480	581	793
Other	-	-	-	-	-	-
EBITDA	2,708	3,478	2,982	4,071	4,884	6,186
% chg	60.8	28.4	(14.3)	36.5	20.0	26.7
(% of Net Sales)	31.5	28.2	18.8	21.5	21.9	20.3
Depreciation & Amortisation	498	742	988	1,299	1,453	1,845
EBIT	2,210	2,736	1,994	2,772	3,431	4,341
% chg	72.8	23.8	(27.1)	39.0	23.8	26.5
(% of Net Sales)	25.7	22.2	12.6	14.7	15.4	14.2
Interest & other Charges	400	573	1,156	1,108	1,502	1,753
Other Income	105	261	272	128	113	198
(% of PBT)	5.5	10.8	24.5	7.2	5.5	7.1
Share in profit of Associates	-	-	-	-	-	-
Recurring PBT	1,915	2,424	1,110	1,792	2,042	2,786
% chg	47.2	26.6	(54.2)	61.4	13.9	36.4
Extraordinary Inc/(Expense)	-	-	(795)	408	-	-
PBT (reported)	1,915	2,424	315	2,200	2,042	2,786
Tax	623	766	73	647	613	836
(% of PBT)	32.5	31.6	23.0	29.4	30.0	30.0
PAT (reported)	1,292	1,658	243	1,553	1,430	1,950
Add: Share of earnings of associate	12	(14)	12	11	15	15
Less: Minority interest (MI)	-	(4)	21	33	10	4
Extraordinary Expense/(Inc.)	-	-	-	-	-	-
PAT after MI (reported)	1,304	1,640	275	1,598	1,454	1,970
ADJ. PAT	1,260	1,585	804	1,321	1,454	1,970
% chg	106.8	25.8	(49.3)	64.2	10.1	35.5
(% of Net Sales)	14.7	12.8	5.1	7.0	6.5	6.5
Basic EPS (₹)	78.1	87.2	41.2	68.8	65.7	77.1
Fully Diluted EPS (₹)	71.4	77.3	38.2	63.8	56.9	77.1
% chg	94.0	8.3	(50.6)	67.1	(10.8)	35.5

Balance sheet (Consolidated)

Y/E March (₹ cr)	FY2007	FY2008	FY2009	FY2010	FY2011E	FY2012E
SOURCES OF FUNDS						
Equity Share Capital	164	187	187	187	256	256
Reserves & Surplus	5,473	7,702	7,617	9,070	19,256	20,971
Shareholders' Funds	5,637	7,889	7,804	9,257	19,512	21,226
Share Warrants	22	-	-	-	-	-
Minority Interest	-	192	273	219	209	204
Total Loans	4,173	12,136	16,550	16,173	18,710	17,694
Deferred Tax Liability	1,013	1,252	1,277	1,685	1,685	1,685
Total Liabilities	10,844	21,469	25,904	27,334	40,115	40,809
APPLICATION OF FUNDS						
Gross Block	10,513	18,105	22,389	26,792	30,963	40,730
Less: Acc. Depreciation	2,324	3,074	4,080	5,339	6,792	8,637
Net Block	8,189	15,031	18,309	21,453	24,171	32,093
Capital Work-in-Progress	2,012	5,771	9,585	6,956	9,585	2,118
Goodwill	4	783	783	899	899	899
Investments	245	470	397	628	2,785	2,785
Current Assets	2,486	4,121	5,093	5,470	10,913	11,908
Cash	339	471	509	303	5,245	4,384
Loans & Advances	546	910	1,243	1,604	1,564	1,830
Other	1,600	2,739	3,341	3,563	4,103	5,694
Current liabilities	2,287	4,706	8,263	8,073	8,238	8,994
Net Current Assets	199	(586)	(3,170)	(2,603)	2,675	2,914
Mis. Exp. not written off	195	-	-	-	-	-
Total Assets	10,844	21,469	25,904	27,334	40,115	40,809

/

Cash flow statement (Consolidated)

Y/E March (₹ cr)	FY2007	FY2008	FY2009	FY2010	FY2011E	FY2012E
Profit before tax	1,915	2,424	315	2,200	2,042	2,786
Depreciation	498	749	988	1,299	1,453	1,845
Change in Working Capital	314	172	2,678	(471)	(335)	(1,101)
Less: Other income	379	285	874	793	-	-
Direct taxes paid	285	364	262	459	613	836
Cash Flow from Operations	2,822	3,266	4,592	3,361	2,547	2,695
(Inc.)/ Dec. in Fixed Assets	(2,150)	(9,611)	(5,971)	(2,736)	(8,957)	(2,300)
(Inc.)/ Dec. in Investments	(97)	(240)	115	(209)	-	-
(Inc.)/ Dec. in loans and advances						
Other income	4	62	15	13	15	15
Cash Flow from Investing	(2,243)	(9,789)	(5,841)	(2,932)	(8,942)	(2,285)
Issue of Equity	212	199	-	-	9,056	-
Inc./(Dec.) in loans	138	6,970	2,548	629	2,537	(1,016)
Dividend Paid (Incl. Tax)	409	33	340	57	256	256
Others	326	442	972	1,149	-	-
Cash Flow from Financing	(384)	6,695	1,236	(576)	11,337	(1,272)
Inc./(Dec.) in Cash	194	172	(12)	(147)	4,942	(862)
Opening Cash balances	145	300	522	450	303	5,245
Closing Cash balances	339	471	509	303	5,245	4,384

Key ratios

Y/E March	FY2007	FY2008	FY2009	FY2010	FY2011E	FY2012E
Valuation Ratio (x)						
P/E (on FDEPS)	12.7	11.7	23.7	14.2	15.9	11.7
P/CEPS	8.2	7.1	13.4	5.8	7.9	6.0
P/BV	2.8	2.2	2.2	1.9	1.2	1.1
Dividend yield (%)	1.4	1.6	0.1	1.1	1.1	1.1
EV/Sales	2.2	2.3	2.1	1.7	1.6	1.2
EV/EBITDA	6.9	8.2	11.0	8.0	7.5	5.9
EV/Total Assets	1.7	1.3	1.3	1.2	0.9	0.9
Per Share Data (₹)						
EPS (Basic)	78.1	87.2	41.2	68.8	65.7	77.1
EPS (fully diluted)	71.4	77.3	38.2	63.8	56.9	77.1
Cash EPS	109.9	127.3	67.5	154.8	113.8	149.3
DPS	12.5	14.0	1.0	9.5	10.0	10.0
Book Value	326.7	406.3	401.8	480.0	752.6	819.7
Dupont Analysis						
EBIT margin	25.7	22.2	12.6	14.7	15.4	14.2
Tax retention ratio (%)	67.5	68.4	77.0	70.6	70.0	70.0
Asset turnover (x)	0.8	0.6	0.6	0.7	0.7	0.9
ROIC (Post-tax)	14.7	9.2	6.2	7.4	7.0	8.5
Cost of Debt (Post Tax)		4.8	6.2	4.8	6.0	6.7
Leverage (x)	0.7	1.5	2.2	1.8	0.7	0.6
Operating RoE	25.3	16.1	6.2	12.1	7.7	9.6
Returns (%)						
RoCE (Pre-tax)	22.9	17.4	8.6	10.7	10.3	10.9
Angel RoIC (Pre-tax)	29.4	24.8	14.1	16.8	16.2	15.3
RoE	27.1	24.7	10.7	16.1	10.4	9.8
Turnover ratios (x)						
Asset Turnover (Gross Block)	0.9	0.9	0.8	0.8	0.8	0.9
Inventory (days)	60	65	72	71	70	70
Receivables (days)	10	12	11	11	12	12
Payables (days)	35	41	46	43	40	40
Working capital cycle (ex-cash) (days)	27	29	32	32	33	31
Solvency ratios (x)						
Net debt to equity	0.7	1.5	2.2	1.8	0.7	0.6
Net debt to EBITDA	1.4	3.4	5.4	3.9	2.8	2.2
Interest Coverage	5.5	4.8	1.7	2.5	2.3	2.5

Research Team Tel: 022 - 39357800

E-mail: research@angelbroking.com

Website: www.angelbroking.com

DISCLAIMER

This document is solely for the personal information of the recipient, and must not be singularly used as the basis of any investment decision. Nothing in this document should be construed as investment or financial advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in the securities of the companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment.

Angel Broking Limited, its affiliates, directors, its proprietary trading and investment businesses may, from time to time, make investment decisions that are inconsistent with or contradictory to the recommendations expressed herein. The views contained in this document are those of the analyst, and the company may or may not subscribe to all the views expressed within.

Reports based on technical and derivative analysis center on studying charts of a stock's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamentals.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true, but we do not represent that it is accurate or complete and it should not be relied on as such, as this document is for general guidance only. Angel Broking Limited or any of its affiliates/ group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Angel Broking Limited has not independently verified all the information contained within this document. Accordingly, we cannot testify, nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this document. While Angel Broking Limited endeavours to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This document is being supplied to you solely for your information, and its contents, information or data may not be reproduced, redistributed or passed on, directly or indirectly.

Angel Broking Limited and its affiliates may seek to provide or have engaged in providing corporate finance, investment banking or other advisory services in a merger or specific transaction to the companies referred to in this report, as on the date of this report or in the past.

Neither Angel Broking Limited, nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information.

Note: Please refer to the important 'Stock Holding Disclosure' report on the Angel website (Research Section). Also, please refer to the latest update on respective stocks for the disclosure status in respect of those stocks. Angel Broking Limited and its affiliates may have investment positions in the stocks recommended in this report.

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 (Returns):	Buy (> 15%) Reduce (-5% to 15%)	Accumulate (5% to 15%) Sell (< -15%)	Neutral (-5 to 5%)
---------------------------	------------------------------------	---	--------------------