

JSW Steel Ltd

CMP:

Rs.952

Target Price:

Rs. 1100

Investment Period:

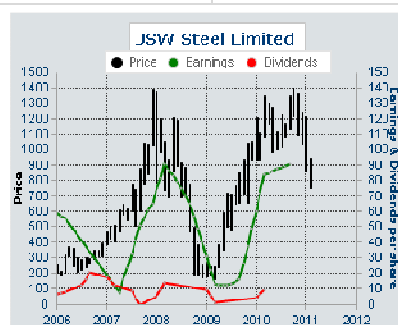
1-3 Month

STOCK INFO

Industry	Steel - Large
Market Cap	21,397 Cr.
Face value	Rs. 10
BSE Code	500228
52 week H/L	1,400.00 752.00
Dividend	70.00
Price / Earnings	10.51
Equity Shares	70.02 Cr.

JSWSTEEL TECHNICALS

Price / Earnings	10.51
EPS	90.66
PE ratio	8.73
100 Day SMA	1115.64
200 Day SMA	1128.97
52 Week High	1400.00
52 Week Low	750.85
10 Day Avg Volume	1913538



BSE ↓ 952.55 -6.45 (-0.67%) NSE ↓ 952.95 -7.25 (-0.76%)

JSWSTEEL (JSW Steel Ltd) - BUY CMP

JSW Steel Ltd, formerly Jindal Vijayanagar Steel Ltd (JVSL), was incorporated as a public limited company on March 15, 1994. It is promoted by Jindal Iron and Steel Company Ltd, associate companies, and Karnataka State Investment and Industrial Development Corporation. The company is a fully integrated steel plant having units across Karnataka and Maharashtra producing materials from pellets to colour coated steel. It has set up an integrated steel plant to manufacture 1.65 mtpa of hot-rolled coils at Torangallu, Karnataka, which includes a pellet plant at an estimated cost of Rs 300 crores. It is one of the few steel manufacturers in the world to follow the corex process for production of hot metal. Posco and Saldanha are two other companies using the corex process. JVSL is the first steel company in India to implement a total integrated resource planning solution for its business process. The modules involved in its ERP project are materials management, steel process tracking system, computer managed maintenance system, Oracle financials and product costing. JSW has stated plans for 7 MTPA by 2008 and is targeting an eventual capacity of 10 MTPA by 2010 at its Vijaynagar facility,. This, coupled with the 10 MTPA that JSW has proposed in Jharkhand, would take the company`s total capacity to 20 MTPA by 2012..

JSW is part of US \$10 billion O.P.Jindal Group. It has grown to US\$ 5 billion in little over a decade and has presence across various sectors – Steel, Energy, Minerals, Port & Infrastructure, Cement, Aluminium and IT.

JSW Steel, the flagship company of the JSW Group, is today an integrated steel manufacturer. JSW Steel is the largest private sector steel manufacturer in terms of installed capacity.

JSW Steel offers the entire gamut of steel products – Hot Rolled, Cold Rolled, Galvanized, Galvalume, Pre-painted Galvanised, Pre-painted Galvalume, TMT Rebars, Wire Rods & Special Steel Bars, Rounds & Blooms. JSW Steel has manufacturing facilities at Toranagallu in Karnataka, Vasind & Tarapur in Maharashtra and Salem in Tamil Nadu.

By 2020, the Company aims to produce 34 million tons of steel annually with Greenfield integrated steel plants coming up in West Bengal and Jharkhand.

The prices of steel carried on trading in a tight range due to the lack of worthwhile buying activity and ended around the last levels. The quotations in Rs per tonne are CTD saria (Kamdhenu) 8-mm which stood at Rs 41,700, 10-mm at Rs 43,400, 12-mm at Rs 42,100 and 16-25 mm stood at Rs 39,950.

The saria Jai Bharat (ISO 9002) 8-mm stood at Rs 39,150, 10 mm at Rs 38,350, 12-mm at Rs 37,550 and 16-25 mm stood at Rs



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37,550.

Similarly, the Amba saria (ISO-9002) 8-mm stood at Rs 38,000, 10-mm at Rs 37,300, 12-mm at Rs 36,700 and 16-25-mm stood at Rs 36,500 while the Amba shakti: (TMT) 8-mm stood at Rs 37,000, 10 mm at Rs 36,000, 12 mm at Rs 35,400 and 16 to 25 mm stood at Rs 35,200.

Meanwhile, the M S Angle: (50x5) (50x6) stood at Rs 33,000 and (40x5) (40x6) stood at Rs 33,500 while angle capital (ISI) (40X5) (40x6) stood at Rs 36,900 and (35X5) (65X6) stood at Rs 33,900.

The garder (joist) (150x75) stood at Rs 33,500, (175x85) at Rs 32,500, (200x100) at Rs 33,300 and (125x70) stood at Rs 33,600 while T-IRON (40X5)(40X6)(50X6) stood at Rs 33,500.

Moreover, the supply and offtake also remained at a low ebb and volume of business poor.

Steel is an alloy that consists mostly of iron and has a carbon content between 0.2% and 2.1% by weight, depending on the grade. Carbon is the most common alloying material for iron, but various other alloying elements are used, such as manganese, chromium, vanadium, and tungsten.

Carbon and other elements act as a hardening agent, preventing dislocations in the iron atom crystal lattice from sliding past one another.

JSW Steel Ltd. : Shareholding Pattern

Share Holding Pattern as on :	31/12/2010		30/09/2010		30/06/2010	
Face Value	10.00		10.00		10.00	
	No. Of Shares	% Holding	No. Of Shares	% Holding	No. Of Shares	% Holding
PROMOTER'S HOLDING						
Foreign Promoters	5704612	2.56	5704612	3.05	5704612	3.05
Indian Promoters	78440042	35.16	78435042	41.93	78448542	41.94
Sub Total	84144654	37.71	84139654	44.98	84153154	44.99
NON PROMOTER'S HOLDING						
Institutional Investors						
Mutual Funds and UTI	1056957	0.47	1260693	0.67	357768	0.19
Banks Fin. Inst. and Insurance	9289569	4.16	10819763	5.78	11082425	5.92
FII'S	58249489	26.11	55316113	29.57	53793882	28.76
Sub Total	68596015	30.74	67396569	36.03	65234075	34.88
Other Investors						
Private Corporate Bodies	7295592	3.27	8731698	4.67	9582283	5.12
NRI's/ OCB's/ Foreign Others	44288567	19.85	11309330	6.05	11374782	6.08
Government	1237500	0.55	1237500	0.66	1237500	0.66
Others	549375	0.25	424696	0.23	691129	0.37
Sub Total	53371034	23.92	21703224	11.60	22885694	12.24
General Public	13919683	6.24	13809235	7.38	14775759	7.90
Grand Total	223117200	100.00	187048682	100.00	187048682	100.00

JSW Steel Ltd

JSW Steel Ltd. : Capital Structure

From Year	To Year	Class Of Share	Authorized Capital (Crores)	Issued Capital (Crores)	Paid Up Shares (Nos)	Paid Up Face Value	Paid Up Capital (Crores)
2009	2010	Equity Share	2000.00	187.05	187048682	10	187.05
2008	2009	Equity Share	2000.00	187.05	187048682	10	187.05
2007	2008	Equity Share	2000.00	187.05	187048635	10	187.05
2006	2007	Equity Share	2000.00	163.98	163978813	10	163.98
2005	2006	Equity Share	2000.00	156.98	156975517	10	156.98
2004	2005	Equity Share	2000.00	129.04	129039142	10	129.04
2003	2004	Equity Share	2000.00	1291.02	1291015500	10	1291.02
2002	2003	Equity Share	2200.00	1291.00	1290998000	10	1291.00
2001	2002	Equity Share	2200.00	1290.93	1290930300	10	1290.93
2000	2001	Equity Share	2800.00	1291.14	1291139610	10	1291.14
1999	2000	Equity Share	2800.00	1201.67	1201667860	10	1201.67
1998	1999	Equity Share	2000.00	1175.00	1175000000	10	1175.00
1997	1998	Equity Share	1500.00	1175.00	1175000000	10	1175.00
1996	1997	Equity Share	1500.00	1500.00	534664850	5	267.33
1996	1997	Equity Share	1500.00	1500.00	367414850	10	367.41
1996	1997	Equity Share	1500.00	1500.00	272920300	2	54.58
1995	1996	Equity Share	1500.00	1175.00	272920300	2	54.58
1995	1996	Equity Share	1500.00	1175.00	534664850	5	267.33
1995	1996	Equity Share	1500.00	1175.00	367414850	10	367.41
1994	1995	Equity Share	1500.00	1500.00	105335150	10	105.34
1994	1995	Equity Share	1500.00	1500.00	111360000	2	22.27
1994	1995	Equity Share	1500.00	1500.00	17500000	3.75	6.56
1994	1995	Equity Share	1500.00	1500.00	399664850	5	199.83
1994	1995	Equity Share	1500.00	1500.00	66360000	5.5	36.50

Profit & Loss (Rs. in Crores)

Particulars	Mar-10	Mar-09	Mar-08	Mar-07	Mar-06	Mar-05
INCOME :						
Sales Turnover	19,456.64	15,179.29	12,628.91	9,297.26	6,801.52	6,712.71
Excise Duty	1,254.16	1,178.04	1,237.86	742.31	594.43	360.76
Net Sales	18,202.48	14,001.25	11,391.05	8,554.95	6,207.09	6,351.95
Other Income	570.42	299.13	311.54	152.50	387.65	369.55
Stock Adjustments	29.72	290.56	283.56	-66.54	139.29	43.31
Total Income	18,802.62	14,590.94	11,986.15	8,640.91	6,734.03	6,764.81
EXPENDITURE :						
Raw Materials	10,490.40	8,740.66	5,948.46	3,964.00	3,119.11	2,887.97
Power & Fuel Cost	1,014.82	673.07	539.21	393.10	420.19	541.67
Employee Cost	343.57	278.24	253.43	159.19	116.22	97.17

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Other Manufacturing Expenses	1,788.91	1,441.94	1,330.51	992.31	767.95	477.76
Selling and Administration Expenses	119.16	135.91	77.65	77.44	63.42	303.13
Miscellaneous Expenses	202.94	979.41	171.10	235.00	171.53	150.26
Less: Pre-operative Expenses Capitalised	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenditure	13,959.80	12,249.23	8,320.36	5,821.04	4,658.42	4,457.96
Operating Profit	4,842.82	2,341.71	3,665.79	2,819.87	2,075.61	2,306.85
Interest	900.26	836.82	494.84	406.81	368.65	474.70
Gross Profit	3,942.56	1,504.89	3,170.95	2,413.06	1,706.96	1,832.15
Depreciation	1,123.41	827.66	687.18	498.23	405.82	359.54
Profit Before Tax	2,819.15	677.23	2,483.77	1,914.83	1,301.14	1,472.61
Tax	227.20	-11.39	322.00	347.85	7.76	74.50
Fringe Benefit tax	0.00	7.00	5.50	4.35	3.24	NA
Deferred Tax	569.21	223.12	428.08	270.63	433.61	528.00
Reported Net Profit	2,022.74	458.50	1,728.19	1,292.00	856.53	870.11
Extraordinary Items	-0.42	-499.93	73.45	0.51	223.69	-1.54
Adjusted Net Profit	2,023.16	958.43	1,654.74	1,291.49	632.84	871.65
Adjst. below Net Profit	0.00	0.00	0.00	0.00	0.00	264.69
P & L Balance brought forward	3,883.15	3,505.86	2,267.56	1,331.66	719.57	-131.90
Statutory Appropriations	0.00	0.00	0.00	0.00	0.00	0.00
Appropriations	578.11	81.21	489.89	356.10	244.44	283.33
P & L Balance carried down	5,327.78	3,883.15	3,505.86	2,267.56	1,331.66	719.57
Dividend	177.70	18.71	261.87	204.98	125.58	103.23
Preference Dividend	28.92	28.99	29.06	27.90	27.90	27.90
Equity Dividend %	95.00	10.00	140.00	125.00	80.00	80.00
Earnings Per Share-Unit Curr	78.99	16.99	66.50	54.69	37.02	43.22
Earnings Per Share(Adj)-Unit Curr	78.99	16.99	66.50	54.69	37.02	43.22
Book Value-Unit Curr	380.01	309.19	297.82	235.25	187.00	151.01

Key ratios

	Mar-10	Mar-09	Mar-08
P/E (x)	15.65	13.65	12.32
P/BV (x)	3.25	0.75	2.75
RONW (%)	23.3	12.3	26.8
ROCE (%)	18.4	13.4	24.1
EV/ EVBIDTA (x)	7.11	6.49	6.15
Dividend Yield (%)	0.8	0.8	0.8
APATM(%)	10.4	6.3	13.7
EPS	79.0	17.0	66.5

Product Report

Product Name	Year	Month	Sales Quantity	UOM	Sales Value(Cr.)	Product Mix(%)
Hot Rolled Coils/Plates/Sheets	2009	12	1389853	Metric Tonnes	5,351.72	35.25
Coils & Sheets (Galvanised)	2009	12	613630	Metric Tonnes	2,882.79	18.99
M S/S S Slabs	2009	12	279323	Metric Tonnes	1,264.49	8.33
Coils (Cold Rolled)	2009	12	296288	Metric Tonnes	1,193.28	7.86
Rolled Product	2009	12	292966	Metric Tonnes	1,134.61	7.47



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Multigain Securities Services Pvt. Ltd.

H-50, Lajpat Nagar, Moradabad – 244001 (U.P.)

Tel: 0591-2490200/ 400 / 500 ; 0591-6456733 / 744 ;

MOB: 097600 91101/02/03; **Fax:** 0591-2490400

Senior Technical Analyst : Pramod Kumar

E-Mail: research@multigain.in

Website: <http://www.multigain.in>