

Pecking order

Tata Steel (REDUCE)

JSW Steel (SELL)

JSPL (REDUCE)

SAIL (HOLD)

Metals

All time high spreads in a deep cyclical sector

Capacity cuts in China (steel) fuelled expectations of it becoming a net importer of the metal. Yet, as data shows, higher spreads continue to incentivize higher production in Mar'21. Global recovery, fiscal stimulus, ESG driven supply cuts/cost incidence has been fuelling expectations at these sky-high spreads, ignoring the deep cyclicity of the sector. We do expect demand destruction across the regions as prices consolidate at current levels; current signals of possible price control out of China further reinforce our view. As *charts 1-4* highlight, spreads for Indian players have crossed CY09 highs – Tata Steel's EBITDA for Q1/Q2FY09 was ~ Rs 26000/te, and expected Q1FY22E EBITDA is higher than the same. Chart 6 highlights that current US spreads, have crossed past 70 year inflation adjusted highs by a margin. We believe, most of FY22E deleveraging is in the price. Reiterate REDUCE on Tata, JSPL, SELL on JSW Steel, and HOLD on SAIL.

The current cycle amplitude has crossed the peak of pre-GFC crisis, which is no mean feat given the buoyancy of Chinese demand during 2003-2007

Chart 1: Tata Steel EBITDA/te (standalone)

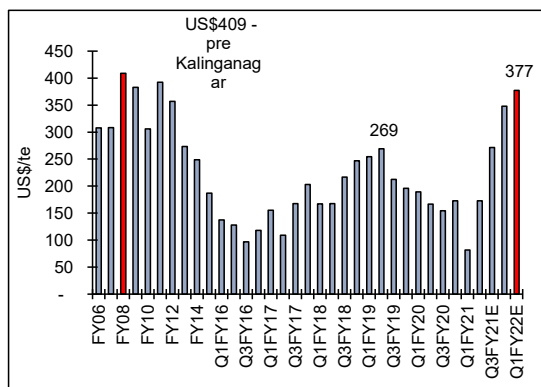


Chart 2: JSW EBITDA/te (standalone)

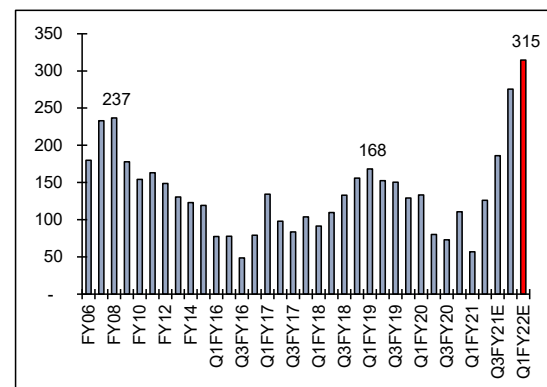


Chart 3: SAIL EBITDA/te (standalone)

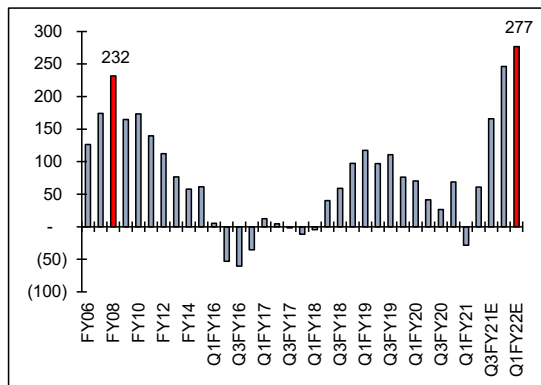
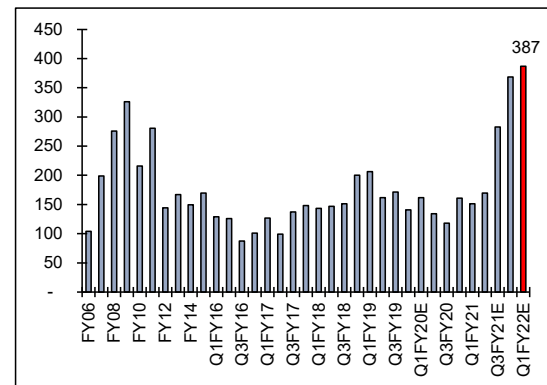


Chart 4: JSPL EBITDA/te (standalone)



Source: Company data, I-Sec research
Q4FY21/Q1FY22E are our estimates

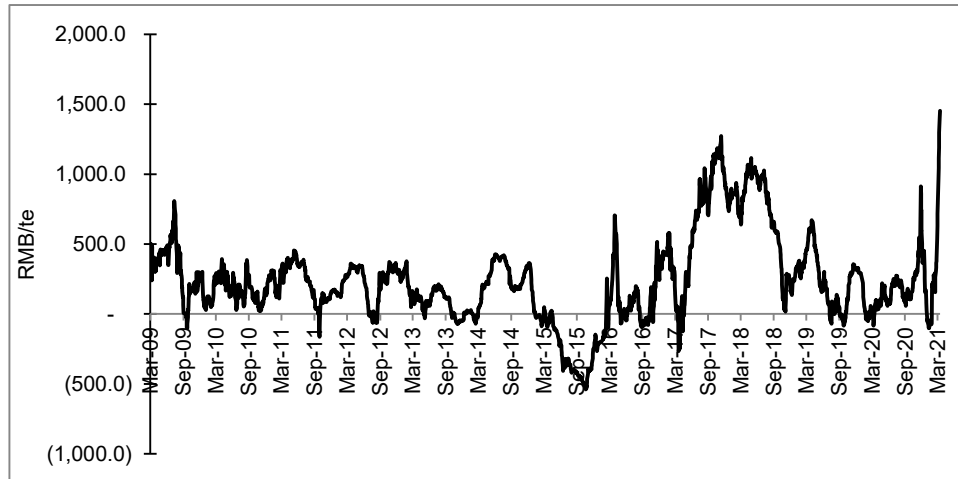
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Chart 5: For the first time in current cycle, Chinese BoF profitability has crossed US\$200/te – RM price pressures (coke) are normalising as HRC prices increase

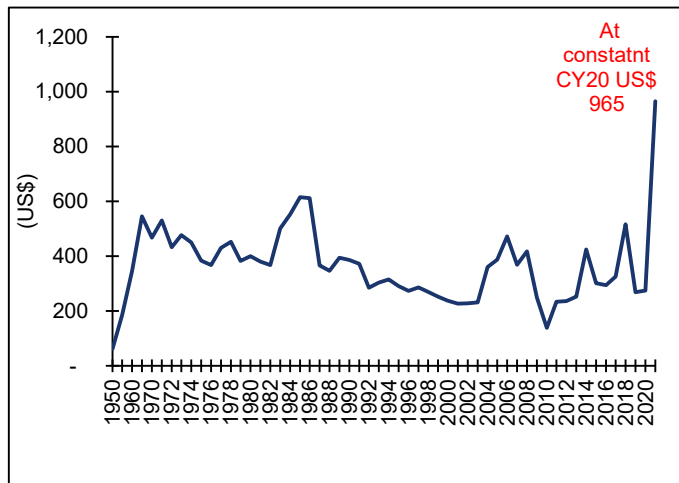
There has not been any reduction in export rebate yet.



Source: Bloomberg, I-Sec research

Historical profitability tracker (since 1950s) has reached record levels – meaningfully crossing the inflation-adjusted spreads post WW II

Chart 6: Derived gross spreads (constant 2020 USD) for US HRC



Source: Bloomberg, I-Sec research

Chart 7: Nominal gross spreads for US HRC

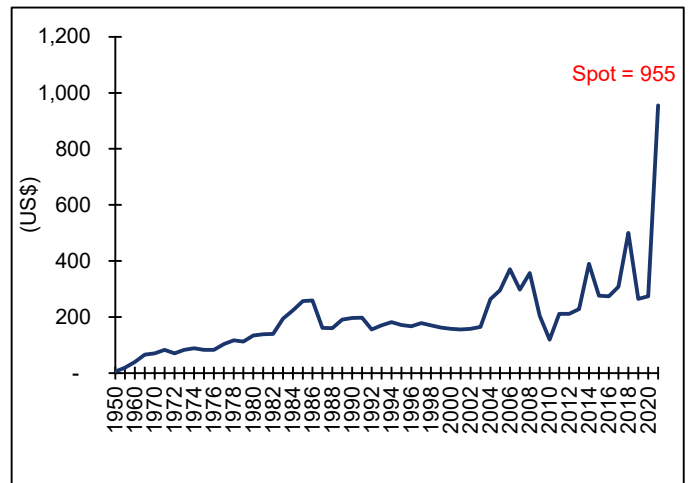


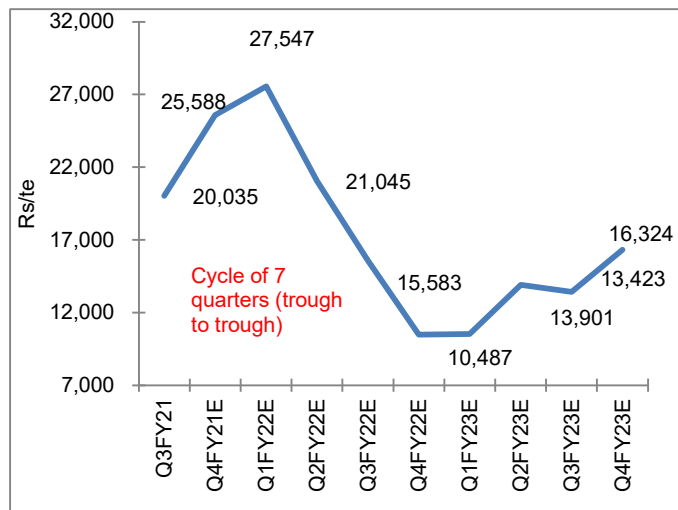
Table 1: We maintain our conservative stance on the sector

	Rating	TP	P/E (x)			EV/E (x)			P/B (x)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Tata Steel	REDUCE	769	9.2	3.9	11.3	6.1	3.4	5.9	1.3	1.0	0.9
JSW Steel	SELL	329	16.7	8.4	22.5	9.6	5.5	9.8	3.0	2.2	2.0
JSPL	REDUCE	292	6.6	5.1	13.5	4.4	3.2	5.1	1.1	0.9	0.8
SAIL	HOLD	81	6.1	2.5	8.9	5.5	2.8	5.8	0.8	0.6	0.6

Source: Company data, I-Sec research

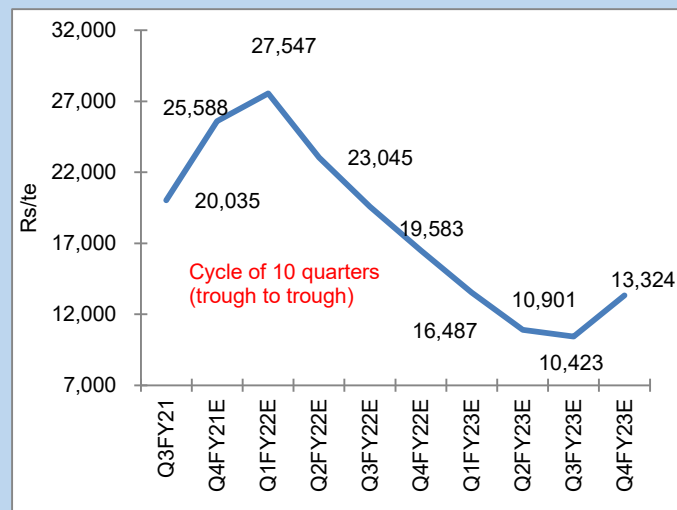
The glide path of Tata Steel EBITDA in charts

Chart 8: Scenario 1



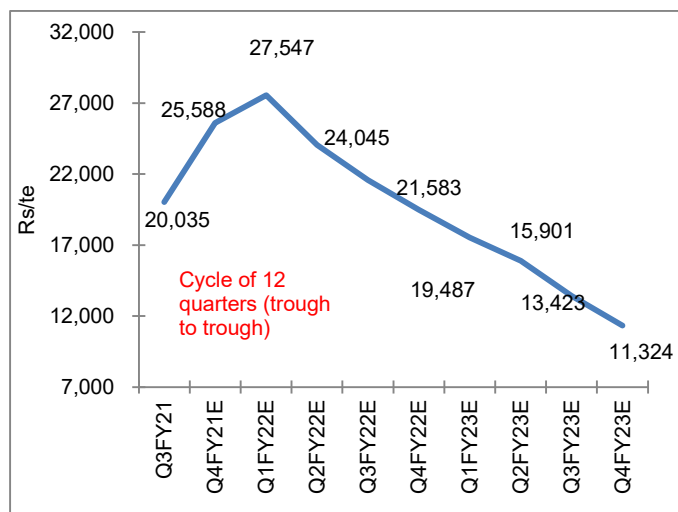
Source: PBOC, S&P Global, I-Sec research

Chart 9: Scenario 2 (base case)



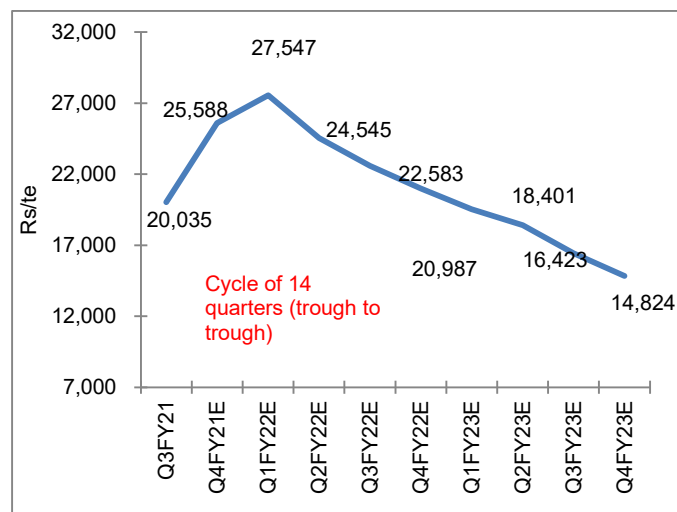
Source: PBOC, S&P Global, I-Sec research

Chart 10: Scenario 3



Source: Company data, I-Sec research

Chart 11: Scenario 4



Source: Company data, I-Sec research

Table 2: Deleveraging – FY22E discounted at these glide paths

(Rs mn)	FY20	FY21E	FY22E	FY23E
EBTDA				
Scenario 1	174,631	288,338	412,769	284,753
Scenario 2	174,631	288,338	469,227	256,664
Scenario 3	174,631	288,338	493,560	299,847
Scenario 4	174,631	288,338	497,616	366,020
Net Debt				
Scenario 1	1,155,704	912,320	801,416	698,533
Scenario 2	1,155,704	912,320	757,528	674,395
Scenario 3	1,155,704	912,320	736,512	614,231
Scenario 4	1,155,704	912,320	733,360	558,033

Source: Company data, I-Sec research

Table 3: Valuation methodology and key risks

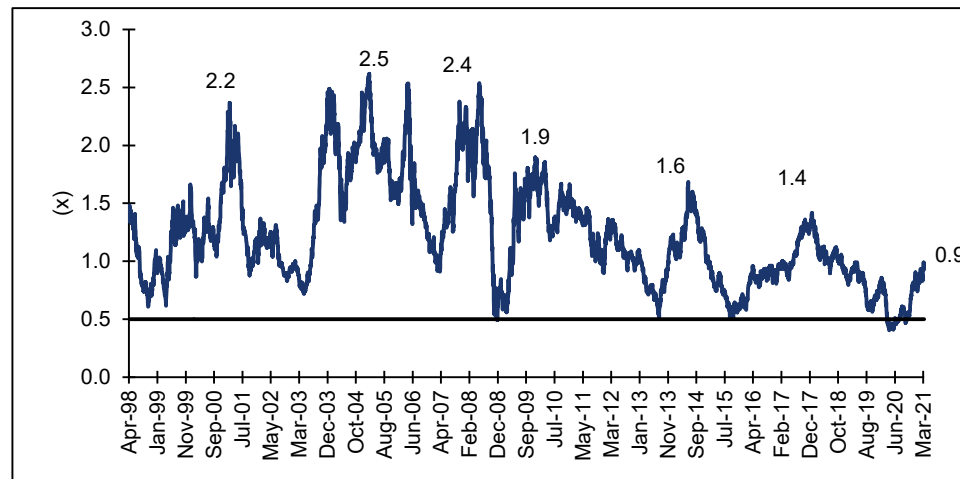
	Valuation Methodology	Key risks – Upside	Key risks – Downside
Tata Steel	0.8x FY23E book	Higher steel prices for longer period Better than expected deleveraging Resolution of Tata Steel Europe	Cycle corrects itself Higher capex announcement / Inorganic acquisitions
JSW Steel	1.2x FY23E book	Higher steel prices for longer period Better than expected deleveraging	Cycle corrects itself Higher organic capex announcement
Jindal Steel	0.65x FY23E book	Cycle corrects itself Higher organic capex announcement Turnaround / asset sale of power operations	Cycle corrects itself Higher organic capex announcement Regulatory risks
Steel Authority	0.55x FY23E book	Cycle corrects itself Higher organic capex announcement Higher iron ore sales to continue fetching additional EBITDA	Cycle corrects itself Higher organic capex announcement Raw material integration

Source: Company data, I-Sec research

Valuation framework – its not right to be looking at the peak P/B *expost*; book also invariably contracted across down cycles

Chart 12: Tata steel P/B through cycles

Past cycle peaks reflect expected rolling book one year forward, and what we see later (*expost*) in these kind of exercises is reported book – in the past cycles there were write-downs as well which reduced book and increase P/B on an *ex-post* manner.



Source: Company data, I-Sec research

Financial summary – Tata Steel

Table 4: Profit & Loss statement

(Rs mn, year ending March 31)

	FY20	FY21E	FY22E	FY23E
Operating Income				
(Sales)	13,98,167	15,55,759	18,98,897	17,25,622
Operating Expenses	12,23,536	12,67,421	14,29,670	14,68,957
EBITDA	174,631	288,338	469,227	256,664
% margins	12.5	18.5	24.7	14.9
Depreciation & Amortisation	84,407	84,407	95,319	99,463
Gross Interest	75,335	75,000	59,850	52,500
Other Income	18,435	8,000	8,000	8,214
Recurring PBT	33,324	1,36,930	3,22,057	1,12,915
Add: Extraordinaries	(37,521)	-	-	-
Less: Taxes	(25,684)	29,279	58,292	25,547
Net Income (Reported)	64,716	1,13,360	2,69,474	93,077
Recurring Net Income	11,725	1,09,531	2,65,645	89,248

Source: Company data, I-Sec research

Table 5: Balance sheet

(Rs mn, year ending March 31)

	FY20	FY21E	FY22E	FY23E
Assets				
Total Current Assets	6,15,380	5,13,588	6,19,490	5,82,168
of which cash & cash eqv.	80,547	53,361	63,153	41,287
Total Current Liabilities & Provisions	3,64,738	4,33,100	4,60,053	4,73,379
Net Current Assets	2,50,642	80,487	1,59,437	1,08,789
Investments	62,852	62,852	62,852	62,852
Strategic/Group	28,533	28,533	28,533	28,533
Other Marketable	34,319	34,319	34,319	34,319
Net Fixed Assets	14,14,432	14,09,289	14,36,725	14,57,362
Capital Work-in-Progress	1,94,968	1,77,963	2,27,963	2,37,963
Goodwill	40,545	40,545	40,545	40,545
Total Assets	18,53,969	16,78,671	17,85,056	17,55,045
Liabilities				
Borrowings	12,70,569	10,00,000	8,55,000	7,50,000
Deferred Tax Liability	79,911	79,911	79,911	79,911
Minority Interest	25,866	22,037	18,208	14,379
Equity Share Capital	12,043	12,043	12,043	12,043
Face Value per share (Rs)	10	11	11	11
Reserves & Surplus	7,00,970	8,00,070	10,55,285	11,34,102
Net Worth	7,13,013	8,12,113	10,67,328	11,46,145
Total Liabilities	18,53,969	16,78,671	17,85,056	17,55,045

Source: Company data, I-Sec research

Table 6: Cashflow statement

(Rs mn, year ending March 31)

	FY20	FY21E	FY22E	FY23E
Operating Cashflow	83,918	1,84,059	3,51,085	1,78,617
Working Capital Changes	41,962	1,42,969	(69,158)	28,782
Capital Commitments	(1,40,665)	(79,264)	(1,22,756)	(1,20,100)
Free Cashflow	(14,785)	2,47,763	1,59,172	87,299
Cashflow from Investing Activities	(4,638)	8,000	8,000	8,214
Issue of Share Capital	1,875	-	-	-
Repayment of borrowing	-	-	-	-
Inc (Dec) in Borrowings	76,073	(2,70,569)	(1,45,000)	(1,05,000)
Dividend paid	(18,152)	(10,431)	(10,431)	(10,431)
Extraordinary Items	-	-	-	-
Chg. in Cash & Bank balance	39,438	(27,484)	9,494	(22,164)

Source: Company data, I-Sec research

Table 7: Key ratios

(Year ending March 31)

	FY20	FY21E	FY22E	FY23E
Per Share Data (in Rs.)				
Recurring EPS	53.7	94.1	223.8	77.3
Reported EPS	53.7	94.1	223.8	77.3
Recurring Cash EPS	119.1	159.5	298.2	155.1
Dividend per share (DPS)	8.7	8.7	8.7	8.7
Book Value per share (BV)	558.4	640.7	852.6	959.7
Growth Ratios (%)				
Operating Income	(24.8)	11.3	22.1	(9.1)
EBITDA	(40.6)	65.1	62.7	(45.3)
Recurring Net Income	(35.0)	82.4	145.0	(66.9)
Diluted Recurring EPS	(37.8)	75.2	137.7	(65.5)
Diluted Recurring CEPS	(12.7)	33.9	87.0	(48.0)
Valuation Ratios (% YoY)				
P/E	16.0	9.1	3.8	11.1
P/CEPS	7.2	5.4	2.9	5.5
P/BV	1.5	1.3	1.0	0.9
EV / EBITDA	11.4	6.1	3.4	5.9
EV / Operating Income	1.4	1.1	0.8	0.9
EV / Operating FCF	15.8	5.3	5.7	7.3
Operating Ratios				
Raw Material/Sales	55.7	49.4	46.6	52.4
SG&A/Sales	10.5	8.9	2.7	(0.6)
Other Income / PBT	55.3	5.8	2.5	7.3
Effective Tax Rate	612.0	21.4	18.1	22.6
NWC / Total Assets	9.2	1.6	5.4	3.8
Inventory Turnover (days)	104.2	88.6	91.4	90.1
Receivables (days)	20.1	13.9	23.2	23.4
Payables (days)	108.8	143.7	144.1	144.0
D/E Ratio (x)	1.89	1.33	0.88	0.72
Return/Profitability Ratios (%)				
Recurring Net Income Margins	4.2	6.9	13.8	5.0
RoCE	6.0	12.0	22.1	9.3
RoNW	8.3	13.3	24.7	7.6
Dividend Payout Ratio	16.1	9.2	3.9	11.2
Dividend Yield	1.0	1.0	1.0	1.0
EBITDA Margins	12.5	18.5	24.7	14.9

Source: Company data, I-Sec research

Financial summary - JSW Steel

Table 8: Profit & Loss statement

(Rs mn, year ending March 31)

	FY20	FY21E	FY22E	FY23E
Operating Income (Sales)	7,33,260	8,14,379	10,35,978	9,55,289
Operating Expenses	6,14,530	6,22,462	7,27,197	7,86,101
EBITDA	1,18,730	1,91,916	3,08,781	1,69,189
% margins	16.2	23.6	29.8	17.7
Depreciation & Amortisation	42,460	45,268	55,760	59,891
Gross Interest	42,650	39,506	34,192	31,593
Other Income	5,460	5,500	5,500	5,500
Recurring PBT	39,080	1,12,642	2,24,329	83,204
Add: Extraordinaries	(8,050)	-	-	-
Less: Taxes	(9,060)	33,291	66,300	24,591
Less: Minority Interest	(900)	(450)	(450)	(450)
Net Income	40,990	79,800	1,58,479	59,063
Recurring Net Income	49,040	79,800	1,58,479	59,063

Source: Company data, I-Sec research

Table 9: Balance sheet

(Rs mn, year ending March 31)

	FY20	FY21E	FY22E	FY23E
Assets				
Total Current Assets	2,93,730	2,33,830	2,74,416	2,82,452
of which cash & cash eqv.	1,20,030	73,479	26,238	24,827
Total Current Liabilities & Provisions	2,43,730	2,18,064	2,57,642	2,80,381
Net Current Assets	50,000	15,766	16,774	2,072
Investments	12,590	12,590	12,590	12,590
Strategic/Group	12,570	12,570	12,570	12,570
Other Marketable	20	20	20	20
Net Fixed Assets	8,52,990	8,97,980	9,21,434	9,40,834
Capital Work-in-Progress	2,71,910	1,19,648	1,22,362	1,25,154
Goodwill	4,150	4,150	4,150	4,150
Total Assets	10,74,470	10,38,674	10,15,896	10,19,183
Liabilities				
Borrowings	6,97,460	5,82,641	4,02,160	3,47,160
Deferred Tax Liability	16,770	16,770	16,770	16,770
Minority Interest	(5,750)	(6,200)	(6,650)	(7,100)
Equity Share Capital	2,417	2,417	2,417	2,417
Face Value per share (Rs)	1	1	1	1
Reserves & Surplus*	3,63,573	4,43,047	6,01,199	6,59,936
Net Worth	3,65,990	4,45,464	6,03,616	6,62,353
Total Liabilities	10,74,470	10,38,674	10,15,896	10,19,183

Source: Company data, I-Sec research

Table 10: Cashflow statement

(Rs mn, year ending March 31)

	FY20	FY21E	FY22E	FY23E
Operating Cashflow	66,260	1,24,742	2,13,912	1,18,628
WC Changes	16,390	34,234	(1,009)	14,703
Capital Commitments	(1,28,740)	(90,258)	(79,214)	(79,292)
Free Cashflow	(46,090)	68,718	1,33,690	54,039
Cashflow from Investing Activities	(10,410)	(450)	(450)	(450)
Issue of Share Capital	-	-	-	-
Buyback of shares	-	-	-	-
Inc (Dec) in Borrowings	1,14,700	(1,14,819)	(1,80,481)	(55,000)
Dividend paid	(11,950)	(326)	(326)	(326)
Extraordinary Items Chg. in Cash & Bank balance	59,050	(46,551)	(47,241)	(1,411)

Source: Company data, I-Sec research

Table 11: Key ratios

(Year ending March 31)

	FY20	FY21E	FY22E	FY23E
Per Share Data (Rs)				
EPS(Basic Recurring)	20.3	33.0	65.6	24.4
Diluted Recurring EPS	20.3	33.0	65.6	24.4
Recurring Cash EPS	37.9	51.7	88.6	49.2
Dividend per share (DPS)	2.0	0.1	0.1	0.1
Book Value per share (BV)	151.4	184.3	249.7	274.0
Growth Ratios (%)				
Operating Income	(13.5)	11.1	27.2	(7.8)
EBITDA	(37.4)	61.6	60.9	(45.2)
Recurring Net Income	(34.8)	62.7	98.6	(62.7)
Diluted Recurring EPS	(34.8)	62.7	98.6	(62.7)
Diluted Recurring CEPS	(20.9)	36.7	71.3	(44.5)
Valuation Ratios (x)				
P/E	24.6	15.1	7.6	20.5
P/CEPS	13.2	9.7	5.6	10.2
P/BV	3.3	2.7	2.0	1.8
EV / EBITDA	NM	9.0	5.1	9.0
EV / Operating Income	NM	2.1	1.5	1.6
EV / Operating FCF	NM	NM	11.9	28.3
Operating Ratios (%)				
Raw Material/Sales	52.8	37.6	36.0	43.8
SG&A/Sales	10.4	7.6	6.9	8.0
Other Income / PBT	14.0	4.9	2.5	6.6
Effective Tax Rate	(23.2)	29.6	29.6	29.6
NWC / Total Assets	4.7	1.5	1.7	0.2
Inventory Turnover (days)	94	85	83	83
Receivables (days)	22	16	16	16
Payables (days)	142	125	127	128
D/E Ratio (x)	NM	1.3	0.7	0.5
Return/Profitability Ratios (%)				
Recurring Net Income Margins	6.7	9.8	15.3	6.2
RoCE	7.6	13.9	24.6	10.7
RoNW	13.7	19.7	30.2	9.3
Dividend Payout Ratio	29.2	0.4	0.2	0.6
Dividend Yield	0.4	0.0	0.0	0.0
EBITDA Margins	16.2	23.6	29.8	17.7

Source: Company data, I-Sec research

Financial summary - JSPL

Table 12: Profit & Loss statement

(Rs mn, year ending March 31)

	FY20	FY21E	FY22E	FY23E
Operating Income (Sales)	369,175	411,011	467,415	399,628
Operating Expenses	290,637	267,039	303,706	307,323
EBITDA	78,538	143,972	163,709	92,305
% margins	21.3	35.0	35.0	23.1
Depreciation & Amortisation	38,672	36,152	36,419	36,022
Gross Interest	41,493	32,013	21,702	12,858
Other Income	262	5,191	941	1,075
Recurring PBT	(1,365)	80,998	106,529	44,500
Add: Extraordinaries	(1,094)	(17,816)	-	-
Less: Taxes	1,539	21,753	28,906	14,305
Net Income (Reported)	(1,093)	40,571	76,126	28,608
Recurring Net Income	1	58,387	76,126	28,608

Source: Company data, I-Sec research

Table 13: Balance sheet

(Rs mn, year ending March 31)

	FY20	FY21E	FY22E	FY23E
Assets				
Total Current Assets	170,572	110,742	114,816	116,339
of which cash & cash eqv.	9,143	4,599	2,017	5,513
Total Current Liabilities & Provisions	116,285	130,160	139,603	139,762
Net Current Assets	54,287	(887)	(3,813)	(5,190)
Investments	1,806	1,806	1,806	1,806
Strategic/Group	1,806	1,806	1,806	1,806
Other Marketable	-	-	-	-
Net Fixed Assets	718,973	607,113	582,661	559,234
Capital Work-in-Progress	31,255	31,255	31,255	31,255
Goodwill	6,098	6,098	6,098	6,098
Total Assets	781,164	614,130	586,753	561,948
Liabilities				
Borrowings	411,332	250,000	145,000	90,000
Deferred Tax Liability	56,226	56,226	56,226	56,226
Minority Interest	(7,764)	(6,907)	(5,410)	(3,823)
Equity Share Capital	1,020	1,020	1,020	1,020
Face Value per share (Rs)	1	1	1	1
Reserves & Surplus	320,351	313,790	389,917	418,525
Net Worth	321,371	314,810	390,937	419,545
Total Liabilities	781,164	614,130	586,753	561,948

Source: Company data, I-Sec research

Table 14: Cashflow statement

(Rs mn, year ending March 31)

	FY20	FY21E	FY22E	FY23E
Operating Cashflow	40,084	90,206	113,101	65,142
Working Capital Changes	15,127	69,162	2,787	2,131
Capital Commitments	(16,646)	(10,500)	(11,967)	(12,595)
Free Cashflow	38,564	148,868	103,921	54,678
Cashflow from Investing Activities	1,892	5,191	941	1,075
Issue of Share Capital	5,129	-	-	-
Buyback of shares	-	-	-	-
Inc (Dec) in Borrowings	(40,676)	(161,332)	(105,000)	(55,000)
Dividend paid	-	-	-	-
Extraordinary Items	-	-	-	-
Chg. in Cash & Bank balance	4,891	(4,543)	(2,582)	3,495

Source: Company data, I-Sec research

Table 15: Key ratios

(Year ending March 31)

	FY20	FY21E	FY22E	FY23E
Per Share Data (in Rs.)				
EPS(Basic Recurring)	0.0	57.2	74.6	28.0
Diluted Recurring EPS	0.0	57.2	74.6	28.0
Recurring Cash EPS	41.4	101.2	120.5	69.2
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	344	337	418	449
Growth Ratios (%)				
Operating Income	(6.6)	11.3	13.7	(14.5)
EBITDA	(6.6)	83.3	13.7	(43.6)
Recurring Net Income	NM	NM	31.0	(61.1)
Diluted Recurring EPS	NM	NM	30.4	(62.4)
Diluted Recurring CEPS	(27.2)	144.5	19.0	(42.6)
Valuation Ratios (x)				
P/E	NM	6.6	5.1	13.5
P/CEPS	9.2	3.8	3.2	5.5
P/BV	1.10	1.13	0.91	0.85
EV / EBITDA	10.1	4.4	3.2	5.1
EV / Operating Income	2.2	1.9	1.4	1.3
EV / Operating FCF	14.6	5.0	5.5	7.9
Operating Ratios (%)				
Raw Material/Sales	13.0	11.7	10.3	12.0
Other Income / PBT	(19.2)	6.4	0.9	2.4
Effective Tax Rate	(62.6)	34.4	27.1	32.1
NWC / Total Assets	5.8	(0.9)	(1.0)	(1.9)
Inventory Turnover (days)	248.0	238.9	234.4	244.9
Receivables (days)	24.0	29.2	20.9	17.3
Payables (days)	99.6	134.1	168.4	162.1
D/E Ratio (x)	1.5	1.0	0.5	0.3
Return/Profitability Ratios (%)				
Recurring Net Income Margins	(0.8)	14.2	16.6	7.5
RoCE	4.9	13.1	16.5	7.5
RoNW	(0.3)	12.9	19.5	6.8
Dividend Payout Ratio	-	-	-	-
Dividend Yield	-	-	-	-
EBITDA Margins	21.3	35.0	35.0	23.1

Source: Company data, I-Sec research

Financial summary – SAIL

Table 16: Profit & Loss statement

(Rs mn, year ending March 31)

	FY20	FY21E	FY22E	FY23E
Operating Income (Sales)	616,642	681,717	894,602	780,072
Operating Expenses	565,201	538,278	640,468	670,440
EBITDA	51,441	143,439	254,134	109,632
% margins	8.3	21.0	28.4	14.1
Depreciation and amortisation	37,557	39,480	40,666	41,717
Gross Interest	34,868	29,827	23,977	18,777
Other Income	9,058	6,800	6,800	6,800
Recurring PBT	(11,926)	80,932	196,291	55,937
Add: Extraordinaries	42,999	-	-	-
Less: Taxes	11,809	20,233	49,073	13,984
Less: Minority interest	(1,943)	-	-	-
Net Income (Reported)	21,207	60,699	147,218	41,953
Recurring Net Income	(21,792)	60,699	147,218	41,953

Source: Company data, I-Sec research

Table 17: Balance sheet

(Rs mn, year ending March 31)

	FY20	FY21E	FY22E	FY23E
Assets				
Total Current Assets	438,775	373,564	463,656	442,229
-cash & cash eqv	4,450	46,390	39,122	21,512
Total Current Liabilities & Provisions	265,295	280,199	333,394	348,996
Net Current Assets	173,480	93,365	130,261	93,233
Investments	32,404	32,404	32,404	32,404
Strategic/Group	31,073	31,073	31,073	31,073
Other Marketable	1,331	1,331	1,331	1,331
Net Fixed Assets	755,825	747,308	738,634	728,916
Capital Work-in-Progress	87,533	61,830	58,867	59,876
Goodwill				
Total Assets	983,760	895,128	923,350	876,604
Liabilities				
Borrowings	588,879	458,879	368,879	288,879
Other liabilities	(20,222)	(20,222)	(20,222)	(20,222)
Minority Interest	0	0	0	0
Equity Share Capital	41,305	41,305	41,305	41,305
Face Value (Rs)	10	10	11	11
Reserves & Surplus	373,797	415,165	533,387	566,641
Net Worth	415,102	456,470	574,692	607,946
Total Liabilities	983,760	895,128	923,350	876,604

Source: Company data, I-Sec research

Table 18: Cashflow statement

(Rs mn, year ending March 31)

	FY20	FY21E	FY22E	FY23E
Operating CF before WC change	66,535	93,379	1,81,084	76,870
Working Capital Changes	(1,06,582)	1,22,055	(44,165)	19,419
Capital Commitments	(47,544)	(30,963)	(31,991)	(32,000)
Free Cash Flow	(87,591)	1,84,471	1,04,928	64,289
Cash flow from Financing activities	4,938	6,800	6,800	6,800
Issue of Share Capital	-	-	-	-
Buyback of shares	-	-	-	-
Inc (Dec) in Borrowings	89,074	(1,30,000)	(90,000)	(80,000)
Dividend paid	-	(19,331)	(28,996)	(8,699)
Extraordinary Items	-	-	-	-
Chg. in Cash & Bank balance	1,250	41,945	(7,263)	(17,605)

Source: Company data, I-Sec research

Table 19: Key ratios

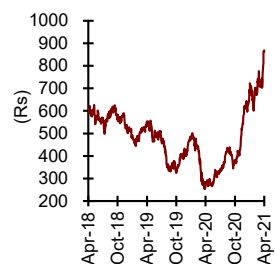
(Year ending March 31)

	FY20	FY21E	FY22E	FY23E
Per Share Data (Rs)				
EPS(Basic Recurring)	(5)	15	36	10
Diluted Recurring EPS	(5)	15	36	10
Recurring Cash EPS	4	24	45	20
Dividend per share (DPS)	-	4	6	2
Book Value per share (BV)	101	111	139	147
Growth Ratios (%)				
Operating Income	(8)	11	31	(13)
EBITDA	39	179	77	(57)
Recurring Net Income	(33)	(356)	143	(72)
Diluted Recurring EPS	(42)	(379)	143	(72)
Diluted Recurring CEPS	(512)	535	88	(55)
Valuation Ratios (x)				
P/E	(17)	6	3	9
P/CEPS	24	4	2	4
P/BV	1	0.8	0.6	0.6
EV / EBITDA	19	5	3	6
EV / Operating Income	2	1	1	1
EV / Operating FCF	(24)	4	5	7
Operating Ratios (%)				
Raw Material/Sales	48	39	37	45
Other Income / PBT	(76)	8	3	12
Effective Tax Rate	38	25	25	25
NWC / Total Assets	17	5	10	8
Inventory Turnover (days)	565	293	268	451
Receivables (days)	53	30	30	30
Payables (days)	629	416	336	567
D/E Ratio (x)	1	1	1	0
Return/Profitability Ratios (%)				
Recurring Net Income Margins	(4)	9	16	5
RoCE	2	12	24	8
RoNW	(6)	13	26	7
Dividend Payout Ratio	-	27	17	18
Dividend Yield	-	4	7	2
EBITDA Margins	8	21	28	14

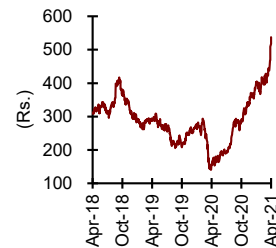
Source: Company data, I-Sec research

Price charts

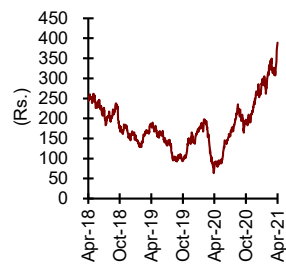
Tata Steel



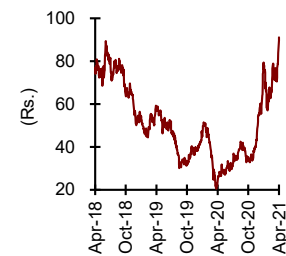
JSW Steel



Jindal Steel & Power



SAIL



Source: Bloomberg

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