

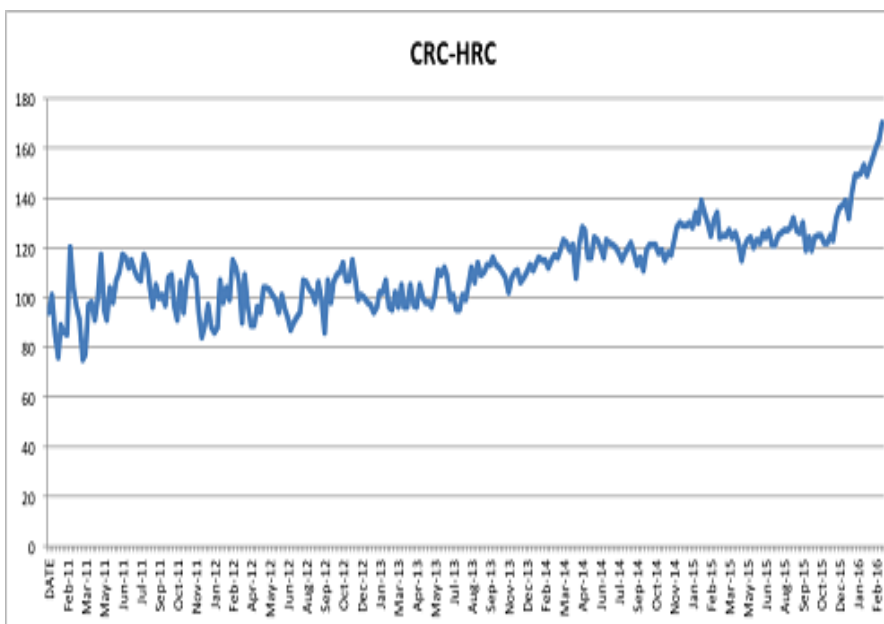
## International Steel Ltd ~ encouraging ground

### Key bullets

- Imposition of anti-dumping duty ranging from **8.3% to 19.04%** ~ curtailing imports
- Recovery of steel prices in international market
- Expansion to bring fruits now!!
- Cold rolling mill capacity increased over **500k tons per annum** while addition of second galvanizing line increases the galvanizing capacity to in **excess of 400k tons**

**Steel prices soar in international market ~ CRC-HRC spread touched its peak since 2008 | went high up to \$170/ton in recent months**

Spread between HRC and CRC has increased. We believe these will support gross margins of ISL while installation of expansion line will allow the company to gain on volume basis.

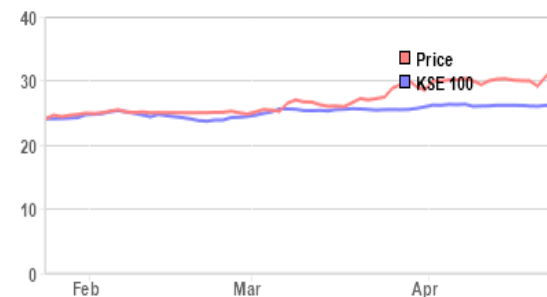
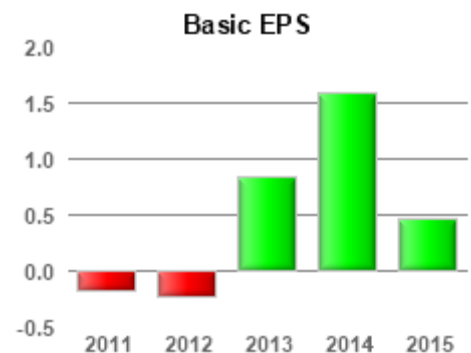


- Capacities expansion ~ CRC over 500,000 tons while Galvanizing reaches around 400,000 tons per annum (*Director's report*)

REP-033

ISL @Rs33

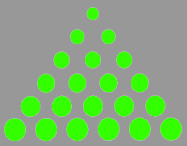
- 9MFY16 EPS Re0.80 reported
- FY16E EPS Rs 2.16



Source – AGMetal Miner website

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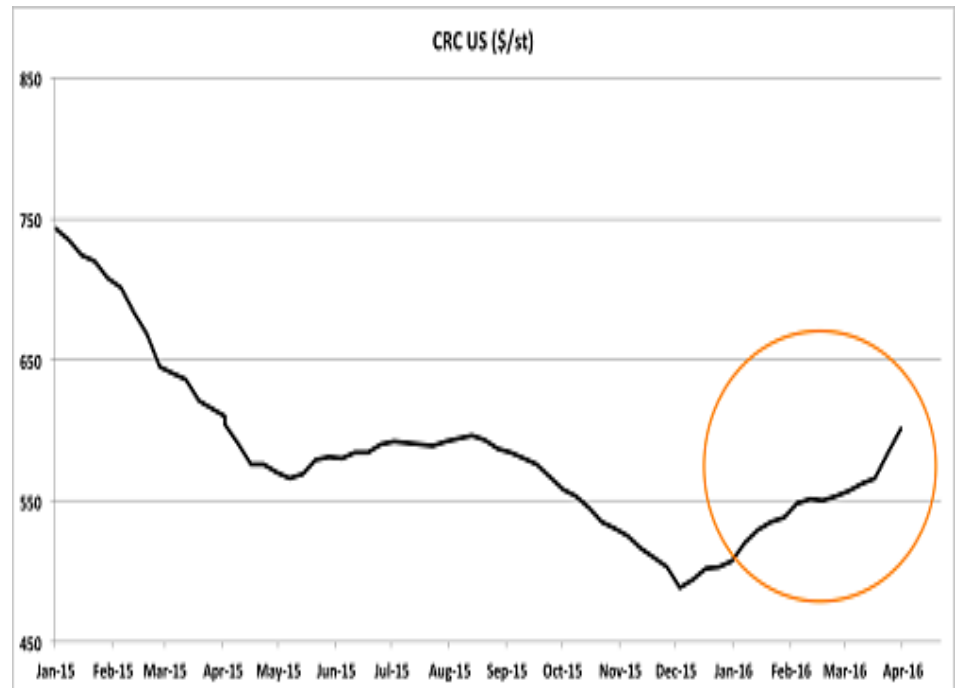
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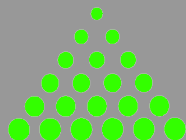


- HRC prices prevailing at around **US\$400-415** per ton in international markets
- CRC prices hits one year high ~ recent high was above \$600/ton
- Global markets are in an oversupplied situation but growing demand along with some production cut from mainland companies resulted in steel price spike

## Valuations ~ ISL posted growth in its quarterly results while financial gains are supported by:

- Installation of expansion line ~ curtailing imports
- Imposition of anti-dumping duty | beneficial ground for ISL
- Spread between CRC-HRC is raising | Good for company's margin
- Our EPS forecast to jump in 4Q to Rs 1.36/sh – cumulative FY16 EPS forecast Rs2.16/sh.





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