

JINDAL STEEL & POWER LIMITED



EQUITY STRATEGISTS

A-1, Sector -53

NOIDA - 201301

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- UPDATE -

OUR EARLEIR RECOMMENDATIONS

16th November, 2004

Date of Report	: 14.10.02	Price Rs. 272	Sensex : 3003	Proj. Price : Rs. 885 (24m)
First Update	: 06.02.03	Price Rs. 386	Sensex : 3305	Proj. Price : Rs. 885 (20m)
Second Update	: 03.11.03	Price Rs. 836	Sensex : 5063	Proj. Price : Rs. 1050 (6 m)
Third Update	: 16.11.04	Price Rs. 760	Sensex : 5996	1 : 2 split in 2003-04

Change : 762 days 458 % 100 % Outperformer by 3.5 times

In two years, JSPL has appreciated by **458 % as against a return of 100% in BSE sensex** well above our projected price of Rs 885 before **1:2 split in 2003** in 24 months. JSPL continues to outperform our all update projections by an outstanding margin.

OUR REVISED PROJECTIONS

	FY05P	FY06P
Sales	: Rs. 2638 cr.	Rs. 3105 cr.
Net Profit	: Rs. 507 cr.	Rs. 645 cr.
EPS	: Rs. 165	Rs. 209
Target Price	: Rs. 1155	Rs. 1463

JSPL is likely to post superlative performance due to sustained buoyancy in sponge iron prices, buoyant iron ore exports, commissioning of expanded capacities of all divisions. FIIs & Mutual Funds active interest in the stock is increasing day by day thereby unlocking its real worth.

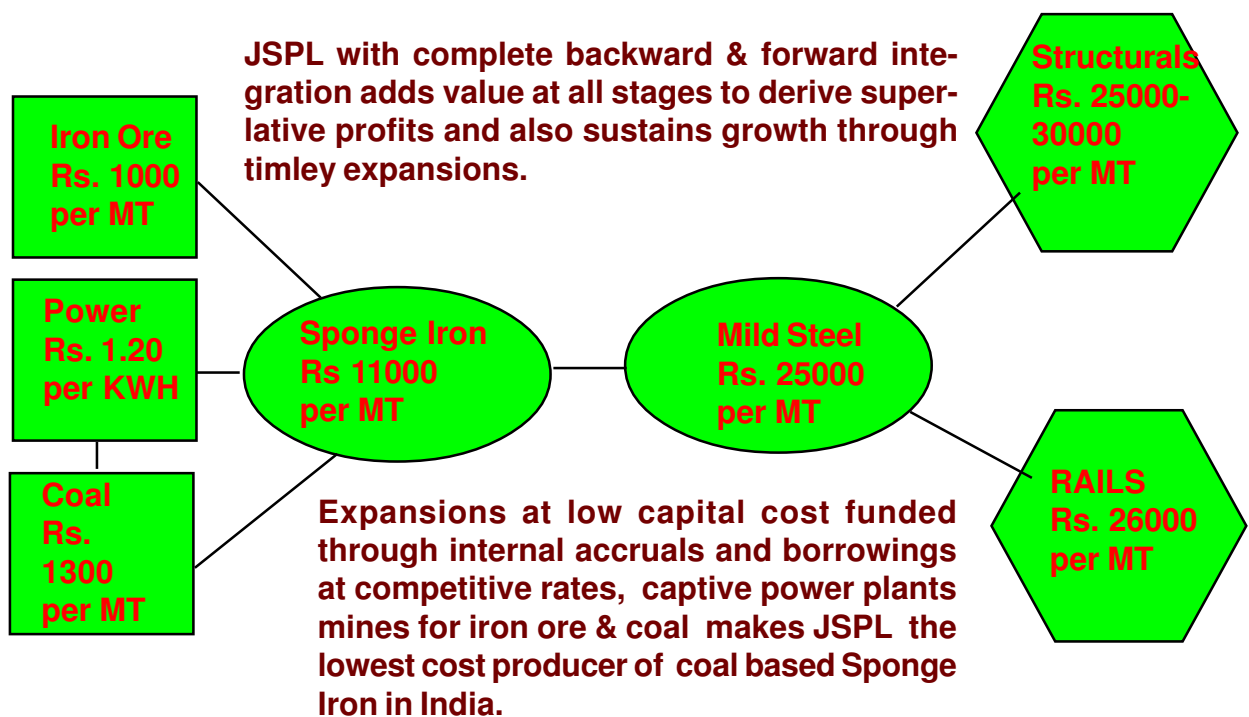
FINANCIAL HIGHLIGHTS

(Rs. in cr.)

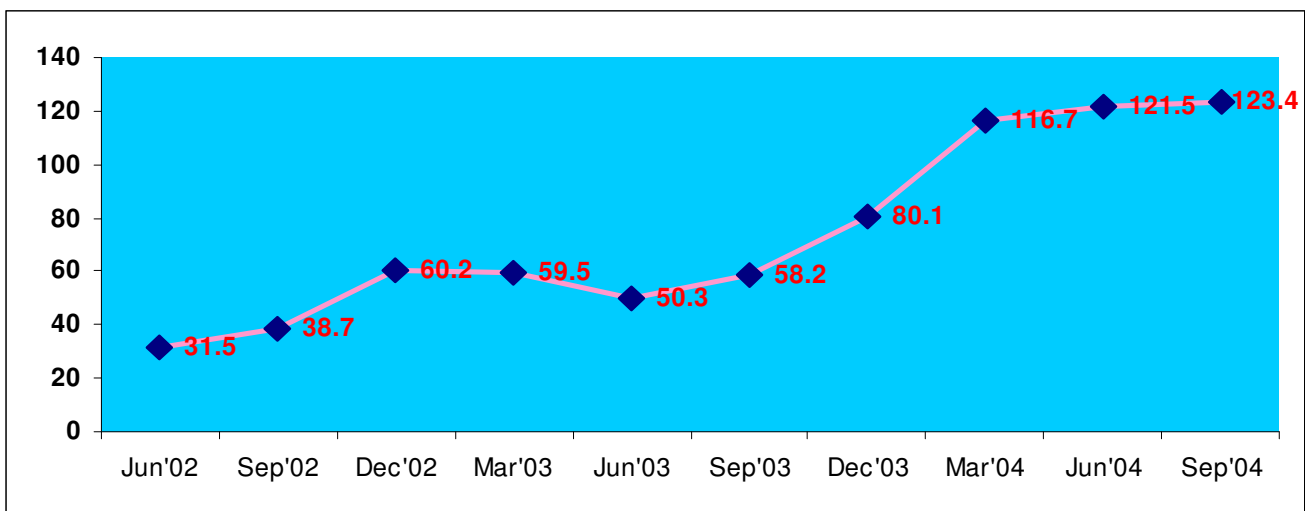
Particulars	FY02	FY03	FY04	6mFY04	6mFY05	% Change	FY05P	FY06P
Net Sales	583.64	988.72	1419.17	587.35	1200.85	104.45	2638.00	3105.00
Other income	5.86	8.50	11.24	4.90	7.32	49.39	13.50	10.00
Total Income	589.50	997.22	1430.41	592.25	1208.17	104.00	2651.50	3115.00
Total Expenditure	379.93	634.86	894.49	397.03	797.18	100.79	1778.50	1998.00
Operating Profit	209.57	362.36	535.92	195.22	410.99	110.53	873.00	1117.00
Interest	47.87	80.59	74.44	35.58	43.89	23.36	93.00	115.00
PBDT	161.70	281.77	461.48	159.64	367.10	129.95	780.00	1002.00
Depreciation	39.00	57.64	106.23	32.27	63.05	95.38	145.00	172.00
EO Expenses	0.00	45.01		0.00	0.00	0.00	0.00	0.00
PBT	122.70	179.12	355.25	127.37	304.05	138.71	635.00	830.00
Tax	15.15	34.04	49.79	18.83	59.07	213.70	128.00	185.00
Net Profit	107.55	145.08	305.46	108.54	244.98	125.70	507.00	645.00
Equity	12.90	14.63	15.40	15.40	15.40	0.00	15.40	15.40
Face Value in Rs.	10.00	10.00	5.00	10.00	5.00		5.00	5.00
EPS in Rs.	76.43	99.17	99.18	70.48	79.54	46.51	164.61	209.42
CPS in Rs.	106.68	138.56	133.67	91.44	100.01	37.02	211.69	265.26
Book Value in Rs.	360.63	391.50	272.66				424.77	619.19
Dividend %	70.00	125.00	200.00				250.00	300.00
OPM %	35.55	36.34	37.76	33.24	34.22		33.09	35.97
PBDT %	27.43	28.26	32.52	27.18	30.57		29.57	32.27
NPM %	18.24	14.55	21.52	18.48	20.40		19.22	20.77

- ✓ Sales have grown by 104 % to Rs. 587 cr. and net profit by 126 % to Rs 244 cr. in H1FY05 primarily due to firm sponge iron prices. JSPL continues to be the cheapest coal based producer of sponge iron in the world. JSPL has started exports of iron ore also to take benefits from high prices in global markets.
- ✓ Interim dividend of 100 % is a direct reflection of management confidence in sustained growth prospects of JSPL. Liberal bonus candidate in FY05.
- ✓ Prices of sponge iron has breached the Rs. 10000 mark per MT in July - Sept., 2004. Sponge iron prices are expected to be maintained due to continued increase in global demand of steel from China, US and other developed countries. Recent ban on import of Scrap from war ravaged countries has resulted in hardening of sponge iron prices in domestic market.

KEY TO SUCCESS : VALUE ADDITION AT EACH STAGE



Compounded QoQ Growth of 16.5 % in Net Profit over last 10 Quarters



GROWTH DRIVERS : RAIL

RAIL MILL : The State of the art RAIL MILL, second of its kind in the world to produce 120 m long rails conforming to stringent international norms has already commenced commercial production in June 2004. The much awaited orders from Indian Railways are being released shortly. JSPL is expected to get an order of about one lac MT which would give a major boost to its earnings.

The 15,000 cr National Rail Vikas Yojna for upgradation and construction of golden quadrilateral and its diagonals, multimodel rail corridor, etc will also be a major source of fresh orders for JSPL in the near future. The recently announced plans for introduction of a dedicated rail tracks for super fast trains opens up a large untapped market for JSPL.

EXPANSION PLANS

	Existing Capacity	Expansion By Dec'04 - Mar'05	Total Capacity
Sponge Iron	6.5 lac MT	6.6 lac MT	13.10 lac MT
Power	205 MW	50 MW	255 MW
Steel Melting Shop	4 lac MT	7.5 lac MT	11.50 lac MT

THE ABOVE EXPANSIONS ARE BEING FINANCED PRIMARILY THROUGH INTERNAL ACCRUALS AND BORROWINGS AT HIGHLY COMPETITIVE RATES. THESE EXPANSION PLANS WOULD CONTRIBUTE SIGNIFICANTLY TO TOP & BOTTOMLINE OF JSPL IN COMING YEARS.

NEW PROJECTS IN PIPELINE

Project	Capacity	Expected Completion Date
Coke Oven Plant	8.0 lac MT	March, 2006
Sinter Plant	25.0 lac MT	March, 2006
Blast Furnace	12.5 lac MT	Sept., 2006
EAF, Slab & Billet Caster	10.0 lac MT	Sept., 2006

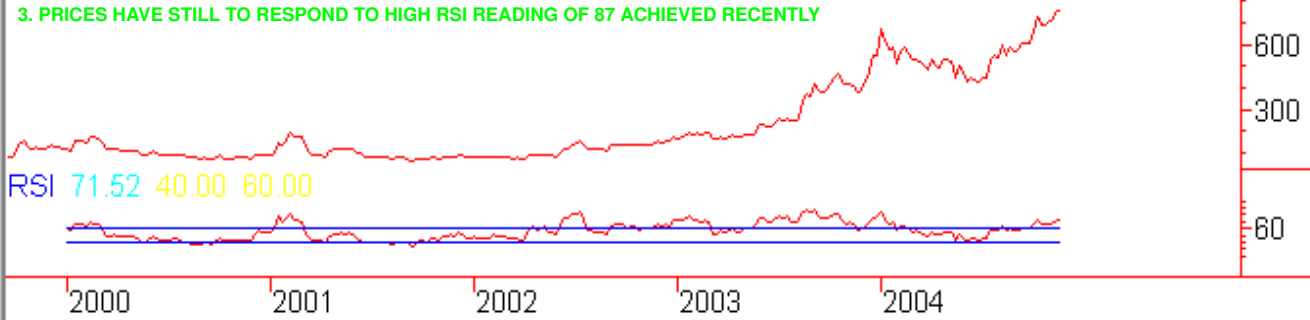
The above projects are expected to cost about Rs. 1400 crore which would be financed at a Debt : Equity Ratio of 1.5 : 1. The equity component would be primarily from internal accruals.

We expect that JSPL would continue to outperform the sensx due to low equity base, cost effective projects, low operating cost, complete backward and forward integration of facilities, diversification in high value added products led by a team of professionals.

TECHNICAL ANALYSIS

Jindal Steel & Weekly 11/19/2004 C=758.300 -1.200 O=767.000 H=770.000

1. STOCK IS IN EXTREMELY STRONG UPTREND
2. SUBSTANTIALLY NEW HIGHS TO BE ACHIEVED
3. PRICES HAVE STILL TO RESPOND TO HIGH RSI READING OF 87 ACHIEVED RECENTLY



Credible and professional management, adequate experience in timely project implementation, versatile manufacturing facilities, low operating cost, high operating margins and strong financials make JSPL a strong growth stock. A STRONG MUST BUY.

Disclaimer : The recommendation made herein do not constitute an offer to sell or a solicitation to buy any of the securities mentioned. Readers using the information contained herein are solely responsible for their actions. The Information and views contained herein are believed to be reliable but no responsibility or liability is accepted for errors of fact or opinion. Editors may or may not have trading or investment positions in the securities mentioned herein.

EQUITY STRATEGISTS

Product A

TECHNO FUNDA newsletter catering to all market participants through various columns.

BENEFITS-

- ✓ A trader/investor can choose strategy suiting his risk profile, investment attitude and desired holding period.
- ✓ Returns are commensurate with strategy.

Occasionally we add columns like INFORMED GOSSIP - activities of market operators, FIIs, Mutual funds.

MARKET COMMENTARY COLUMN - a must read column captures index outlook, sector in flavour and strategy to be adopted.

Product B

BUY/SELL ADVICE THROUGH SMS DURING MARKET HOURS

FEATURES - Momentum based trades with a low holding period (1-7 days)

We recommend only when we have conviction in advices. Therefore we may not send even single advice in a day at times and 4-6 advices in a day. On an average one can expect 50 advices in a month.

BENEFITS

- ✓ Focused short term trading
- ✓ Optimum returns
- ✓ Logical Stop losses.

COLUMN	HOLDING PERIOD	APPRX RETURN	RISK PROFILE
INTRADAY TRADES	ONE DAY	3-5 %	HIGH RISK/LOW RETURNS
DERIVATIVE PICK	1-2 Weeks	5-10%	MEDIUM RISK/MEDIUM RETURNS
STOCK WATCH	2-5 Weeks	15-20 %	LOW RISK/ HIGH RETUEN
INVESTMENT PICK	3-6 Months	35-40%	LOW RISK/HIGH RETURNS
FUNDAMENTAL PICK	6-12 MONTHS	50-60%	LOW RISK/SUPER RETURNS

OUR EARLIER RECOMMENDATIONS APPRECIATED BY : Jindal Steel & Power (500%), Jindal Strips (450%), Matrix Labs (500%), Mphasis BFL (200%), JPIND (200%), MoserBaer (300%), Hexaware (200%), Lupin (250%), Shasun Chem (200%), Polyplex (200%), Bharat Forge (200%), Aurobindo Pharma (300%), Sterlite (350%), Bong Ref (400%) etc.,

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