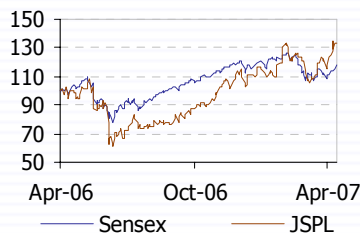


**Stock Data**

No. of shares	: 31mn
Market cap	: Rs 86bn
52 week high/low	: Rs 2,800/Rs 1,151
Avg. daily vol. (6mth)	: 33,700 shares
Bloomberg code	: JSP IN
Reuters code	: JNSP.BO

**Shareholding (%) Mar-07 QoQ chg**

Promoters	: 59.0	(0.1)
FII's	: 23.1	1.0
MFs / UTI	: 4.5	(0.8)
Banks / FIs	: 0.0	0.0
Others	: 13.3	(0.1)

**Relative Performance**

Source: ENAM Research, Bloomberg

**Financial summary- Consolidated**

Y/E March	Sales (Rs mn)	Adj PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2006	25,893	5,735	-	186.2	9	10.2	36.3	20.6	9.0	15.0
2007E	34,756	6,971	223.5	226.3	22	10.5	32.2	16.6	9.0	16.0
2008E	56,386	9,003	289.9	292.3	29	9.5	31.0	19.6	6.8	16.5
2009E	73,504	15,637	302.7	507.7	74	5.5	38.3	24.3	4.4	17.5

Source: \*Consensus broker estimates on standalone basis; Company, ENAM estimates

# Jindal Steel & Power Ltd

**Rs 2,785**

Target Price: 3,243  
Potential Upside: 16%

Relative to Sector: **Outperformer**

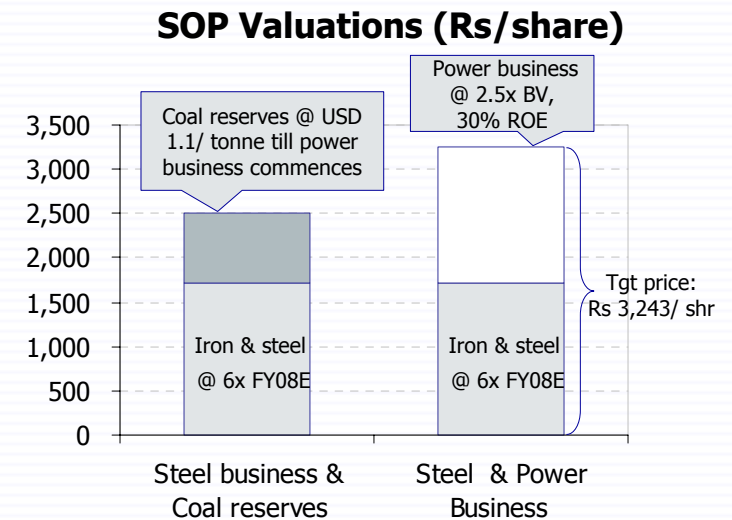
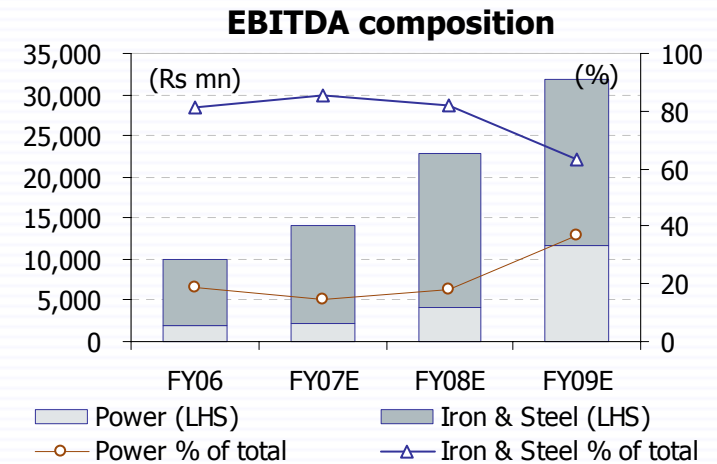
Growth fuelled by coal

# Table of contents

	<b>Slide No.</b>
➤ Investment Summary	3
➤ Business Drivers	4
➤ Iron and Steel Business	6
➤ Industry Outlook	9
➤ Power Business	12
➤ Financials & Valuation	15
■ Sum of Parts Valuation	16
■ Comparative Valuation	17
■ JPL – FCF Valuation	18
■ Company Financials	19
➤ Risks to call	21
➤ Appendix	23
■ Structure – JSPL	24
■ Value Chain	25
■ Steel Production Process	26
■ ROE Sensitivity –Jindal Power	27

# Investment Summary

- ➔ **Resource Advantage: Sizable iron ore & thermal coal reserves used in steel & power**
- ➔ **Sponge iron & steel business: ~25% cost competitive to BF producers (refer to slide 6)**
  - Profitable and rapidly growing business ( 72% of FY06 EBIT)
  - Steel expansion: 2.5 mtpa steel capacity already in place; volumes to nearly triple in two years from current level
  - Value addition - EAF steel (longs & structural) from sponge iron (captive iron ore & thermal coal, captive power)
  - Optimizing captive resources for further value addition (flat products - steel plates)
    - ▶ EAF+ BF (captive iron ore + imported coking coal)
- ➔ **Power: offsetting steel cyclicality**
  - Hugely profitable power business – (28% of FY06 EBIT)
  - Power capacity to increase nearly four times from current 340 MW through subsidiary; setting up 1000 MW mega thermal power project using captive coal
  - High ROE business (~30% ROE) , merchant power plant outside the purview of regulated returns
- ➔ **Valuations: Does not reflect upside of power project**
  - At CMP of Rs 2,785 the stock trades at 9.5x FY08E consolidated earnings



Source: ENAM Research



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# **Business Drivers**

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# Business Drivers: Steel & Power

## Steel Product Mix

(mn tonnes)	FY06	FY07E	FY08E	FY09E
<b>Parallel Flange Beam</b>				
- Volume (mn tonnes)	0.2	0.3	0.6	0.6
- Gross Realization (Rs/ tonne)	30,627	29,000	29,000	29,000
<b>Plates</b>				
- Volume (mn tonnes)	-	-	0.5	0.8
- Gross Realization (Rs/ tonne)	-	-	28,546	28,546
<b>Semi/ Finished Steel products</b>				
- Volume (mn tonnes)	0.2	0.5	0.5	0.7
- Gross Realization (Rs/ tonne)	27,989	28,143	28,509	28,778

## Power Business

	FY06	FY07E	FY08E	FY09E
<b>JSPL power - External sales</b>				
- Units (mn Kwh)	1,106	1,270	2,024	1,701
- Realization (Rs/ Kwh)	2.4	2.3	2.4	2.4
<b>JPL External sales</b>				
- Units (mn Kwh)	-	-	-	3,942
- Realization (Rs/ Kwh)	-	-	-	2.5

## Consolidated EBITDA

(Rs mn)	FY06	FY07E	FY08E	FY09E
<b>Iron &amp; Steel EBITDA</b>	<b>8,194</b>	<b>11,959</b>	<b>18,767</b>	<b>20,165</b>
<b>Power EBITDA</b>	<b>1,876</b>	<b>2,079</b>	<b>4,057</b>	<b>11,603</b>
- JSPL EBITDA	1,876	2,079	607	510
- Jindal Power EBITDA	-	-	3,449	11,093
<b>Consolidated EBITDA</b>	<b>10,070</b>	<b>14,039</b>	<b>22,823</b>	<b>31,768</b>
<b>% of consol EBITDA</b>				
- Power	18.6	14.8	17.8	36.5
- Iron & Steel	81.4	85.2	82.2	63.5

Please refer to Appendix 1 for JSPL Structure

Source: Company, ENAM Research; Note: JSPL = Jindal Steel and Power Ltd; JPL = Jindal Power Ltd

**Capacity expansion and higher volume of value added products to drive growth**



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# **Iron & Steel Business**

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# Iron & Steel: Highly cost competitive, favorable product mix ahead

## Process advantage

- EAF+BF: EAF captive iron ore & captive coal/ power, (advantage of coal reserves to last for more than 20 years)
  - ▶ BF using captive iron ore, imported coking coal
- Highly competitive in steel production, ~25% more cost competitive than integrated producers, using BF route
- Iron ore, ~25% of total requirements are met by captive mines
  - ▶ Long term agreements for balance requirements at ~Rs 1,100 per tonne

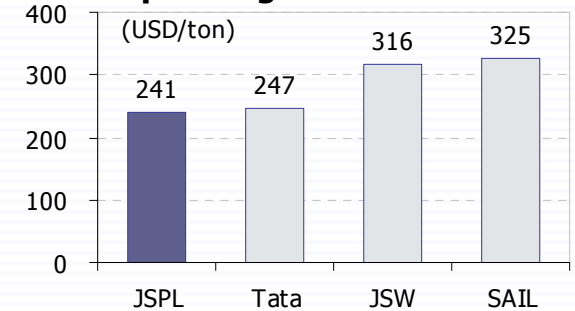
## Logistics advantage

- Coal mines – 55km away, estimated reserves of more than 100mn tonnes
  - ▶ High ash coal being washed in coal washery ( 6mtpa capacity)
  - ▶ Washery rejects being utilized to generate power
- Iron ore mines are 200km away with estimated reserves of more than 200mn tonnes
  - ▶ Captive power located within the plant area

### Level of integration

		JSPL	Tata	JSW	SAIL
<b>Iron Ore</b>	- Fully	-	✓	-	✓
	- Partly	✓ (25%)	-	✓ (25%)	-
<b>Thermal Coal</b>	- Fully	✓	✓	-	✓
	- Partly	-	-	-	-
<b>Coking Coal</b>	- Fully	-	-	-	-
	- Partly	-	✓	-	✓
<b>Coke</b>	- Fully	-	-	-	-
	- Partly	✓	✓	✓	✓
<b>Power</b>	- Fully	✓	-	✓	-
	- Partly	-	✓	-	✓

### Operating cost - crude steel

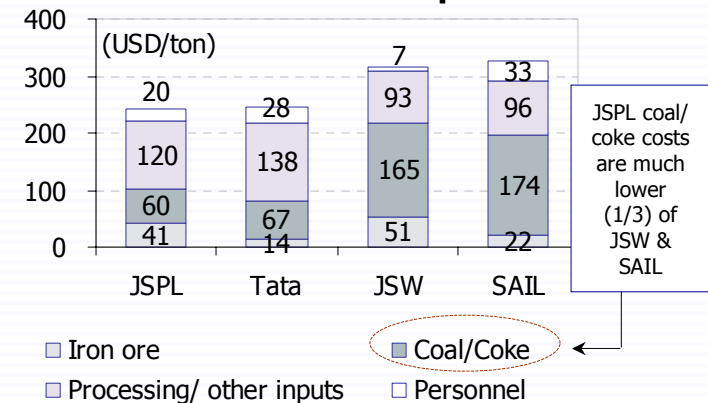


Mfg. process	JSPL	Tata	JSW	SAIL
	EAF+BF	BF	BF+Corex	BF

BF: Blast furnace; EAF: Electrical Arc Furnace – DRI+Pig iron

Please refer to Appendix 2 for JSPL Value chain & Appendix 3 for steel production using blast furnace and electric arc furnace

### Cost breakup

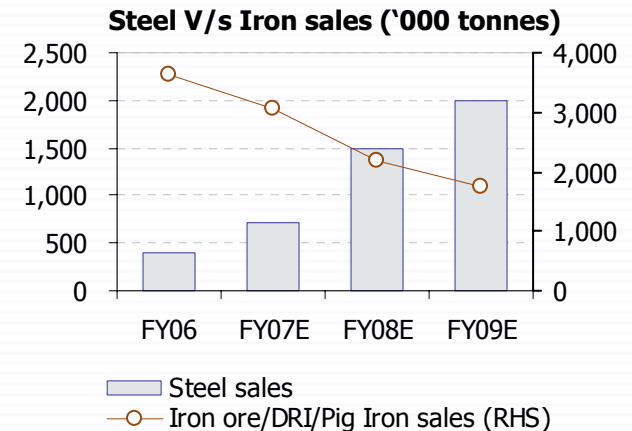


Source: Company, ENAM Research

# Iron & Steel Strategy: Expansion Plans

## ➤ Current Expansion: Significant scale up at existing location

- Higher value addition, less iron ore/ metallic and more steel
- Product mix improvement: Currently in long products, foray into flats (plates)
- Input integration to reduce cost
  - ▶ Sinter plant of 2.5mtpa set up to utilize cheaper iron ore fines
  - ▶ Coke oven plant capacity expanded to 0.8mtpa to reduce purchase of costlier coke
  - ▶ Power: Captive power plant capacity utilizing waste heat & fuel gases expanded to 340MW



Source: Company, ENAM Research

## ➤ In addition, JSPL is exploring the following projects which have not been factored in

- Greenfield opportunities in India
  - ▶ 6mtpa steel plant planned in Orissa at an investment of Rs 135bn
  - ▶ 5mtpa steel plant planned in Jharkhand at an investment of Rs 115bn
- Global opportunities – Bolivian iron ore mines
  - ▶ Agreement with the Bolivian Government to exploit the El Mutun iron ore mines, estimated to contain 40bn tonnes of iron ore of medium-grade quality (~50% Fe content). JSPL has rights to exploit 50% (20bn tonnes of iron ore).
  - ▶ Project would involve an investment of USD 2.1bn over 8 years in an integrated steel plant producing 1.7mtpa of long products, DRI of 6mtpa, pellet plant capacity of 10mtpa and a 450MW power plant
  - ▶ Project would be executed on a modular basis with initial cash flows from the project used to support future investments, thus reducing the risks



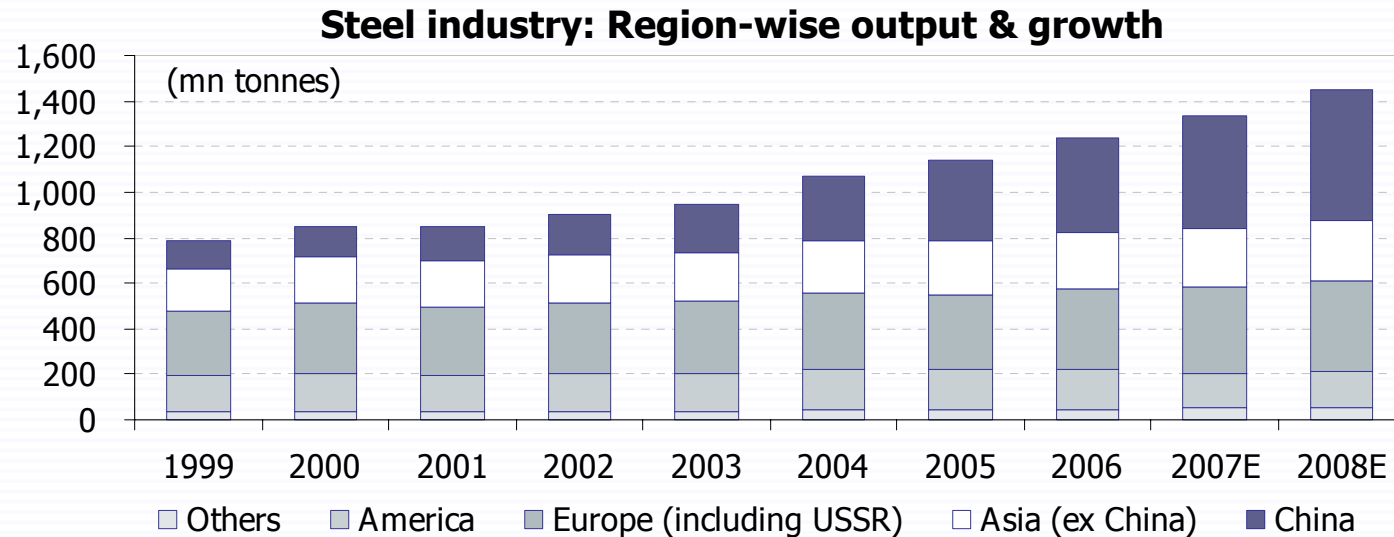


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# Industry Outlook

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# Steel Outlook Remains Favourable



Source: IISI, ENAM Research

## Steel Industry: (% growth)

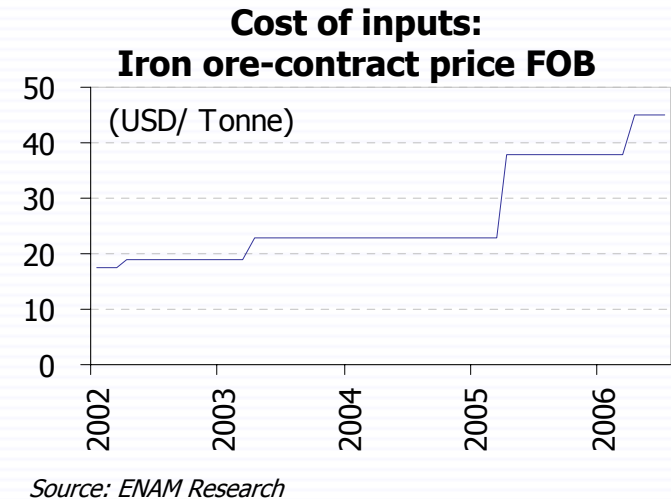
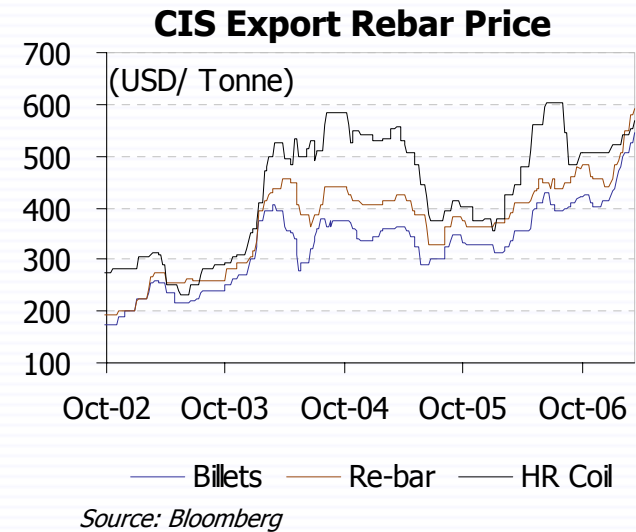
Growth %	1999	2000	2001	2002	2003	2004	2005	2006	2007E	2008E
Asia (ex China)	0.9	10.7	(0.8)	4.7	(2.0)	9.7	3.6	3.9	4.0	4.5
China	8.2	2.6	18.6	20.8	20.8	27.4	26.0	18.5	18.0	16.0
Europe (including USSR)	0.8	8.8	(1.4)	1.2	2.3	7.2	(2.0)	6.4	6.0	5.0
America	(0.8)	5.9	(9.9)	4.2	3.3	5.8	(3.9)	2.2	(10.0)	3.0
Others	(0.1)	2.8	6.1	6.3	2.3	12.4	7.6	2.0	5.0	5.0
<b>TOTAL</b>	<b>1.5</b>	<b>7.4</b>	<b>0.3</b>	<b>6.3</b>	<b>5.2</b>	<b>12.4</b>	<b>6.6</b>	<b>8.8</b>	<b>7.3</b>	<b>8.8</b>

Source: World Steel (IISI), Eurofer, OECD, ENAM Research

**Industry consolidation and production cutbacks are likely to provide stability to steel prices in the medium term**

# Steel Prices Could Rule Firm

- In the first two months of CY07, strong growth in steel output in China & Europe offset the slowdown in America leading to an overall growth of 10.5% YoY over the corresponding period in CY06
- Steel prices have remained firm over the last few months after recovering sharply from their lows in early 2006
- In the short term, global tightening could result in lower growth, resulting in a subdued pricing outlook
- In the medium term, however, cost of production is likely to remain high on account of iron ore tightness, and higher energy costs
- Industry consolidation and production cutbacks would be key price drivers. We believe higher cost pressures coupled with consolidation would keep steel prices in the new band of USD 500-600 per tonne in the medium term



**Domestic steel prices could however be capped at current levels due to government pressure**



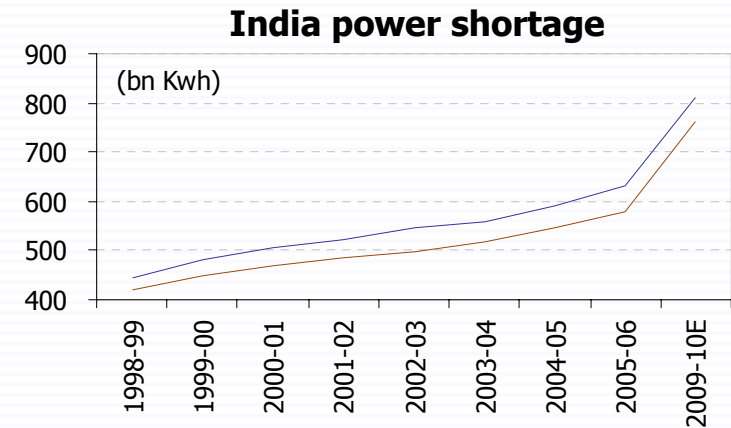
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# **Power Business - Jindal Power**

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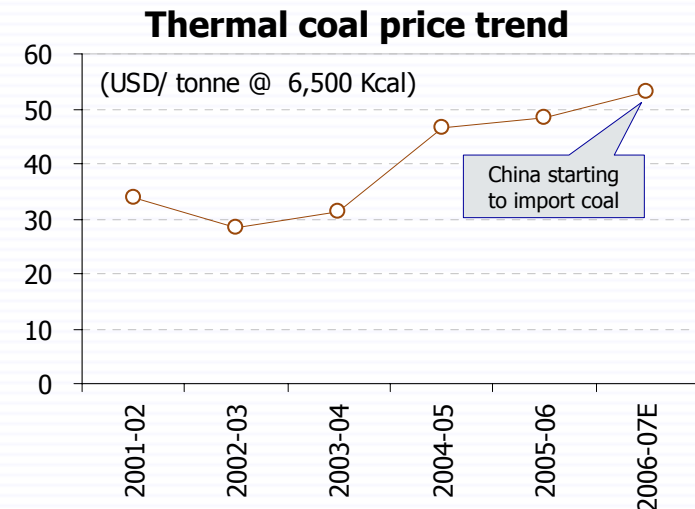
# Jindal Power – New Profitable Growth Engine

- **JPL, a subsidiary of JSPL (99.8 % stake) is setting up a coal based 1000MW thermal power plant**
  - Merchant power plant , outside the purview of regulated returns, leading to higher ROE
  - Phase I (250MW) is expected to start by June 07 with 250MW added every quarter adding to 1000MW by March 2008
- **Scalable project, capacity could be doubled to 2000MW on the back of strong cash flows from plant and existing infrastructure:**
  - Sufficient land availability, coal washeries
  - Water dam across river Kurket, 25kms from power plant
- **Total project cost at ~Rs 43bn**
  - Debt/ Equity to be 70:30 to enhance ROE
  - Project has achieved financial closure
  - Orders for the entire project have been placed
- **JPL has already entered into contracts for sale of 350MW power with JSPL @ Rs 2.1/ kwh**
  - Tying up power off-take agreements for the balance 650MW. These are likely to be at a much higher rate
- **JSPL has purchased an effective stake of ~28% in 4000MW Sasan ultra mega power project at a minor investment of Rs 1.26 mn**



Source: CRIS INFAC

— Demand — Supply



Source: Energy in Australia

**Power business to offset cyclicity of steel business and drive future profits**

# Power: Cost Competitive & Scalable

## ➔ Captive coal mines at distance of only 8kms from project site

- Captive coal mines with ~ 250mn tonnes reserves of coal with lease period of 30 years
- Pit head based power plant, reducing freight costs and leading to lower inventory requirements
- Coal mining has already commenced

## ➔ Competitive project costs

- No external EPC (Engineering, Procurement and Construction) & O&M (Operations & Maintenance) contractor, thus reducing project costs as well as operating costs of the plant
  - ▶ JSPL with its experience in installation, operation & maintenance of captive thermal power plants would assist in setting up and operating the plant

## ➔ Low cost power producer

- Variable cost of generation with coal estimated at Rs 0.7/ Kwh, and total cost at (incl interest & depreciation) Rs 1.4/ Kwh ( at 80% PLF)

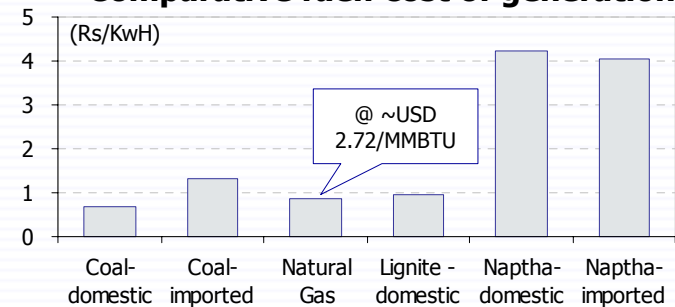
Please refer to Appendix 4 for ROE sensitivity to the PLF and average selling price of power

## Coal mining blocks allocated

Name of the party	Date of allotment Mining lease	Block allocated	Geological Reserves (mn Mt)
JPL	01.07.2006	Gare- Palma sub - block IV/2Chattisgarh	123
JPL	01.07.2006	Gare- Palma sub - block IV/3Chattisgarh	123

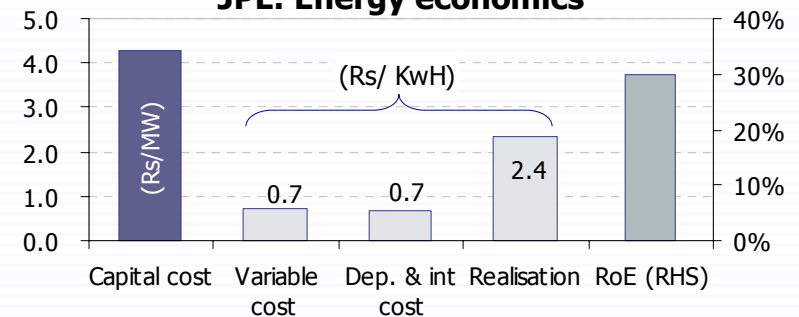
Source: Coal India

## Comparative fuel: cost of generation



Source: CRIS INFAC

## JPL: Energy economics



Source: ENAM Research; Note: at 80% PLF

**Power business to have a RoE of ~30% in FY09**



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# **Financials & Valuation**

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# Sum of Parts Valuation

## JSPL Steel Business

<b>FY08E PAT (Rs mn)</b>	<b>8,762</b>			
<b>P/E Multiple</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
M Cap (Rs mn)	43,808	52,570	61,332	70,094
Value/shr of JSPL (Rs)	1,422	1,707	1,991	2,276

+

## JSPL Power Business

<b>FY09E BV (Rs mn)</b>	<b>18,918</b>			
<b>P/B Multiple</b>	<b>2.00</b>	<b>2.50</b>	<b>3.00</b>	<b>3.50</b>
M Cap (Rs mn)	37,837	47,296	56,755	66,214
Value/shr of JSPL (Rs)	1,228	1,536	1,843	2,150
RoE (%)	30%			
10 yr G Sec. Yield	8.2%			

=

## Value per Share of JSPL

(Rs)		P/E for Steel Business (x)			
		5	6	7	8
P/B for Power Business (x)	2.0	2,651	2,936	3,220	3,504
	2.5	2,958	<b>3,243</b>	3,527	3,811
	3.0	3,265	3,551	3,834	4,118
	3.5	3,572	3,858	4,141	4,426

**Target price of Rs 3,243 based on SOP**



# Comparative Valuation

## Steel Companies

	EBITDA - Rs mn			EPS - Rs			P/E (x)			EV/EBITDA (x)		
	CY06/ FY07	CY07/ FY08	CY08/ FY09	CY06/ FY07	CY07/ FY08	CY08/ FY09	CY06/ FY07	CY07/ FY08	CY08/ FY09	CY06/ FY07	CY07/ FY08	CY08/ FY09
<b>Steel companies</b>												
Jindal Steel & Power Ltd	14,039	22,823	31,768	226.3	292.3	507.7	10.5	9.5	5.5	9.0	6.8	4.4
Tata Steel Ltd *	68,739	70,100	86,032	71.1	71.5	75.6	7.1	7.1	6.7	4.7	4.6	3.8
Steel Authority Of India	91,035	101,628	117,170	13.7	15.4	18.3	9.0	8.0	6.7	5.5	4.9	4.3
JSW Steel Ltd	25,984	30,945	36,227	64.9	78.6	96.7	8.3	6.8	5.5	5.3	4.4	3.8
Monnet Ispat & Energy Ltd	2,102	3,726	3,012	34.8	46.7	N.A.	7.3	5.4	N.A.	6.1	3.4	4.2

## Power Companies

	PAT - Rs mn			ROE %			Price/Book (x)			P/E (x)		
	CY06/ FY07	CY07/ FY08	CY08/ FY09	CY06/ FY07	CY07/ FY08	CY08/ FY09	CY06/ FY07	CY07/ FY08	CY08/ FY09	CY06/ FY07	CY07/ FY08	CY08/ FY09
<b>Power companies</b>												
NTPC Ltd	66,738	75,008	85,927	14.3	14.8	15.6	2.7	2.5	2.2	19.9	17.7	15.5
Tata Power Co Ltd	5,660	5,880	6,103	11.1	10.6	10.3	1.9	1.8	1.6	19.2	16.9	13.5
CESC Ltd	2,379	2,517	3,014	11.9	12.0	12.7	1.9	1.7	1.5	14.9	13.5	11.8
Reliance Energy Ltd	7,233	8,027	8,562	9.4	9.6	10.4	1.4	1.3	1.2	15.6	14.3	13.4

Source: Bloomberg, Enam Research \* Note: Tata steel forward estimates are on standalone basis excluding Corus

# Free cash flow to Equity – Jindal Power

(Rs mn) Year	FY06	FY07E 0	FY08E 1	FY09E 2	FY10E 3	FY11E 4	FY12E 5	FY13E 6	...	FY32E 25
PBT excluding other income	-	-	367	6,353	7,680	8,291	8,994	9,269		8,786
Other income	-	-	-	145	168	191	214	476		10,494
Add: Depreciation	-	-	743	1,982	2,022	2,062	2,103	2,146		-
Less: Tax	-	-	(125)	(729)	(880)	(952)	(1,033)	(1,093)		(6,555)
Cash Profit	-	-	985	7,751	8,989	9,592	10,278	10,798		12,725
Add/Less :- Working Capital Investment	206	(1)	(489)	(1,010)	(93)	(9)	(9)	(9)		(14)
OCF of the firm	206	(1)	497	6,741	8,895	9,583	10,269	10,789		12,711
Less :- Capex	(7,570)	(14,784)	(20,646)	(440)	(881)	(899)	(917)	(935)		(1,362)
Add/Less :- Debt Inflow/ (Outflow)	5,835	10,384	15,765	(4,000)	(7,500)	(8,000)	(9,000)	(4,531)		-
Cash Flow to Equity Holders	(1,529)	(4,401)	(4,385)	2,301	514	685	352	5,323		11,349
PV Of Cash Flows to Equity holders	(1,529)	(4,401)	(3,880)	1,802	356	420	191	2,557		535
PV of All Cash Flows	30,743.8									
Value per share of JSPL	998.2									
<b>Assumptions</b>										
Average PLF for Power Plant			84.5%							
Life of Power Plant in years for Cash Flow consideration			25.0							
Average sale price per unit			Rs 2.36 per Kwh							
Equity rate of return			13.0%							
Interest income on Investment			5.0%							
Terminal Value assumed to be NIL										
Tax rate assumed to be MAT for ten years from FY09 onwards and then at full tax rate										

**FCF value of ~Rs 31bn (Rs 1,000 per share of JSPL)**

# Company Financials

## Income Statement

Y/E March (Rs mn)	2006	2007E	2008E	2009E
<b>Net sales</b>	<b>25,893</b>	<b>34,756</b>	<b>56,386</b>	<b>73,504</b>
Other operating income	8	0	0	0
<b>Total income</b>	<b>25,901</b>	<b>34,756</b>	<b>56,386</b>	<b>73,504</b>
Cost of goods sold	12,272	15,640	21,924	28,573
Contribution (%)	53	55	61	61
Advt/Sales/Distrn O/H	3,559	5,077	11,638	13,163
<b>Operating Profit</b>	<b>10,070</b>	<b>14,039</b>	<b>22,823</b>	<b>31,768</b>
Other income	348	115	115	260
<b>PBIDT</b>	<b>10,418</b>	<b>14,153</b>	<b>22,938</b>	<b>32,028</b>
Depreciation	2,192	3,204	4,831	6,245
Interest	942	1,655	4,663	4,542
Other pretax	0	0	0	0
<b>Pre-tax profit</b>	<b>7,284</b>	<b>9,295</b>	<b>13,444</b>	<b>21,242</b>
Tax provision	1,549	2,324	4,440	5,595
(-) Minority Interests	0	0	0	10
Associates	0	0	0	0
<b>Adjusted PAT</b>	<b>5,735</b>	<b>6,971</b>	<b>9,003</b>	<b>15,637</b>
E/o income / (Expense)	(3)	0	0	0
<b>Preference dividend</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reported PAT</b>	<b>5,733</b>	<b>6,971</b>	<b>9,003</b>	<b>15,637</b>

## Key Ratios

Y/E March (%)	2006	2007E	2008E	2009E
<b>Sales growth</b>	<b>15.4</b>	<b>34.2</b>	<b>62.2</b>	<b>30.4</b>
<b>OPM</b>	<b>38.9</b>	<b>40.4</b>	<b>40.5</b>	<b>43.2</b>
Oper. profit growth	13.0	39.4	62.6	39.2
COGS / Net sales	47.4	45.0	38.9	38.9
Overheads/Net sales	13.7	14.6	20.6	17.9
Depreciation / G. block	6.7	6.0	4.7	6.0
Effective interest rate	3.9	3.7	7.3	7.0
Net wkg.cap / Net sales	0.2	0.2	0.2	0.2
Net sales / Gr block (x)	0.9	0.8	0.7	0.7
<b>RoCE</b>	<b>20.6</b>	<b>16.6</b>	<b>19.6</b>	<b>24.3</b>
Debt / equity (x)	1.8	2.2	2.2	1.2
Effective tax rate	21.3	25.0	33.0	26.3
<b>RoE</b>	<b>36.3</b>	<b>32.2</b>	<b>31.0</b>	<b>38.3</b>
Payout ratio (Div/NP)	8.1	7.1	5.6	3.4
<b>EPS (Rs.)</b>	<b>186.2</b>	<b>226.3</b>	<b>292.3</b>	<b>507.7</b>
EPS Growth	8.5	21.6	29.1	73.7
CEPS (Rs.)	257.4	330.4	449.2	710.4
DPS (Rs.)	15.0	16.0	16.5	17.5

Source: Company, ENAM Research

# Company Financials

## Balance Sheet

Y/E March (Rs mn)	2006	2007E	2008E	2009E
<b>Total assets</b>	<b>54,541</b>	<b>82,804</b>	<b>107,841</b>	<b>109,874</b>
Gross block	32,948	53,393	102,441	104,940
Net fixed assets	27,505	44,766	88,983	85,237
CWIP	19,033	27,354	2,500	2,941
Investments	302	302	302	302
Wkg. cap. (excl cash)	6,314	8,962	13,383	17,273
Cash / Bank balance	1,388	1,420	2,672	4,119
Others/Def tax assets	0	0	0	0
<b>Capital employed</b>	<b>54,541</b>	<b>82,804</b>	<b>107,841</b>	<b>109,874</b>
Equity capital	154	154	154	154
Reserves	18,285	24,693	33,118	48,151
Borrowings	33,299	55,154	71,766	58,766
Others	2,803	2,803	2,803	2,803

## Cash flow

Y/E March (Rs mn)	2006	2007E	2008E	2009E
<b>Sources</b>	<b>26,448</b>	<b>31,466</b>	<b>29,868</b>	<b>8,278</b>
Cash profit	8,587	10,175	13,834	21,892
(-) Dividends	527	562	579	614
Retained earnings	8,061	9,613	13,255	21,277
Issue of equity	7	0	0	0
Borrowings	18,330	21,855	16,612	(13,000)
Others	51	(2)	0	0
<b>Applications</b>	<b>26,448</b>	<b>31,466</b>	<b>29,868</b>	<b>8,278</b>
Capital expenditure	23,587	28,786	24,194	2,940
Investments	(3)	0	0	0
Net current assets	1,838	2,648	4,421	3,890
Change in cash	1,027	32	1,252	1,447

Source: Company, ENAM Research



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# **Risks to call**

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# Risks to Call

- **Power Project: Execution risk in terms of delays in stage-wise commissioning could impact earnings**
- **Cyclicality of steel prices**
  - International steel prices have been firm recently, tightening interest rates around the world/ possible US recession could lower growth rates in the steel industry
  - However in the medium to long term, consolidation in the industry and production cutbacks could give stability to steel prices
- **Bolivian investment – Risk of nationalization/ expropriation**
  - Equity investment in Bolivia SPV, if made in the future, could be written off

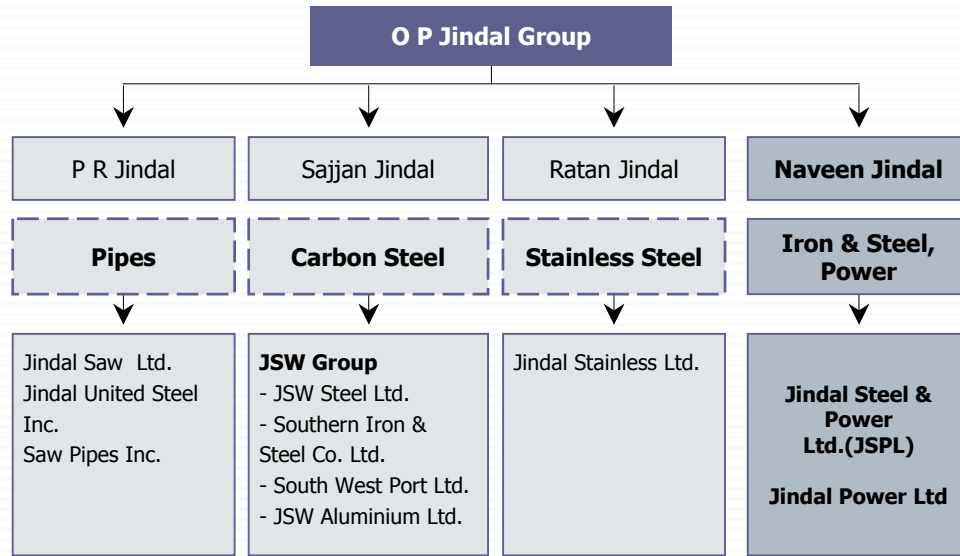


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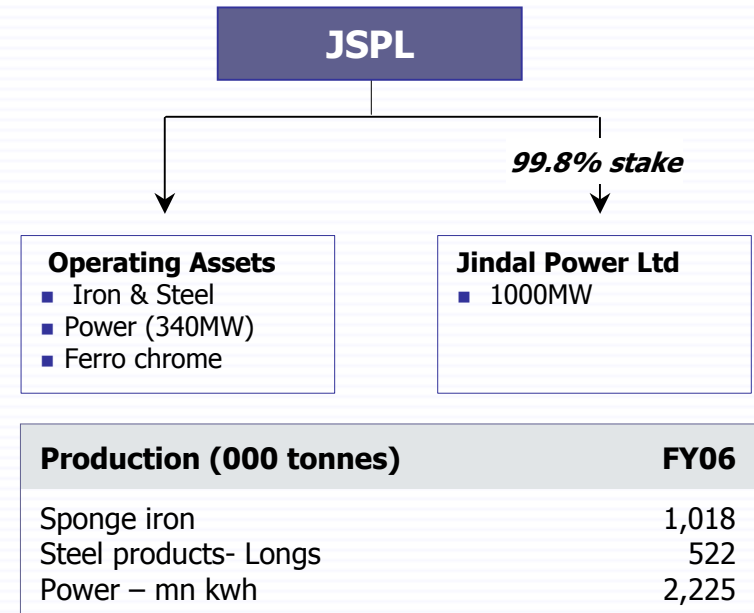
# Appendix

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# Appendix I: Structure - JSPL



Source: Company , ENAM Research

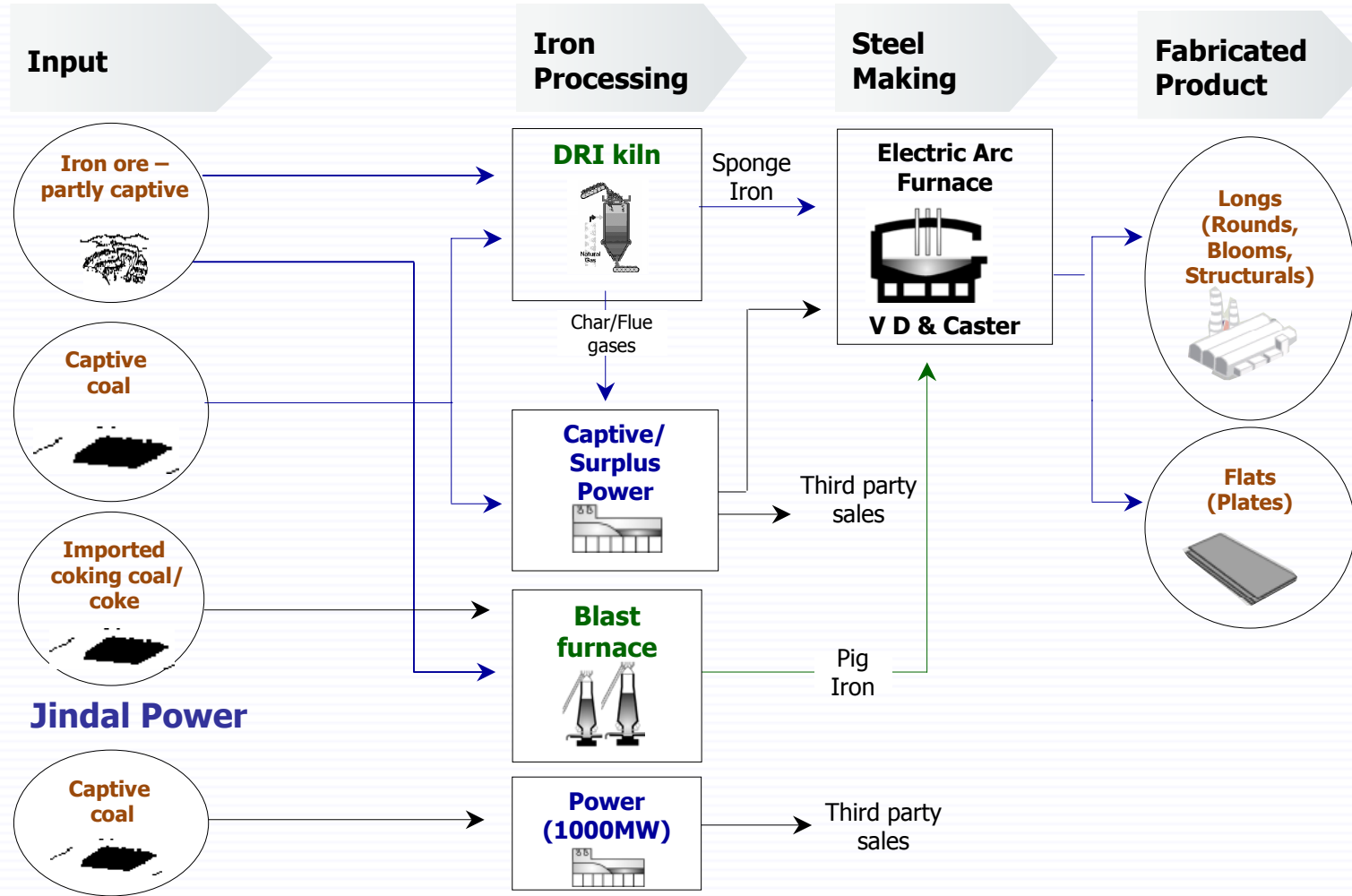


Source: Company , ENAM Research



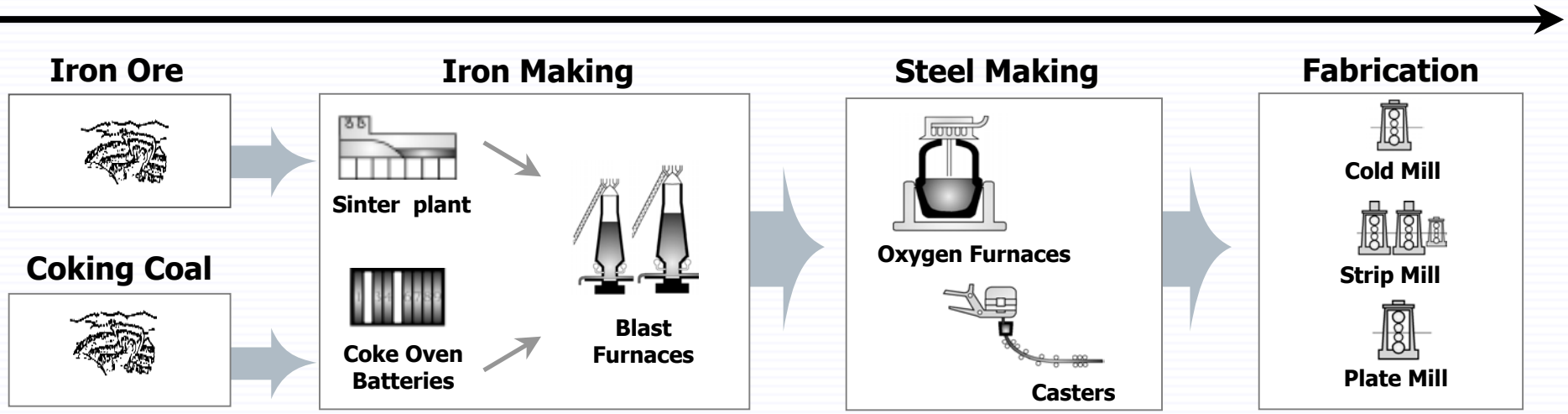
# Appendix 2: Value Chain - JSPL

## Iron & Steel

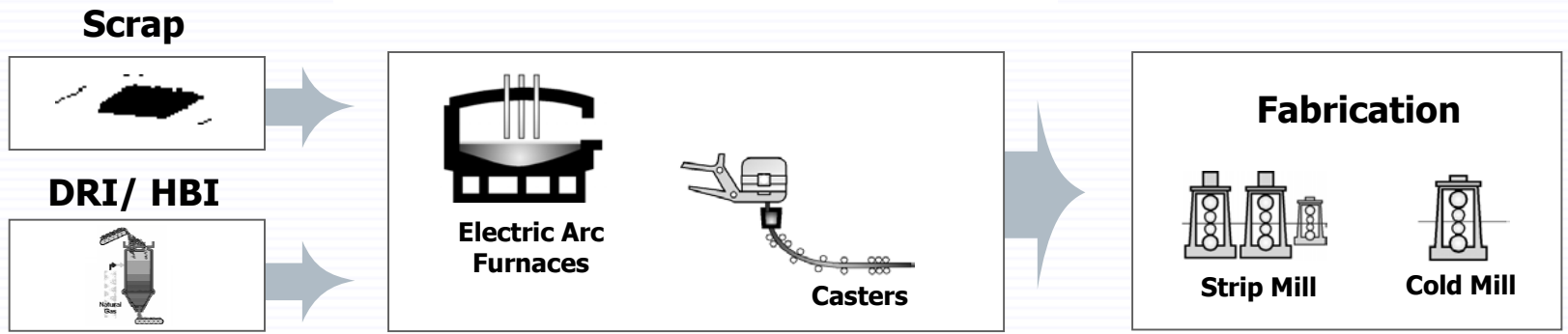


**Optimizing resources & capturing value throughout the chain**

# Appendix 3: Steel Production process



## Recycling/ Electric Arc Furnace



Source: World Steel (IISI), Bloomberg, Eurofer, OCED, ENAM Research

**Steel output either from iron ore (blast furnace) or from scrap (electric arc furnace)**

# Appendix 4: ROE sensitivity – Jindal Power

RoE (%)		Avg Selling price( Rs /Kwh)				
		2.00	2.15	2.30	2.45	2.55
PLF Factor (%)	70	17	21	25	29	31
	75	20	24	28	32	34
	80	22	27	30	34	36
	85	25	29	33	36	38
	90	27	31	35	38	41

Source: Company , ENAM Research

## ➔ Assumptions

- JPL has a contract for sale of 350MW power with JSPL @ Rs 2.1/ kwh
- Sensitivity calculations assume that the first 350MW of power generated will be sold to JSPL @ Rs 2.1/ kwh and the balance 650 MW will be sold externally to other parties

**ROE of 30% in FY09 at 80% PLF & average realization of Rs 2.30/kwh**

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1. Analyst ownership of the stock	No
2. Firm ownership of the stock	No
3. Directors ownership of the stock	No
4. Investment Banking mandate	No
5. Broking relationship	No

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