

March 2010

# JAI HIND PROJECTS LTD.

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**BSE :** 531339

**CMP:** 171 /-

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## COMPANY OVERVIEW

JAIHIND PROJECTS LTD global engineering construction projects company.

The ISO 9002 certified company is involved in the construction of onshore and horizontal directional drilling (HDD) pipelines; urban infrastructure development projects like construction of water systems, gas distribution projects and other environmental projects; corrosion protection services; and engineering and turnkey projects. Jai Hind has constructed over 2,500 km of cross-country pipelines and over 1,500 km of plant piping for oil and natural gas, water, and effluent industries. The company has two workshops and a yard located at Motera, Gujarat and has a 25,000 sq. yard pipeline yard near Panvel, Maharashtra.



Jaihind Projects is into Pipeline EPC business and has vast experience in pipeline construction segment having laid down more than 10000 km of pipeline. The company has 2<sup>nd</sup> largest equipment base for execution of pipeline EPC contracts.

Jaihind Projects Ltd. (JPL) is an engineering and construction company. It provides engineering and construction services for oil & gas pipeline projects. It is focused on the hydrocarbons, water and infrastructure sectors. JPL provides engineering, procurement and construction (EPC) services ranging from onshore and near-shore/marshy pipelines, tankages and terminals, horizontal directional drilling, micro tunneling/boring, and onshore and offshore fabrication. In addition, Further, JPL is also engaged in various project constructions which include corrosion and cathodic protection projects, HDD projects, engineering and turnkey projects.

### **Company Activities**

The activities of the Company can be divided into 4 major heads viz.

#### **a) CROSS COUNTRY PIPELINE LAYING**

The Company installs underground and above the ground pipelines of diameters ranging from 2" to 36". The thickness of this pipes varies from 4mm. to 15 mm. The Company has installed cross country pipelines for transportation of Oil, Gas & Water in as many as 10 states in India.

#### **b). CORROSION COATING**

Corrosion Coating is a coating of a non-metallic product on mild steel and carbon steel pipes which are highly susceptible to corrosion as a regular measure to maintain their quality. The Company has two yard coating plants suitable of coating upto 48" diameter pipes. These are rated as efficient coating plant and are capable to carry out coating of 1.8 Kms. length of pipelines. This is comparable to the best available in the industry

### **c) TURN-KEY PROJECTS**

This includes the project right from conceptualization to commissioning which interalia includes survey, investigation & designing, fabrication work, foundation, erection and commissioning work. The Company pays special attention to QA/QC aspects through trained engineers.

### **d) STRUCTURAL FABRICATION**

The Company carries out structural work required in plants in power house. This includes trusses, portals, stanchions and other heavy steel fabrication work required for the works, power house etc. Company also manufactures Oil, Chemical and Water storage tanks. Company fabricates vertical tanks with cone roof for storage of relatively passive Hydrocarbon, Diesel oil, LDO, Furnace Oil etc. and some chemicals Auxiliary Industry, Chemical Plants, Petro Chemical Plants and its down stream Industry etc.

### **Financial Performance**

	Q1/09-10	9M/09-10	2008- 9
	Rs/Cr	Rs / Cr	Rs /Cr
<b>Total Income</b>	<b>122.47</b>	<b>250.12</b>	<b>241</b>
<b>Net profit</b>	<b>5.96</b>	<b>18.70</b>	<b>13.28</b>
<b>Equity</b>	<b>7.26</b>	<b>7.26</b>	<b>7.11</b>
<b>EPS Rs</b>	<b>8.20</b>	<b>25.75</b>	<b>18.70</b>

For 08-09, JPL had achieved PAT of 13.28 cr. translating into EPS of 18.70. However, Company has performed extremely well in 9 months. Turnover of 250 cr. for 9 months is more than turnover of entire 08-09. PAT of 9 months is 140% of entire 08-09 PAT. In last 7-8 months, JPL has bagged several prestigious projects:-

- Project worth Rs. 1100 crs. as JV with APPCO, Saudi Arabia for laying water transmission pipelines in Saudi Arabia. Share of JPL is Rs. 300 crs.
- Order worth 48 cr. from GSPL.  
Order from Bhagyanagar Gas Ltd.
- Order from Maharashtra Natural Gas Ltd.
- Order from BPCL.
- Order from Consortium of HPCL, Gujarat Gas, GSPC Gas and GAIL India Ltd.

## **CURRENT ORDER BOOK**

Current Order Book of JPL is more than Rs. 600 crs. With growing investments in Oil, Gas and Water Infrastructure, demand for laying pipelines is growing rapidly and hence, JPL has fairly bright prospects.

JPL is on a big growth drive, bagging several projects.

## **Future Outlook:**

	<b><u>2009-10E</u></b>	<b><u>2010-11E</u></b>
Total Income	345.00	410.00
Net Profit	26.00	30.00
Equity	7.26	7.26
<b>EPS Rs.</b>	<b>35.80</b>	<b>41.30</b>
P.E. Ratio	4.70	4.07

**Valuations: Considering valuations of Peer Group Companies, JPL appears quite underpriced:**

- 1. Stock is trading at 4.50 x FY10E EPS**
- 2. Stock is available at 4.00 x FY11E EPS**

**In Infra space, JPL is the cheapest.**

**Considering the order book position and being market leader in “Pipeline laying” we recommend buy on this stock with target of Rs 205/=**

**TGT 205/-**

Disclaimer ::

Statements, Projections, Estimates, Outlook are included to enable a better comprehension of the Company prospects. Actual results may, however, differ materially from those stated on account of factors such as changes in government regulations, tax regimes, economic developments within India and the countries within which the Company conducts its business, exchange rate and interest rate movements, impact of competing products and their pricing, product demand and supply constraints.

Nothing in this article is, or should be construed as, investment advice.

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