

**BUZZING  
STOCK**

# Jindal Drilling & Industries Ltd.

CMP – Rs.500

**Analyst**

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**Key Stock Data**

Sensex	12856
Nifty	3752
Sector	Oil Drilling
Bloomberg	JDDL.IN
Reuters	JNDR.BO
No. of shares (m)	10
Market Cap (Rs m)	2,204
Market Cap (US\$ m)	51
52-week H/L	Rs.702/243

**Shareholding Pattern (%)**

Promoters	83.48
Mutual Funds	0.00
FIs	0.51
Corporate Bodies	4.11
Pubic & Others	11.91

**Highlight**

With more than 20% gain in stock price over the past one week Jindal Drilling Industries Ltd (JDIL) catches investors' attention.

Increasing exploration and production activities in the oil and gas sector provides the growth impetus to drilling companies like JDIL. Enthused by the pace of the ongoing exploration activities the company has already ordered for two 350 feet premium jack-up rigs under its expansion plan. Both the rigs are scheduled to be delivered in 40FY08.

**Increasing demand:**

Indian exploration and production industry, with only around 19% of the total 3.14 m sq. km. of sedimentary basin extensively explored, has tremendous scope going forward. Most of Indian hydrocarbon resources being in the offshore, India's focus is shifting for intensification of exploration in offshore. That is creating additional demand for marine services. The increasing demand supply gap in of offshore services has been well reflected in gyrating rig rental charges over last couple of years.

**About the company :**

JDIL is a DP Jindal Group company involved in Offshore Drilling and allied services to oil and gas companies, Horizontal & Directional Drilling and Mud logging Services. Apart from these the group has interests in areas including Deepwater Semi-Submersibles, Offshore Marine Services, Offshore Modular Workover rigs, LNG Vessels and others.

JDIL is a strategic partner of Noble Drilling Corporation, USA, which is world's premium offshore drilling contractor operating in 14 countries.

The company, following a recent restructuring, was re-listed in December 2006. The restructuring involved amalgamation of two group companies and demerger of Casinvest division into Haryana Engineering. As a result the equity capital of the company was reduced to Rs.45m from Rs.90m.

**Expansion:**

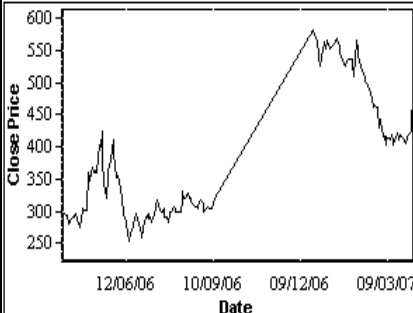
JDIL is currently operating two Jack-up rigs of its strategic partner, Noble Corporation USA, under contract from ONGC. The company has two tailor-made jack-ups rigs under construction at KeppelFELS shipyard, Singapore for an investment of around \$350m. These two 350-feet rigs will have various extra features resulting in substantial direct cost savings to the operators. Both the rigs are scheduled to be delivered in Q4FY08.

**Financials and valuation :**

Owing to the recent restructuring the historical performance of the company is not comparable to the future performance and doesn't correspond to the current stock price.

In Q3FY07 JDIL registers a topline growth of 79.6% at Rs.462m. The QoQ EBIDT margin improves by a huge 16.9 percentage points. For the quarter PAT stands at Rs. 49.8m against Rs.5.8m in corresponding period previous year. The current price is 25.8 x annualized Q3FY07 EPS of Rs.19.4.

## Financial Snapshot

Jindal Drilling & Industries Ltd.						Rs.m	Ratios (%)			
	Q3 FY07	Q3 FY06	Chg. (%)	FY06	FY05	Chg. (%)		FY06	FY05	Chg.(%)
Financial Year End: March										
Net Sales	462	257	80	2238	1008	122	Debt -Equity	0.7	0.2	373
Other Income	2	6	(62)	46	72	(36)	PBIDTM	10	8	32
Total Income	464	263	76	2285	1080	112	PBDTM	9.8	7.6	28
Total Expenditure	365	252	45	2074	947	119	RoCE	13	10	32
PBIDT	99	12	752	211	133	58	RoNW	17	9	75
Interest	9	1	1129	14	3	396				
PBDT	90	11	728	197	131	51				
Depreciation	10	4	116	113	22	421				
Tax	29	2	1694	0	22	0				
Reported Profit After Tax	50	6	759	70	89	(22)				
Extra -ordinary Items	0	0	0	(42)	0	0				
Adj. Profit After Extra-ordinary item	50	6	759	112	89	25				
No. of shares (m)	10	9	-	9	9	-				
EPS (annualised.) (Rs.)	19.4	2.6	-	6.8	9.9	-				
P/E	25.8	194.6	-	73.5	50.4	-				

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