Equities

20 March 2012 | 14 pages

Jindal Steel and Power (JNSP.BO)

Buy: Multiple Catalysts Ahead

- Company Update
- Target Price Change
- Estimate Change

- **Maintain Buy** — JSPL continues to execute in a tough environment on multiple fronts. JSPL has managed to overcome many project-related challenges over past 6-8 months which demonstrates the company's ability to interface with government and manage its environment well. Execution capability combined with disciplined capital allocation track record and structural advantages (i.e. access to captive coal and iron ore) convinces us to retain a Buy rating despite the stock outperforming the BSE Sensex by 17.4% YTD.
- **Multiple catalysts over next 12 months** — 1) JSPL has advanced CoD of Tamnar 2 unit 1 (600MW) to March 2013 from December 2013 to take advantage of the extension of section 80IA (CIRA est. – December 2013), 2) Angul project agitation has been resolved and work has resumed on ground (commissioning by FY13 end), 3) Dumka (1320MW) has received environmental clearance and is ready to place equipment orders, 4) 810MW (6x135MW) are operating at 75-80% PLF and remaining 540MW (4x135MW) will be commissioned by September 2012.
- **Steel Tailwinds** — JSPL's product mix has been improving with sale of pig/sponge iron decreasing to 14% of total volume in FY11 from 26% in FY10 and likely to be below 10% in FY12. JSPL stands to benefit from strong long product (2/3rd of output) prices (+10% since Dec11) and falling coking coal prices. Our sales volume assumptions incorporate a 13% growth in FY13 and 32% growth in FY14. Stable pricing, falling coking coal prices and strong volume growth augur well for JSPL.
- **TP and EPS change** — We increase TP to Rs672 (from Rs645) and revise FY12/FY13/FY14E EPS downwards by 2%/13%/4% as we 1) roll forward power DCF value to June12 from Dec11 and steel EV/E from Sep12 to Mar13, 2) delay Angul power/steel capacity by ~6 months which impacts FY13 numbers most, 3) no longer value Bolivia.
- **Key Risks** — Negative news flow on Bolivia and delay in signing of mining lease for Utkal coal block are key risks. JSPL has invested US$70mn in Bolivia so far, hence the impact, if any, is likely to be limited. The company expects the Utkal mining lease to be signed soon and mining to start by Sep12.

Buy	**1**
Price (20 Mar 12)	Rs578.60
Target price	Rs672.00
from Rs645.00	
Expected share price return	16.1%
Expected dividend yield	0.4%
Expected total return	**16.5%**
Market Cap	Rs540,895M
	US$10,780M

Price Performance
(RIC: JNSP.BO, BB: JSP IN)

Statistical Abstract

Year to 31 Mar	Net Profit (RsM)	Diluted EPS (Rs)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2010A	35,730	38.37	16.9	15.1	5.2	41.3	0.2
2011A	37,539	40.18	4.7	14.4	3.9	30.9	0.3
2012E	40,007	42.82	6.6	13.5	3.0	25.2	0.4
2013E	44,411	47.54	11.0	12.2	2.5	22.4	0.4
2014E	51,670	55.31	16.3	10.5	2.0	21.2	0.5

Source: Powered by dataCentral

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See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

JNSP.BO: Fiscal year end 31-Mar — **Price: Rs578.60; TP: Rs672.00; Market Cap: Rs540,895m; Recomm: Buy**

Profit & Loss (Rsm)	**2010**	**2011**	**2012E**	**2013E**	**2014E**
Sales revenue	110,915	131,116	171,154	186,883	213,105
Cost of sales	-62,408	-79,460	-115,282	-121,127	-134,529
Gross profit	48,508	51,656	55,872	65,756	78,576
Gross Margin (%)	43.7	39.4	32.6	35.2	36.9
EBITDA	**58,477**	**63,166**	**68,635**	**79,165**	**93,991**
EBITDA Margin (%)	52.7	48.2	40.1	42.4	44.1
Depreciation	-9,970	-11,510	-12,763	-13,409	-15,415
Amortisation	0	0	0	0	0
EBIT	**48,508**	**51,656**	**55,872**	**65,756**	**78,576**
EBIT Margin (%)	43.7	39.4	32.6	35.2	36.9
Net interest	-3,576	-2,596	-5,281	-9,096	-12,279
Associates	139	158	0	0	0
Non-op/Except	603	820	2,416	1,916	1,416
Pre-tax profit	**45,673**	**50,038**	**53,006**	**58,576**	**67,713**
Tax	-9,189	-11,840	-12,379	-13,576	-15,507
Extraord./Min.Int./Pref.div.	-755	-659	-620	-589	-536
Reported net profit	**35,730**	**37,539**	**40,007**	**44,411**	**51,670**
Net Margin (%)	32.2	28.6	23.4	23.8	24.2
Core NPAT	35,730	37,539	40,007	44,411	51,670
Per share data	**2010**	**2011**	**2012E**	**2013E**	**2014E**
Reported EPS (Rs)	38.37	40.18	42.82	47.54	55.31
Core EPS (Rs)	38.37	40.18	42.82	47.54	55.31
DPS (Rs)	1.29	1.96	2.09	2.32	2.70
CFPS (Rs)	57.35	36.11	46.82	68.09	80.00
FCFPS (Rs)	-8.75	-51.57	-0.70	-44.61	-18.91
BVPS (Rs)	110.70	149.72	190.19	235.11	287.37
Wtd avg ord shares (m)	931	934	934	934	934
Wtd avg diluted shares (m)	931	934	934	934	934
Growth rates	**2010**	**2011**	**2012E**	**2013E**	**2014E**
Sales revenue (%)	2.0	18.2	30.5	9.2	14.0
EBIT (%)	14.7	6.5	8.2	17.7	19.5
Core NPAT (%)	17.3	5.1	6.6	11.0	16.3
Core EPS (%)	16.9	4.7	6.6	11.0	16.3
Balance Sheet (Rsm)	**2010**	**2011**	**2012E**	**2013E**	**2014E**
Cash & cash equiv.	1,128	4,802	29,646	25,130	45,739
Accounts receivables	7,533	11,537	12,391	14,038	15,973
Inventory	14,308	27,734	22,590	24,982	27,697
Net fixed & other tangibles	178,444	248,844	280,474	372,363	449,361
Goodwill & intangibles	0	0	0	0	0
Financial & other assets	48,726	66,768	89,935	92,649	97,137
Total assets	**250,139**	**359,686**	**435,037**	**529,162**	**635,907**
Accounts payable	30,377	36,587	43,119	46,795	49,996
Short-term debt	0	0	0	0	0
Long-term debt	86,043	139,766	169,657	214,780	264,276
Provisions & other liab	28,977	41,117	41,619	44,388	49,073
Total liabilities	**145,397**	**217,470**	**254,395**	**305,963**	**363,345**
Shareholders' equity	103,083	139,881	177,687	219,655	268,482
Minority interests	1,659	2,335	2,954	3,544	4,080
Total equity	**104,742**	**142,216**	**180,641**	**223,198**	**272,562**
Net debt	**84,915**	**134,964**	**140,011**	**189,650**	**218,537**
Net debt to equity (%)	81.1	94.9	77.5	85.0	80.2

Valuation ratios	**2010**	**2011**	**2012E**	**2013E**	**2014E**
PE (x)	15.1	14.4	13.5	12.2	10.5
PB (x)	5.2	3.9	3.0	2.5	2.0
EV/EBITDA (x)	10.8	10.7	10.3	9.3	8.3
FCF yield (%)	-1.5	-8.9	-0.1	-7.7	-3.3
Dividend yield (%)	0.2	0.3	0.4	0.4	0.5
Payout ratio (%)	3	5	5	5	5
ROE (%)	41.3	30.9	25.2	22.4	21.2
Cashflow (Rsm)	**2010**	**2011**	**2012E**	**2013E**	**2014E**
EBITDA	58,477	63,166	68,635	79,165	93,991
Working capital	-4,939	-29,469	-12,344	-3,077	-5,937
Other	-137	37	-12,547	-12,471	-13,310
Operating cashflow	**53,401**	**33,734**	**43,744**	**63,617**	**74,745**
Capex	-61,551	-81,910	-44,393	-105,297	-92,413
Net acq/disposals	0	0	0	0	0
Other	2,435	831	1,851	1,472	1,091
Investing cashflow	**-59,116**	**-81,079**	**-42,542**	**-103,826**	**-91,322**
Dividends paid	-1,399	-2,065	-2,201	-2,443	-2,843
Financing cashflow	**148**	**51,019**	**23,642**	**35,692**	**37,186**
Net change in cash	**-5,566**	**3,674**	**24,844**	**-4,517**	**20,609**
FCF ex acquisns & explorn	**-8,150**	**-48,176**	**-649**	**-41,680**	**-17,668**

For further data queries on Citi's full coverage universe please contact CIRA Data Services Asia Pacific at CIRADataServicesAsiaPacific@citi.com or +852-2501-2791
For definitions of the items in this table, please click here.

Project Status Update

- **Tamnar 2 (Phase 1 – 1200MW) commissioning advanced –** Jindal Power has advanced CoD of unit 1 (600MW) from December 2013 to March 2013 to take advantage of a 10-year tax holiday under Section 80IA. Section 80IA has been extended for one more year and will now expire in March 2013. However, in our model, we continue to assume CoD of unit 1 (600MW) as December 2013 in order to be conservative.

- **135MW units have stabilized now –** 6x135MW units Raigarh and Angul have stabilized and are operating at ~75-80% PLF. JSPL is selling ~2x135MW in the merchant market from Raigarh (Chhattisgarh). 2x135MW from Angul (Orissa) is being sold to the Orissa Grid. Extension of section 80IA by one year will enable the remaining 4x135MW units at Angul (to be commissioned between June12 and Sep12) to reap the 10-year tax holiday benefit.

- **Substantial progress on Dumka (1320MW) –** The project has received environmental clearance and most of pre-development activity (i.e. land acquisition etc.) has been completed. Jindal Power is in advanced stages of placing equipment orders for the project.

- **Mining lease for Utkal B1 coal block –** Mining lease for the Utkal B1 coal block is likely to be signed soon and company expects mining to start by September 2012. All other clearances including land for the coal mine are under possession. Currently 2x135MW at Angul is using coal from e-auction and tapering linkage.

- **Clarity on Indonesian coal mining –** JSPL has obtained a coal-mining license in 2009 for ten years till March 2018. Reserves are estimated at 250mt. Coal mining in Indonesia is likely to start between July-Sep 2012. Management is given to understand that the proposed rule that foreign companies in Indonesia will have to reduce their stake in coal mines to 49% will apply only prospectively and hence does not affect JSPL. The mine has coal reserves of 250mt (GCV = ~4200-5300kcal; ash content = 4-14%). While exact details are not available yet, the cost of mining is expected to be ~US$30/t.

- **Angul issue resolved –** Work on Angul steel project and remaining power units (4x135W) has resumed (disruption due to local agitation). The 2mtpa DRI plant and steel melting shop (1.6mtpa) are expected to be commissioned between Dec12 and March13 (vs our earlier expectation of June12 and Dec12 respectively). The plate mill (1.5mtpa) is expected to be commissioned by Mar12 (we do not estimate any volumes from the plate mill in FY13). Coal for the Angul project is expected to be available from the Utkal coal block. The project will receive iron ore from third-party mines which currently supply to the company's Chhattisgarh project (150mt of reserves). The output of the mines can be increased to ~10mtpa.

- **Chhattisgarh blast furnace upgradation –** JSPL has plans to upgrade the Raigarh blast furnace (1.7mtpa) and increase capacity to 2.2mtpa in one year. Expected capex is Rs3bn.

- **Update on Jharkhand blast furnace –** The 3mtpa Jharkhand BF is expected to be commissioned by March15. The wire rods (600kt) and rebar (1mtpa) plants have already been commissioned. We do not account for significant output from these facilities. JSPL has been allotted an iron ore mine by the Jharkhand government with estimated reserves of ~80mt.

- **Bolivia project –** The status of the project is uncertain and management expects to be able to give update (i.e. whether project is likely to go ahead or not) in sometime. JSPL has so far invested US$70mn in the project. We no longer incorporate Bolivia in our estimates.

- **Update on Shadeed –** JSPL's 1.5mtpa HBI plant has been operating at 80% utilization levels. Iron ore is being sourced from markets such as Bahrain. The plant has a contract with the Oman government to get subsidized gas at US$1/mmbtu for 20 years with an escalation clause of 3%. JSPL has been sending HBI from Oman to its Indian operations and expects to supply 40-50% of the HBI produced in Oman to its Chhattisgarh operations. JSPL has plans to set up a steel melting shop (SMS) in Oman over the next two years. 9MFY12 PAT was $32m.

- **Mozambique coal mines (700mt reserves)** - Coal resources in these mines are estimated at 700mt, including coking coal. The company signed a mining agreement in January 2011and the mine is expected to start in 2013. The company expects to invest US$200m in five years.

- **Rockland Richfield Limited (RCI) acquisition** - JSPL has increased its share holding to 27.29% in the company. RCI has three advanced coal exploration projects with more than 750 mt of JORC compliant coal resources (inferred/indicated) in Queensland with potential for coking/soft coal.

Earnings and Target Price Change

TP changed to Rs672 (Rs645 earlier)

We increase our JSPL target price to Rs672 from Rs645 earlier

- Roll forward DCF value of all power projects to June 2012 from December 2011.
- Build in 3-6 months delay in commissioning of unit 3 to unit 6 of the power project and steel project at Angul.
- We no longer value Bolivia project due to increased uncertainty on progress.
- We assume commissioning of Angul steel project in early FY14. We put the steel EV/EBITDA multiple on FY14 EBITDA (so that EV captures both Angul EBITDA and project related debt) and discount resulting steel equity value @ 15% cost of equity to March 2013.
- We reduce the Oman project value marginally as we lower the EBITDA/t to US$56 in FY13 v/s US$80 earlier (Rs/$ at 50).

Figure 1. JSPL – Sum of the parts

	Stake	Capacity	Methodology	Equity Value	JSPLs value	Per Share	Old value	% of Total
JSPL Steel Parent	100.0%	3mtpa	7x EV/EBITDA March 14E *	233,286	233,286	250	231	37.1%
JSPL Bolivia	100.0%	1.5mtpa	8x PE March 13E	0	-		10	0.0%
JSPL Oman	100.0%	1.5mtpa	6x EV/EBITDA March 13E	5,754	5,754	6	10	0.9%
JPL	96.4%	5380MW	DCF on FCFE at 13% CoE	297,507	286,797	307	284	45.7%
JSPL captive	100.0%	1350MW	DCF on FCFE at 13% CoE	63,581	63,581	68	72	10.1%
JSPL (excess power JPL)	100.0%		DCF on FCFE at 13% CoE	38,668	38,668	41	38	6.2%
Total					**628,087**	**672**	**645**	**100.0%**

Source: Citi Investment Research and Analysis estimates, *discounted to March 13 @ 15% CoE

Figure 2. JSPL 1350MW Captive Power Capacity – Sum of the parts

JSPL CPPs	(MW)	Stake	CoE	Project IRR	Equity IRR	Value (Rsmn)	Per Share	% of Total	P/B
Chtg CPP extn.	540	100%	13.0%	18.2%	32.4%	29,894	32.0	47%	4.4
Angul CPP	810	100%	13.0%	15.7%	26.1%	33,688	36.1	53%	3.3
Total	**1,350**					**63,581**	**68**	**100%**	**3.8**

Source: Citi Investment Research and Analysis

Figure 3. Jindal Power – Sum of the parts

JPL Projects	MW	Stake	Discount	CoE	Project IRR	Equity IRR	Value (Rsmn)	Per Share	% of Total	P/B value
Tamnar I	1,000	100%	0%	13.0%	37.8%	63.9%	175,227	188	59%	14.5
Tamnar II	2,400	100%	25%	13.0%	16.7%	29.2%	61,013	65	21%	1.8
Dumka Project	1,320	100%	0%	13.0%	20.5%	35.3%	41,285	44	14%	1.9
Godda Project	660	100%	0%	13.0%	20.5%	31.7%	19,983	21	7%	1.8
Total	**5,380**						**297,507**	**318**	**100%**	**3.8**

Source: Citi Investment Research and Analysis

Earnings Revision

Figure 4. JSPL Consolidated Earnings

Revenue	FY12E	FY13E	FY14E
Old	160,528	190,402	214,152
New	171,154	186,883	213,105
% Change	7%	-2%	0%
EBITDA	**FY12E**	**FY13E**	**FY14E**
Old	69,562	89,340	97,402
New	68,635	79,165	93,991
% Change	-1%	-11%	-4%
PAT	**FY12E**	**FY13E**	**FY14E**
Old	40,875	51,120	53,842
New	40,007	44,411	51,670
% Change	-2%	-13%	-4%
EPS	**FY12E**	**FY13E**	**FY14E**
Old	43.8	54.7	57.6
New	42.8	47.5	55.3
% Change	-2%	-13%	-4%

Source: Citi Investment Research and Analysis estimates

We revise JSPL's consolidated FY12E/ FY13E/FY14E EPS and PAT downwards by 2% /13%/4% respectively to factor in:

- **Delay in Angul power projects -** Reduced contribution from Angul (810MW) projects in FY13E due to minor delays in commissioning of unit 3 to 6.
- **Steel volumes:** FY12 steel sales volumes (including pig iron and sponge iron) have been raised on trends so far and sale of HBI from Shadeed to the Indian operations. The delay in the commissioning of the Angul steel capacity (2mtpa sponge iron; 1.6mtpa SMS) has resulted in lower volume for FY13 v/s earlier. We now expect steel sales volumes (including sponge/pig iron) to be 2.8mt in FY13 vs 3.2mt earlier. The decline would have been sharper but for the transfer of HBI from the Shadeed plant to India. We estimate 600kt of HBI being sold from Shadeed to JSPL's India operations.
- **Realisation:** The impact of lower volumes at the parent operations has been partly offset by higher realizations vs earlier expectation. Sponge iron realizations are expected to 11-15% higher vs our earlier estimates. Long products in India have seen frequent price hikes having been raised by a total of Rs1,500 to Rs2,000/t in Jan-Feb 2012 and another increase of Rs1,500/t in March taking the price to about Rs40,000/t. JSPL stands to benefit quite from an increase in long product prices given that longs account for two-thirds of its product mix.
- **Pellet volumes:** The delay of the sponge iron plant in Angul would result in higher pellet sales of 2mt in FY13 vs 1mt earlier.
- **Raw material costs:** FY12 raw material costs for the parent business are higher vs our earlier expectation due to the FX impact and purchases from the Oman plant. JSPL is also likely to benefit from lower coking coal costs in FY13 vs our expectation. Coking coal prices have been falling for five consecutive months due to high North American supply; increasing supply from Mongolia and lack of weather related disruptions in Australia. While Citi's official forecast for FY13 global coking coal prices is $260/t, we incorporate $229/t in FY13 based on current trends. Reports indicate that 1QFY13 contracts are likely to be settled at $205/t.
- **JSPL Oman:** We lower the EBITDA/t for the Shadeed plant to $56 in FY13 vs $80 earlier (Rs/$ at 50).
- **Bolivia:** We no longer incorporate Bolivia in our estimates (earlier estimates for FY13: EBITDA Rs2.1bn and PAT Rs1.5bn).

Figure 5. Delays in Angul power project commissioning

	Old CoD	New CoD	Delay in months
JSPL- Angul			
Unit 3(135MW)	31-Mar-12	31-Mar-12	-
Unit 4(135MW)	30-Apr-12	30-Jun-12	2
Unit 5(135MW)	31-May-12	30-Sep-12	4
Unit 6(135MW)	30-Jun-12	31-Dec-12	6

Source: Citi Investment Research and Analysis

Figure 6. JSPL Parent Earnings

Revenue	FY12E	FY13E	FY14E
Old	104,882	133,672	147,023
New	124,604	145,221	171,282
% Change	19%	9%	17%
EBITDA	**FY12E**	**FY13E**	**FY14E**
Old	42,124	61,151	65,281
New	41,726	52,976	68,083
% Change	-1%	-13%	4%
PAT	**FY12E**	**FY13E**	**FY14E**
Old	24,180	33,139	32,760
New	22,454	27,474	35,318
% Change	-7%	-17%	8%

Source: Citi Investment Research and Analysis estimates

Figure 7. JSPL - Assumptions

	FY12E	FY13E	FY14E
Steel Capacity (mn tons)			
New	3.0	3.0	5.0
Old	3.0	5.0	5.0
Sales volume incl. pig and sponge iron (mn tons)			
New	2.48	2.80	3.69
Old	2.18	3.20	3.39
Parent Captive Power (MW)			
New	1,163	1,703	1,703
Old	1,298	1,703	1,703
Pelletization capacity (mn tons)			
New	4.5	4.5	4.5
Old	4.5	4.5	4.5
Pellet production (mn tons)			
New	2.0	2.0	0.1
Old	2.0	1.0	0.2
Sponge Iron Net Realization (Rs/ton)			
New	22,288	22,424	22,776
Old	20,159	19,492	19,009
Pig Iron Net Realization (Rs/ton)			
New	25,651	24,651	24,975
Old	24,679	24,376	23,783
Pellet Realization (US$/ton)			
New	166	160	144
Old	172	157	142
Coking Coal Prices (US$/ton)			
New	291	229	245
Old	303	268	245
Iron Ore Prices (Rs/ton)			
New	1,335	1,375	1,444
Old	1,374	1,511	1,663
Merchant Price (Rs/Kwh)			
New	3.75	4.00	3.50
Old	4.00	3.75	3.50
Thermal Coal Price (Middlings) (Rs/ton)			
New	364	379	394
Old	364	379	394

Source: Citi Investment Research and Analysis estimates

Figure 8. Jindal Power Assumptions

Jindal Power	FY12E	FY13E	FY14E
Power Capacity (MW)			
New	1000	1000	2200
Old	1000	1000	2200
ASP (Rs/Kwh)			
New	3.9	3.9	3.4
Old	3.9	3.7	3.4
Fuel Cost (Rs/Kwh)			
New	0.42	0.43	0.49
Old	0.42	0.43	0.49
O&M Cost (Rs/Kwh)			
New	0.40	0.42	0.40
Old	0.42	0.42	0.40
Merchant Price (Rs/Kwh)			
New	4.00	4.00	3.50
Old	4.00	3.75	3.50

Source: Citi Investment Research and Analysis estimates

Figure 9. Shadeed (Oman) Assumptions

	FY12E	FY13E	FY14E
HBI Production (mn tons)			
New	1.20	1.20	1.20
Old	1.20	1.20	1.20
HBI Realization (US$/ton)			
New	427	417	424
Old	428	439	438
PAT (Rsmn)			
New	1,425	1,628	2,459
Old	1,691	3,397	4,289

Source: Citi Investment Research and Analysis estimates

Jindal Steel and Power

Company description

Jindal Steel and Power (JSPL) came into existence in 1998 after the demerger of Jindal Strips Limited. Over the past ten years, JSPL has transformed itself from being a producer of sponge iron to a diversified conglomerate having a presence in steel manufacturing, power generation and mining a wide range of minerals, from iron ore and coal to diamonds and limestone. The company also has presence in the oil, gas and infrastructure sectors.

JSPL owns ~180m tonnes of domestic iron ore and ~2.56bn tonnes of domestic thermal coal . The company has ~3mtpa steel and ~2200MW power capacity currently operational which will increase to ~7000MW by FY16.

JSPL is a part of O.P. Jindal Group and has ~15,000 employees.

Investment strategy

JSPL, with its strong execution, cash generation and balance sheet management, has emerged as one of the most integrated steel and power companies in India. Access to captive raw material supplies for steel and power, flexibility to vary steel product mix,10 years of timely execution without dilution and low cost of power generation give JSPL an edge over its peers in both power and steel.

We have a Buy rating on JSPL given strong business fundamentals, attractive valuations, healthy earnings growth RoEs, and execution track record

Valuation

We value JSPL's power business using a discounted cash flow approach as power plants generate largely predictable cash flows for fixed time periods. While applying DCF one can choose free cash flow to the firm (FCF) or free cash flow to equity (FCFE). We prefer FCFE as individual projects are highly geared and gearing changes as debt is rapidly paid off.

We value JSPL's steel business at 7x March14 EV/EBITDA and discount steel equity value to March13 using 15% COE.

If we assume JSPL executes all its power projects in line with our assumptions, we arrive at a value of Rs672/share. This includes Rs250 for the steel business, Rs307 for Jindal Power, Rs68 for 1,350MW captive power plants and Rs41 for excess power purchased from JPL at fixed prices. At our target price the stock would trade at a P/E of 14.1x and EV/EBITDA of 10.3x FY13E

Risks

Downside risks to our target price include: fuel supply risk from Coal India, coal mining risk, execution risk, merchant tariff risks, financial closure risk, receivables risk, regulatory risk, R&R, land acquisition, environmental clearance risk, lower-than-expected operating parameters and negative news flow on the Bolivia project

Appendix A-1

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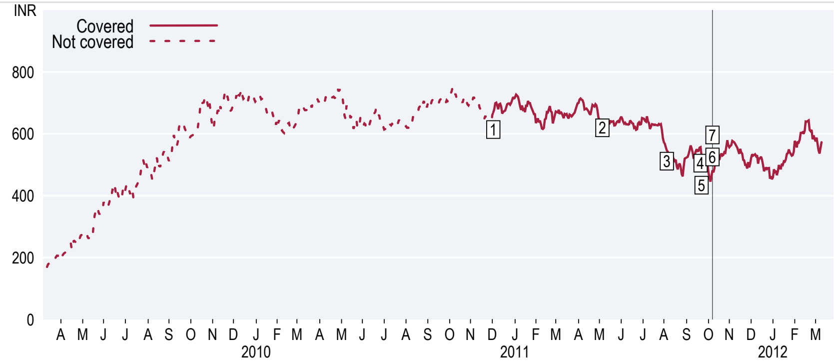
Jindal Steel and Power (JNSP.BO)

Ratings and Target Price History
Fundamental Research

Analyst: Atul Tiwari, CFA
Covered since December 2 2010



	Date	Rating	Target Price	Closing Price
1	2-Dec-10	*2L	*676.00	669.40
2	5-May-11	*1L	*726.00	619.45
3	4-Aug-11	1L	*650.00	546.20
4	21-Sep-11	1L	*640.00	556.95
5	22-Sep-11	1L	*645.00	529.65
6	7-Oct-11	Stock rating system changed		
7	7-Oct-11	*1	645.00	481.95

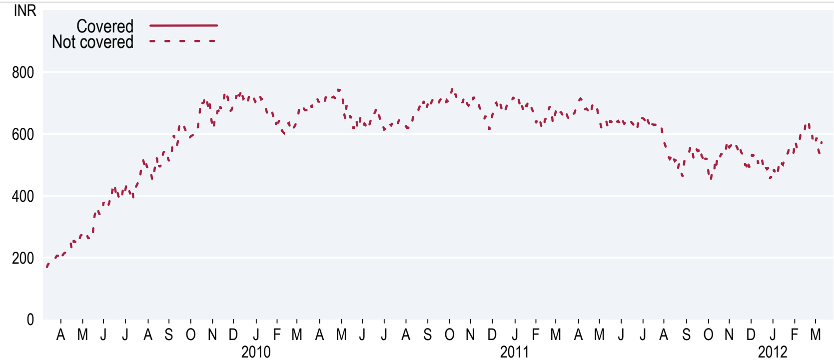
* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Jindal Steel and Power (JNSP.BO)

Ratings and Target Price History
Best Ideas Research
Relative Call (3 Month)

Analyst: Atul Tiwari, CFA
Covered since December 2 2010



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