

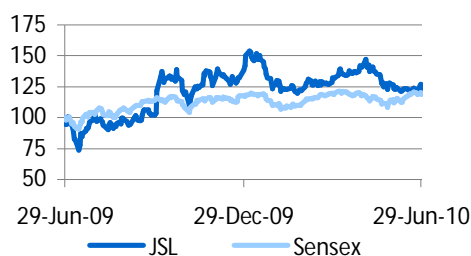
CMP Rs. 101

June 29, 2010

BSE Code	JSL
BSE ID	532508
High/Low 1Y (Rs.)	132 / 60
Avg. vol (3m)	68,568
Market Cap (Rs Cr)	1,881
Net IB Debt (Rs Cr)	4,565
Enterprise value(Rs Cr)	6,446

Shareholding %	Dec-09	Mar-10
Promoter	45.93	40.13
MFs/ FIs/ Banks	15.63	14.80
FII	7.44	18.21
Others	31.00	26.86

Stock Chart (Relative to Sensex)



Stock Perf.(%)	1M	6M	1Yr
Absolute	(3.4)	(17.9)	23.1
Rel. to Sensex	(7.4)	(18.3)	4.5

Financials (Rs.Cr)	03/08	03/09	03/10
Revenue	5,368	5,316	6,149
y-o-y	7.8%	-1.0%	15.7%
EBITDA	816	398	1,115
y-o-y	15.2%	7.5%	18.1%
PAT	266	(609)	392
EPS (Dil.)	16.6	(37.6)	24.2
y-o-y	-25.7%	PL	LP
EBITDA Margin	15.2%	7.5%	18.1%
PAT Margin	5.0%	-11.5%	6.4%
D/E(x)	2.48	4.71	NA
P/E(x)	6.1x	NA	4.2x
EV/EBITDA(x)	7.9x	16.2x	5.8x
ROCE	8.6%	0.9%	NA
ROE	14.5%	NA	NA

Financial Year ends at March 31

Qtry Fin	06/09	09/09	12/09	03/10
Revenue	1,347	1,330	1,401	1,689
PAT	95	63	101	118
EPS	5.8	3.9	6.2	7.3

All figures in Rs. crores except for per share data
Qtry fig. shows standalone results

JSL Stainless

Company Overview

The company, formerly known as Jindal Stainless Steel, was renamed JSL in 2008 and JSL Stainless in May 2010. JSL Stainless Limited is the largest producer of stainless steel in India, with a vision to emerge amongst the top 10 stainless steel producers in the world. JSL has six Indian subsidiaries and eleven overseas subsidiaries, including four step down subsidiaries. The company has emerged as a fully integrated stainless steel manufacturer, offering a large range of products, which includes slabs, blooms, flat bars, hot rolled & cold rolled coils, plates and sheets as well as specialty products. Apart from manufacturing stainless steel, through its subsidiaries, the company has proactively branched out into providing a large gamut of products and services which range from lifestyle products to providing design and technology solutions to its large client base. The company has around 40 per cent share in domestic stainless steel market and incase of high end applications the market share is around 75 per cent.

Key Business Highlights

Integrated steel plant

The company's most recent and largest addition is its integrated steel plant in Orissa, for which the company has invested in a captive power plant as well as mining ventures to reduce the volatility in supply of key raw materials as well as ensure a definite source of its energy requirements.

Sole supplier of steel strips for blades and coins

The company is the only producer in the country, which supplies steel strips for the manufacture of surgical and razor blades, and is one of only three such global suppliers. The company supplies CR strips and coin blanks to the Indian government.

Controls significant market share

The company enjoys a more than 40 per cent market share in the domestic stainless steel market, which is complimented by a 75 per cent share in high end applications.

Reducing cost of borrowing

In FY10 the company managed to reduce its cost of borrowing by 60 basis points from 10.10 per cent to 9.5 per cent. The company also raised Rs 247 crores through the QIP route, thereby reducing its debt equity ratio from 3.85 in FY 2008-09 to 3.05 in FY 2009-10. After incurring losses in FY09, the company staged a complete turn around and delivered an EPS of RS 24.2 in FY10.

Key Risks

- Any implementation delays in capacity upgrades will adversely affect the company's ability to meet its debt commitments.
- Expansion plans of competitors will add pressure on the availability of raw materials
- Adverse weather conditions would hamper the production

Valuations

The stock is currently trading at a P/E multiple of 4.2x on its FY10 EPS of Rs. 24.2 and 5.8x EV/EBITDA multiple based on FY10 EBITDA of Rs.1, 115 crores.