

## Valuation & Recommendation

AT CMP of Rs 214, the stock is currently available at 13.0x its TTM earnings of Rs 16.5 & 9.5x its FY11e earnings of Rs 22.6 which looks attractive. With the company consolidating its position through capacity expansion across all the pipe products especially for oil & gas applications coupled with the strong order book & positive industry outlook, we remain bullish on the growth prospects of the company. We recommend a BUY on the stock with a price target of Rs 282 (valued at one year forward PE of 12.5x), an upside of more than 30% from the current levels for a time horizon of 9 to 12 months

# Result Update



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(Rs. In Cr.)

Jindal Saw Ltd.	Q1FY10	Q1FY09	% Chg.	Q1FY10	Q4FY09	% Chg.	FY201003	CY200812	% Chg.
Net Sales	1086.3	1463.6	-25.8	1086.3	1371.0	-20.8	6791.6	5003.3	35.7
Other operational Income	0.0	1.7	-100.0	0.0	2.5	-100.0	7.5	5.8	29.31
Total Oper. Income(TOI)	1086.3	1465.4	-25.9	1086.3	1373.5	-20.9	6799.1	5009.1	35.7
Raw Materials Cons.-	799.1	996.1	-19.8	799.1	663.7	20.4	4109.1	3558.2	15.5
% to TOI	73.6%	68.0%	-	73.6%	48.3%	-	60.4%	71.0%	-
Stock adj. (-)Inc / (+)Dec-	-163.2	32.9	PL	-163.2	195.8	PL	260.1	-196.8	LP
% to TOI	-15.0%	2.2%	-	-15.0%	14.3%	-	3.8%	-3.9%	-
Net Raw Mat adj. for stock	635.9	1028.9	-38.2	635.9	859.5	-26.0	4369.2	3361.4	30
% to TOI	58.5%	70.2%	-	58.5%	62.6%	-	64.3%	67.1%	-
Other expenses	115.5	211.4	-45.4	115.5	177.8	-35.0	963.6	808.8	19.1
% to TOI	10.6%	14.4%	-	10.6%	12.9%	-	14.2%	16.2%	-
Contribution Net_Sales	334.9	225.0	48.8	334.9	336.3	-0.4	1466.3	838.9	74.8
Personnel	46.9	38.7	21.0	46.9	41.8	12.1	203.4	132.4	53.6
% to TOI	4.3%	2.6%	-	4.3%	3.0%	-	3.0%	-2.6%	-
Total expenditure	798.3	1279.1	-37.6	798.3	1079.0	-26.0	5536.2	4302.6	28.7
Operating Profit	288.0	186.3	54.6	288.0	294.5	-2.2	1262.9	706.5	78.8
<i>% to TOI</i>	<i>26.5%</i>	<i>12.7%</i>	<i>-</i>	<i>26.5%</i>	<i>21.4%</i>	<i>-</i>	<i>18.6%</i>	<i>14.1%</i>	<i>-</i>
Non-Operating Income	4.6	0.5	920.0	4.6	1.3	247.7	8.0	4.3	86.0
Interest	21.8	37.1	-41.3	21.8	34.3	-36.4	167.8	175.8	-4.6
Exceptional Items			-			-	0.0	0.0	0.0
Gross Profit	270.8	149.7	81.0	270.8	261.6	3.5	1103.0	535.0	106.2
Depreciation	33.9	20.5	65.3	33.9	32.0	6.0	134.0	70.6	89.8
PBT before Extra-ord	236.9	129.1	83.5	236.9	229.6	3.2	969.1	464.4	108.7
% to TOI	21.8%	8.8%	-	21.8%	16.7%	-	14.3%	9.3%	-
Extraordinary Items	0.0	0.0	0.0	-2.3		-	-11.5	-9.2	-25
PBT	236.9	129.1	83.5	234.6	229.6	2.2	957.6	455.2	110.4
Tax Rate	24.1%	24.7%	-	24.1%	25.9%	-	24.9%	26.8%	-
Prov. for Tax	56.6	31.3	81.1	56.6	59.5	-4.8	238.4	122.1	92.0
% to TOI	5.2%	2.1%	-	5.2%	4.3%	-	3.5%	2.4%	-
Profit after Tax	180.3	97.9	84.2	178.0	170.1	4.6	719.2	333.2	115.8
<i>% to TOI</i>	<i>16.4%</i>	<i>6.5%</i>	<i>-</i>	<i>16.4%</i>	<i>12.4%</i>	<i>-</i>	<i>10.6%</i>	<i>6.7%</i>	<i>-</i>
Face Value	2.0	10.0	-80.0	2.0	2.0		2.0	10.0	-80.0
Equity Share capital	54.7	52.1	5.0	54.7	54.7	0.0	54.7	52.1	5.0
EPS (Rs.)	6.5	18.3	-64.5	6.5	6.2	4.7	26.3	63.9	-58.5
CEPS (Rs.)	7.8	22.3	-65.2	7.8	7.4	4.9	31.2	77.5	-59.7

Source: ACE Equity

# Result Update



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