Initiating Coverage

CMP : INR 196
Rating : Buy
Target : INR 255

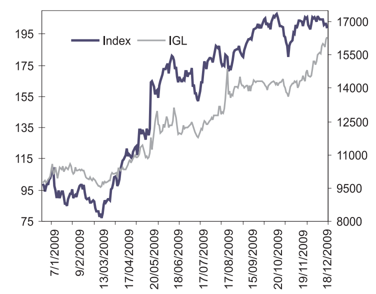
Indraprastha Gas Ltd. (IGL)

KEY DATA	
Market Cap (INR bn)	27.0
Market Cap (USD mn)	587.4
52 WK High / Low	197/95
Avg Daily Volume (BSE)	184505
Face Value (INR)	10

BSE Sensex	17231
Nifty	5145
BSE Code	532514
NSE Code	IGL
Reuters Code	IGAS.BO
Bloomberg Code	IGL IN

Shareholding %	4Q	1Q	2Q
Promoters	45.0	45.0	45.0
MF/Banks/Indian FIs	18.0	17.0	18.0
FII/ NRIs/ OCBs	18.0	16.0	16.0
Indian Public	19.0	22.0	21.0

Performance Chart



Financials (INR Mn.)	F09	F10E	F11E
Net Sales	8604.0	11299.9	14671.3
EBITDA	3023.4	3841.6	4836.9
EPS	12.3	15.3	19.0
P/E	15.9	12.8	10.3

We believe IGL will be a key beneficiary of growing appetite of CNG in NCR region. We also expect the company can deliver strong volume growth due to its entry in newer markets in adjoining regions. Threat of competition and regulated margins looms on the performance of the stock. However, we believe the above mentioned concern is over done and IGL, with its already well established network, can withstand any form of competition in medium term. We also believe that long term return on capital might be better than regulated returns (in view of any regulated return scenario) of 14% as proposed by PNGRB.

- IGL has registered strong volume growth in 1HFY10 suggesting strong appetite for both CNG and PNG in NCR region. We expect the volume growth to continue its robust trend in NCR driven by higher than expected conversion in existing fleet of vehicles as well as demand for new vehicles on account of common wealth games. We also believe that natural gas will remain a preferred choice of fuel by government to reduce green house emission for transport.

- The company has shown pricing power by increasing CNG price by 11% in June 2009 on account of higher cost of natural gas. We expect PNG prices to also follow the suit. We take heart from the fact that the company is trying to aggressively protect its margin and it bodes well for the long term performance of the stock. We expect 32-34% EBITDA margins in medium term compared to 19-20% of peer.

- The company has locked in long term supply arrangements in cognizance with incumbent growth. Recent off take arrangements with RIL (set to increase over a period of time) is the step in that direction. Long term supply arrangements will keep strong growth on track. Although, the new arrangements do come at higher price. We expect margins to contract a bit till the company goes for new price hike. We have not factored in any price hike for CNG in our estimate till FY11.

- We expect growth in PNG to be faster than CNG due to low penetration in NCR market (~4%) as well as it being cheaper and easy to use than domestic LPG. The company has also raised PNG price for customer post March 2008. We see gradual increase in PNG realizations from FY08-FY11E.

- The company is expanding capacity in order to satiate the pent up demand. IGL is expected to spend close to INR 16 billion over next 4-5 years to setup requisite infrastructure in NCR and adjoining areas. Though, there is no clarity whether the company will able to expand its operation in Ghaziabad. Still, IGL will be able to run its existing Infrastructure due to high court judgment in favor of the company.

- We are convinced about long term viability of CNG and PNG as the preferred mode of fuel in cities. We also believe that they will score above traditional mode of fuel due to their favorable economics (CNG 53% cheaper than petrol and 36% than diesel), environment friendliness as well as, uninterrupted supply and backdated payments by customers in case of PNG.

Valuation

We believe better margins and strong growth compensates for overhang of regulated returns. We believe that IGL should trade at 7 x FY11E EBITDA in line with valuation of Gujarat Gas Limited. We expect ~30% growth in revenue from FY09-FY11E and ~24% growth in PAT. We believe a higher growth rate justifies the narrowing of discount. We Initiate coverage with Price target of **INR 255.**

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Particulars (INR million)	FY08	FY09	FY10E	FY11E
Valuation Ratios				
P/E	15.7	15.9	12.8	10.3
EV/EBITDA	8.3	8.3	6.6	5.1
P/BV	4.8	4.0	3.3	2.6
Dividend Yield (%)	2.0	2.0	2.0	2.0
Per Share Data (INR)				
EPS	12.5	12.3	15.3	19.0
CEPS	16.9	17.1	21.3	26.6
BVPS	41.2	48.8	60.2	75.1
DPS	4.0	4.0	4.0	4.0
P&L (INR mn)				
Net Sales	7131.1	8604.0	11299.9	14671.3
Expenditure	4120.7	5580.6	7458.3	9834.4
EBITDA	**3010.4**	**3023.4**	**3841.6**	**4836.9**
PBIT	2384.6	2349.1	3006.7	3767.1
Interest Expense	10.1	22.8	0.0	0.0
PBT	**2608.9**	**2588.5**	**3233.9**	**3997.1**
Tax	864.4	863.8	1086.6	1343.0
PAT	**1744.5**	**1724.7**	**2147.3**	**2654.1**
Growth Rates (%)				
Net Sales	16.1	20.7	31.3	29.8
EBITDA	18.0	0.4	27.1	25.9
EBIT	22.1	-1.5	28.0	25.3
EPS	26.4	-1.1	24.5	23.6
Balance Sheet (INR mn)				
Networth				
Total Debt	68.3	265.4	265.4	265.4
Creditors	788.4	857.4	1145.5	1474.2
Total Liabilities	**6071.4**	**7308.5**	**8895.8**	**10989.9**
Net Fixed Assets	3575.8	4394.7	6259.8	7690.04
Cash & Bank	1398.9	1461.7	1357.8	2142.0
Debtors	226.4	318.7	418.5	524.3
Total Assets	**6071.4**	**7308.5**	**8895.8**	**10989.9**
Cash Flow (INR mn)				
PAT	1744.5	1724.7	2147.3	2654.1
Depreciation	625.8	674.3	834.9	1069.8
Operating Cash Flow	**2180.4**	**2097.7**	**3156.2**	**3844.2**
Capital Expenses	828.5	1718.6	2700.0	2500.0
Investment Cash Flow	**-640.5**	**-1672.0**	**-2700.0**	**-2500.0**
Debt raised/repaid	14.5	197.1	0.0	0.0
Dividend Paid	560.0	560.0	560.0	560.0
Financing Cash Flow	**-545.5**	**-362.9**	**-560.0**	**-560.0**
Profitability/Solvency Ratios				
EBITDA Margin	42%	35%	34%	33%
ROCE	50%	41%	43%	44%
ROE	30%	25%	25%	25%
D/E	0.01	0.04	0.03	0.03
Interest Coverage	0.0	0.0	0.0	0.0

Company Description

IGL is amongst the first companies in India to commercialize the use of Compressed Natural Gas (CNG) for the automotive sector. IGL is currently the sole supplier and marketer of CNG to the automotive sector in the National Capital Territory (NCT) of Delhi.

www.iglonline.net

Sector

Gas Transmission

Key Management Personnel

Mr. Rajesh Vedvyas
Managing Director

Mr. Manmohan Singh
Director (Commercial)

Mr. S. K. Jain
Company Secretary

PRICE PERFORMANCE (%)

	3 M	6 M	12 M
Absolute	(1.2)	16.5	68.1
Relative	(18.8)	(31.7)	(25.9)

Valuation Thesis

We have valued IGL at 7x FY11E EBITDA in line with the valuation of Gujarat Gas Limited.

Investment Arguments

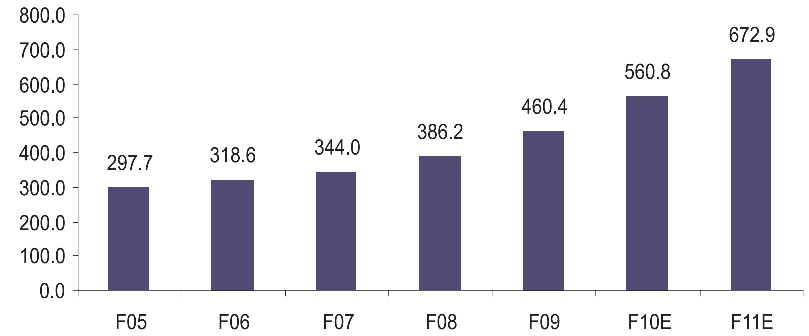
Strong Volume growth

We expect full year growth in CNG volumes to be 20%+ driven by higher conversion of vehicles and expansion in new markets of Gurgaon and Faridabad

In FY09, the average volumes went up by 19% over the last financial year. This was mainly due to demand by private vehicles, the numbers of which has increased by about 43% in NCR, as per survey conducted by an independent agency. The company has continued its strong growth in CNG volumes in 1HFY10 (15.2% YoY) and we expect full year growth in CNG volumes to be 20%+ driven by higher conversion of vehicles and expansion in new markets of Gurgaon and Faridabad. We expect the robust growth trend in CNG volumes to continue driven by increasing demand by private vehicle owners to convert their vehicle. The private car segment offers vast market and this segment will give big push to the demand of CNG. Encouraged by the potential of this segment, leading car manufacturers of the country have drawn out plans to launch large number of CNG variants models in the coming years. The country's largest carmaker Maruti Suzuki has plans to roll out CNG variants of its entire range of cars from the year 2010.

IGL has already embarked on a massive expansion programme in NCT of Delhi as well as NCR to meet the growing demand of CNG users. There has been a heavy increase in demand due to all round conversion of vehicles to CNG. IGL has already initiated the process of setting up new CNG stations. Project work has already commenced at 18 nos. of new sites and allotment of seven more sites is expected shortly. Apart from this, compression and dispensing capacities at existing CNG stations are being increased to provide a comfortable fuelling experience to CNG customers. We expect at least 30 new CNG stations in NCT of Delhi before Commonwealth Games 2010 to further increase volume.

CNG growth (in million Kgs)



Source : Company, FQ Research

The estimated number of vehicles using CNG has gone up to more than 2.50 lakhs in March 2009

The Company has network of 181 stations for supply of CNG as on March 31, 2009 which includes 79 mother stations, 52 online stations, 48 daughter booster stations and 2 daughter stations. The installed compression capacity went up substantially from 20.76 Lakh Kg/day in March 2008 to 26.76 Lakh Kg/day in March 2009. The estimated number of vehicles using CNG has gone up to more than 2.50 lakhs in March 2009 and IGL's back-end infrastructure, compression capacity, dispensing outlets is under continuous augmentation to meet the growing demand.

Conversion trend of vehicles in NCT

	FY01	FY04	FY07	FY08	FY09
Buses	18	10199	11552	11665	12918
Auto	0	59027	68498	80276	93440
RTV	0	5267	5717	5867	6180
Others	5182	16098	47669	130149	175313
Total	**5200**	**90591**	**133436**	**227957**	**287851**

Source : Company, FQ Research

The Government of NCT of Delhi has directed all Light Commercial Vehicles (LCVs) operating in NCT of Delhi to convert to CNG mode

The Company has been given marketing exclusivity in the NCT of Delhi for three years starting from 1st January 2009 and network exclusivity for twenty five years by PNGRB

The company has shown pricing power by increasing CNG price by 11% in June on account of higher cost of natural gas

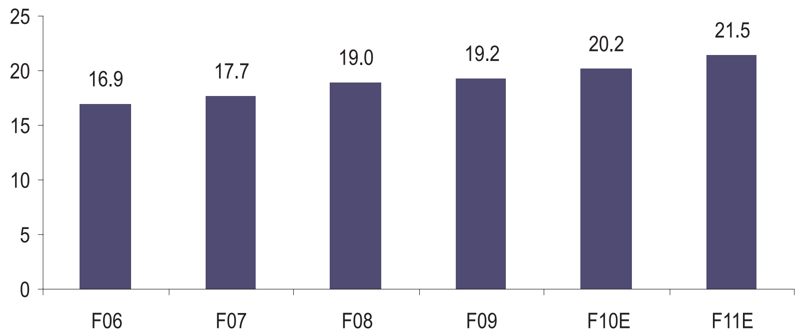
We also believe that natural gas will remain a preferred choice of fuel by government to reduce green house emission for transport. With effect from 1st July 2009, the Government of NCT of Delhi has directed all Light Commercial Vehicles (LCVs) operating in NCT of Delhi to convert to CNG mode. In view of the expected growth in demand, the Company has drawn up an ambitious plan to augment its infrastructure by adding 22 new CNG stations in FY10.

Petroleum & Natural Gas Regulatory Board (PNGRB) has started the process of bidding for setting up City Gas Distribution Projects in various cities. As a result, a large number of City Gas Distribution Companies for supply of CNG & PNG are coming up in various parts of the country. IGL, being pioneer and success story in establishing CNG as a fuel for transportation sector in NCT of Delhi, is being looked as a role model by these new City Gas Distribution Companies. The Company has been given marketing exclusivity in the NCT of Delhi for three years starting from 1st January 2009 and network exclusivity for twenty five years by PNGRB.

Pricing power

The company has shown pricing power by increasing CNG price by 11% in June on account of higher cost of natural gas. In June 2009, the company has increased the selling price of Compressed Natural Gas (CNG) from INR 18.9 per kg to INR 21.0 per kg in NCT of Delhi, whereas in Noida region, the company already commands higher realizations of INR 22.1 per kg. We expect overall CNG realisations to be INR 20.2 per kg in FY10E and INR 21.5 per kg in FY11E.

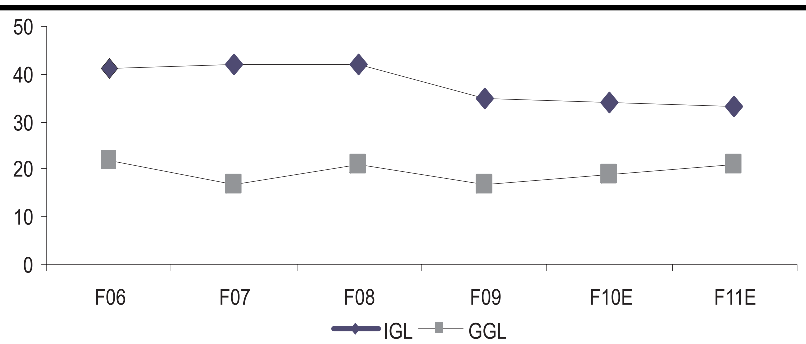
CNG Realization Trend (INR Per Kg)



Source : Company, FQ Research

We expect PNG prices to also follow the suit. We take heart from the fact that the company is trying to aggressively protect its margin and it bodes well for the long term performance of the stock. We expect 33-34% EBITDA margins in medium term compared to 19-20% of peers.

Margins Trend (IGL vs GGL in %)



Source : Company, FQ Research

The company has also been successful in raising CNG price in the past. As per historical records, the company has successfully raised CNG price in FY05, FY06, FY07 and FY08 in line with price of competing products (Petrol and Diesel). We also believe that in future the company will be able to raise price to protect its margins. Any step by the government on shifting to market determined price of petroleum products will result in making CNG more competitive.

The new Draft city gas distribution network regulations envisages competitive bidding for laying the pipeline along with 25-year exclusivity for the network infrastructure, 14% post-tax RoCE and a tariff fixed on the basis of competitive bidding. In case the company comes under the net of fixed rate return, we believe IGL, being an early player and exclusivity over infrastructure in Delhi, would be able to garner higher RoCE compared to new entrants and will command premium valuation to them. As per media reports, new players are bidding aggressively by quoting zero pipeline network tariff. This bodes well for the company's existing business in NCT. We expect IGL's existing business to get re-rated.

Gas Supply Arrangements

The company has locked in long term supply arrangements in cognizance with incumbent growth. IGL receives its supply of 2 mscmd Mumbai High gas from HVJ pipeline of GAIL. Apart from D6 gas, IGL sources administered price (APM) gas and re-gassified liquefied natural gas (R-LNG). While the delivered price of APM gas is INR 5.40 a standard cubic metre that of R-LNG is INR 13.5 a standard cubic metre.

The company had signed the gas sale and purchase agreement with RIL. The quantity is expected to grow up to 0.5 mscmd by end of the financial year

IGL has started drawing natural gas from the Reliance Industries-operated D6 block in the Krishna-Godavari Basin from FY10. The company had signed the gas sale and purchase agreement with RIL and Niko on August 13 2009, along with the gas transportation agreement with Reliance Gas Transportation Infrastructure Ltd. Under the agreement, 0.308 mscmd of natural gas is being made available to IGL to meet the growing demand of CNG and piped natural gas. The quantity is expected to grow up to 0.5 mscmd by end of the financial year. We expect the company to source less LNG thereby, slightly cushioning average natural gas price hike in FY10E & FY11E.

RGTIL will transport gas from Gadimoga near Kakinada in Andhra Pradesh till Ankot in Gujarat, where its pipeline connects with HVJ pipeline of GAIL (India) Ltd. The delivered D6 gas price is expected to be close to INR 11.0 per standard cubic metre.

We expect average cost of natural gas to increase from INR 5.8 per scm in FY09 to INR 7.1 per scm in FY11E

Long term supply arrangements will keep the strong growth on track. The new arrangements come at higher price. However, we expect average cost of natural gas to increase from INR 5.8 per scm in FY09 to INR 7.1 per scm in FY11E.We expect margins to contract a bit till the company goes for new hike in price. We have not factored in any price hike for CNG in our estimate till FY11.

Gas Supply (mmscmd)

	FY07	FY08	FY09	FY10E	FY11E
APM	1.5	1.6	1.8	2.0	2.0
Reliance	0.0	0.0	0.0	0.2	0.5
Others	0.0	0.0	0.0	0.1	0.3
Total	**1.5**	**1.6**	**2.0**	**2.3**	**2.6**

Source : Company, FQ Research

Gas Procurement cost (INR per scm)

	FY07	FY08	FY09	FY10E	FY11E
APM	5	5.1	5.3	5.3	6.1
Reliance	NA	NA	NA	10.5	10.5
Others	NA	NA	11.4	11.1	10.7
Total	**5.0**	**5.1**	**5.8**	**5.9**	**7.1**

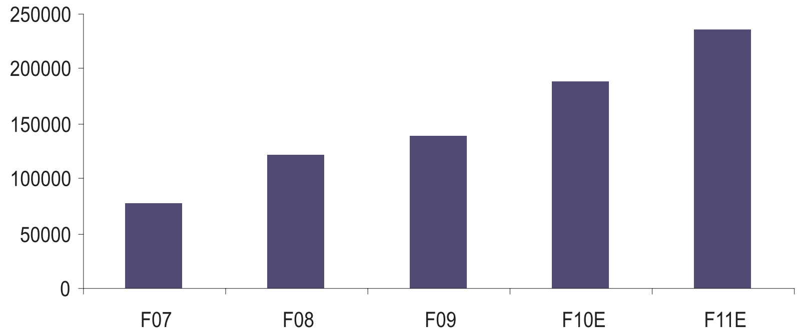
Source : Company, FQ Research

The Company has already covered nearly 90 colonies and plans to expand its PNG infrastructure so as to cover the entire Delhi in a phased manner in the coming years

Robust growth in PNG segment

Piped Natural Gas (PNG) has become extremely popular kitchen fuel to replace LPG cylinders. Considering the total number of LPG users in Delhi and intention of central government to remove subsidy on LPG cylinders in a phased manner, there is a huge potential in PNG segment. The Company has already covered nearly 90 colonies and plans to expand its PNG infrastructure so as to cover the entire Delhi in a phased manner in the coming years. Besides vast potential demand of CNG & PNG in NCT of Delhi, the Company has already spread its wings beyond NCT of Delhi by commencing online CNG dispensing in NCR towns of Noida and Greater Noida. The Company has also geared itself for competitive bidding being done by PNGRB for setting up of City Gas Distribution Projects in various cities.

PNG customer growth (in nos.)



Source : Company, FQ Research

During FY10, the Company plans to extend its PNG distribution network to 32 more colonies besides providing connections to new customers in the existing network areas.

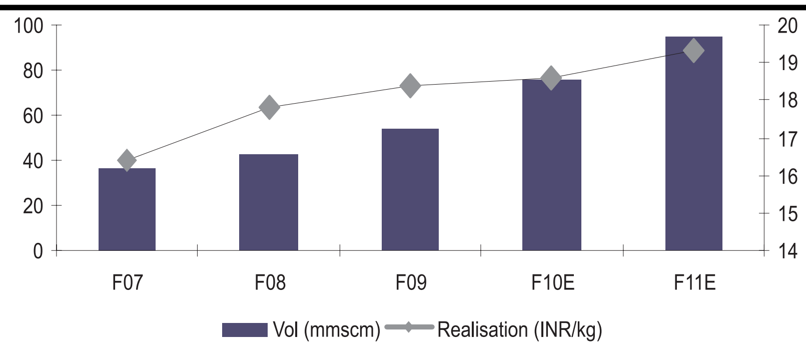
In FY09, the Company has extended the Piped Natural Gas distribution infrastructure to the new areas in Delhi which include 18 colonies. During FY10, the Company plans to extend its PNG distribution network to 32 more colonies besides providing connections to new customers in the existing network areas.

The Company has started PNG supply for the first time outside Delhi in Noida and Greater Noida. As on 31st March 2009, the Company has provided PNG connections to over 138,000 domestic and more than 315 commercial customers. The company plans to add ~50000 more connections in FY10. We expect PNG volume growth to be much faster than CNG growth due to faster ramp up of infrastructure as well as huge pent-up demand for reliable and continuous supply of cooking gas.

The company plans to add ~50000 more connections in FY10. We expect 40% growth in PNG volumes and 25% growth in FY11E

We expect 40% growth in PNG volumes in FY10E to 75.9 mmscm and 25% growth in FY11E to 94.9 mmscm. The company has also raised PNG price for customer post March 2008. We see gradual increase in PNG realizations from FY08-FY11E. We expect per unit realisation to increase from INR 18.4 per scm in FY09 to INR 19.3 per scm in FY11E

PNG volume and Realisation trend



Source : Company, FQ Research

Capacity Expansion

Capex of INR 16.0 billion has been earmarked for expansion of infrastructure in the next 4-5 years. We expect IGL to spend more than INR 5.0 billion in FY10E and FY11E

IGL has embarked on a massive expansion programme. There has been a heavy increase in demand due to all round conversion of vehicles to CNG and increased acceptability of PNG as a domestic fuel. In addition, there is a challenging task lying ahead of IGL for creating CNG infrastructure not only in NCT but all over NCR due to forthcoming world event - Commonwealth Games in 2010. Capex of INR 16.0 billion has been earmarked for expansion of infrastructure in the next 4-5 years.

IGL has already initiated the process of setting up new CNG stations. Project work has already commenced at 18 nos. of new sites and allotment of seven more sites is expected shortly. The company plans to add 50,000 new PNG connections in the current financial year.

We expect IGL to spend more than INR 5.0 billion in FY10E and FY11E to ramp up its infrastructure. We believe the company's internal generation of cash would be sufficient enough to fund this capex for next 15 months. Although, we feel the company might go for the leverage in FY12. We also believe leverage will bode well for company in case of regulated return scenario.

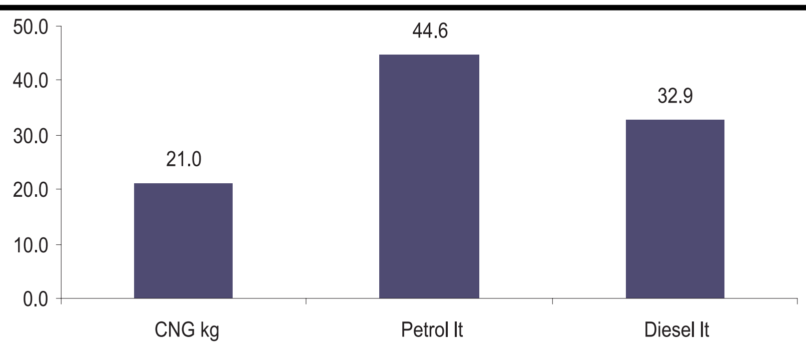
We expect the money to be spent on setting up of at least 30 new CNG stations in NCT of Delhi before Commonwealth Games 2010. Apart from this, compression and dispensing capacities at existing CNG stations are being increased to provide a comfortable fuelling experience to CNG customers. The company is also expected to ramp up its PNG infrastructure significantly to add 50000 new customers in FY10.

NCR CGD Economics

We believe that will score over traditional mode of fuel due to their favorable economics (CNG 53% cheaper than petrol and 36% than diesel)

IGL is the sole supplier of CNG and PNG in Delhi and adjoining regions. The company enjoys 3 year of marketing exclusivity and 25 years of network exclusivity in Delhi region. The usage of CNG and PNG has been growing at fast pace due to huge demand for the product. This is evident from the volume growth of both the products sold by the company. We are convinced about long term viability of CNG and PNG as the preferred mode of fuel in cities. We also believe that they will score over traditional mode of fuel due to their favorable economics (CNG 53% cheaper than petrol and 36% than diesel), environment friendliness and incase on PNG uninterrupted supply and backdated payments by customers.

CNG vs Auto Fuels comparison

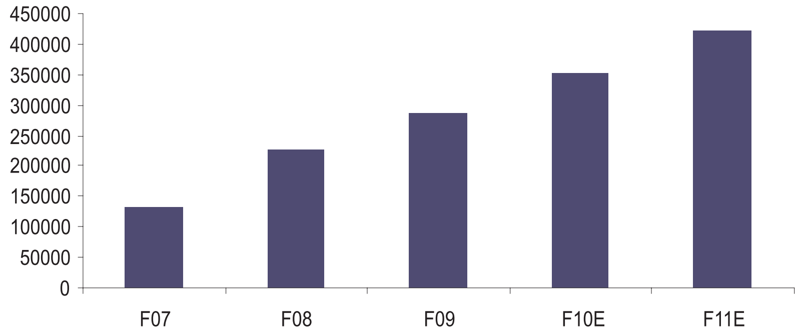


Source : Company, FQ Research

DTC would be adding 2,500 more low floor CNG buses to its existing fleet by March 2010. Out of these 2,500 buses 1,000 are low floor air-conditioned buses while 1,500 will be non-A/c low floor CNG buses

We believe there is a strong case for high growth in CNG in Delhi and adjoining regions due to the inherent advantages it enjoys over conventional fuels. We are also observing the trend of conversion of private vehicles to CNG due to cheap running cost compared to petrol and diesel. We expect the incremental demand for CNG in Delhi to come from induction of new public vehicles for common wealth game and higher conversion of private vehicles. DTC would be adding 2,500 more low floor CNG buses to its existing fleet by March 2010. The delivery of new buses will start from August 2009 when 150 buses would be joining the DTC fleet. These buses will be supplied by TATA Motors and Ashok Leyland. Out of these 2,500 buses 1,000 are low floor air-conditioned buses while 1,500 will be non-A/c low floor CNG buses. We also expect that there will be robust demand for CNG variants of new models launched by automobile manufacturers. Even if we try to extrapolate the current growth trend without including Common Wealth growth demand, we see 15%+ growth in CNG volumes.

CNG customer's growth trend



Source : Company, FQ Research

As far as PNG is concerned, we see higher growth rate due to low initial switching cost from LPG to PNG. We also believe there is huge pent-up demand for reliable and continuous supply of cooking gas. In addition to the abovementioned reason, we believe backdated monthly payment with regard to PNG is one more factor making it more lucrative for customers to switch from CNG to PNG. We believe the initial spurt in demand will come from expansion of network at fast pace and after that new construction, gradual conversion and higher usage will keep the demand of PNG robust. IGL is expecting to reach customer base of 350000 by end of FY10. We believe market for PNG connection is far bigger in NCR region than 350,000, thus we believe PNG volume growth would be higher than CNG in long term.

Valuation

We believe better margins and strong growth compensates for overhang of regulated returns. We believe that IGL should trade at 7 x FY11E EBITDA in line with valuation of Gujarat Gas Limited. We expect ~30% growth in revenue from FY09-FY11E and ~24% growth in PAT. We believe a higher growth rate justifies the narrowing of discount. We Initiate coverage with Price target of INR 255.

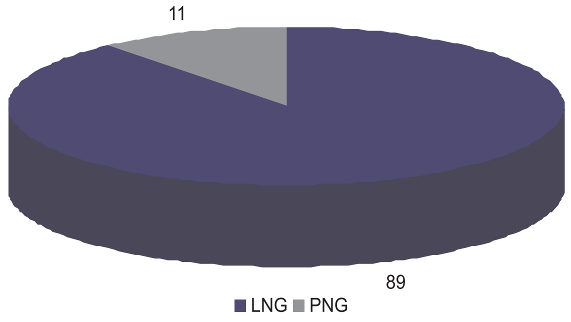
	PE Ratio			EV/EBITDA			ROCE		
Particulars	**FY09**	**FY10E**	**FY11E**	**FY09**	**FY10E**	**FY11E**	**FY09**	**FY10E**	**FY11E**
Indraprastha Gas	15.9	12.8	10.3	8.3	6.6	5.1	41%	43%	44%
Gujarat Gas	18.7	17.1	13.8	11.4	9.5	7.3	30%	33%	33%

About the company

IGL is amongst the first companies in India to commercialize the use of Compressed Natural Gas (CNG) for the automotive sector. IGL is currently the sole supplier and marketer of CNG to the automotive sector in the National Capital Territory (NCT) of Delhi. IGL also markets and distributes Piped Natural Gas (PNG) for domestic and commercial sectors in NCT of Delhi.

IGL is promoted by sector leaders such as GAIL, the largest Natural Gas transmission company in India and Bharat Petroleum Corporation Limited (BPCL), one of the leading oil refining and marketing companies in India. The company derives ~ 89% of its revenue from sale of CNG and 10% of its revenue from sale of PNG.

CNG / PNG revenue distribution FY09/FY11E



Source : Company, FQ Research

Infrastructure

The total number of CNG stations increased from 163 in March 2008 to 181 in March 2009, which included 79 mother stations, 52 online stations, 48 daughter booster stations and 2 daughter stations. The installed compression capacity went up substantially from 20.76 Lakh Kg/day in March 2008 to 26.76 Lakh Kg/day in March 2009. The Company is currently supplying R-LNG to 15 industrial consumers in Delhi. The Company has identified supply of Re-gassified Liquid Natural Gas (R-LNG) to industrial segment especially to industries in Noida and Greater Noida as a major thrust area in its expansion plans.

Profit and Loss Statement

Particulars (INR million)	FY08	FY09	FY10E	FY11E
Net Sales	**7131.1**	**8604.0**	**11299.9**	**14671.3**
% chg	*16.1%*	*20.7%*	*31.3%*	*29.8%*
Expenditure	4120.7	5580.6	7458.3	9834.4
EBITDA	**3010.4**	**3023.4**	**3841.6**	**4836.9**
(% of Net Sales)	*42.2%*	*35.1%*	*34.0%*	*33.0%*
Depreciation	625.8	674.3	834.9	1069.8
EBIT	**2384.6**	**2349.1**	**3006.7**	**3767.1**
Interest	10.1	22.8	-	-
Other Income	234.4	262.2	227.2	230.0
PBT	**2608.9**	**2588.5**	**3233.9**	**3997.1**
(% of Net Sales)	*36.6%*	*30.1%*	*28.6%*	*27.2%*
Tax	864.4	863.8	1086.6	1343.0
(% of PBT)	*33.1%*	*33.4%*	*33.6%*	*33.6%*
PAT	**1744.5**	**1724.7**	**2147.3**	**2654.1**

Ratios

Particulars	FY08	FY09	FY10E	FY11E
Valuation Ratios (x)				
PE	15.7	15.9	12.8	10.3
P/CEPS	11.6	11.4	9.2	7.4
P/BV	4.8	4.0	3.3	2.6
EV/Sales	3.5	2.9	2.2	1.7
EV/EBITDA	8.3	8.3	6.6	5.1
Mcap/Sales	3.8	3.2	2.4	1.9
Leverage Ratios (x)				
Debt/Equity	0.01	0.04	0.03	0.03
Interest Coverage	-	-	-	-
Per Share Data				
EPS	12.5	12.3	15.3	19.0
DEPS	12.5	12.3	15.3	19.0
BV	41.2	48.8	60.2	75.1
CEPS	16.9	17.1	21.3	26.6
Return Ratios (%)				
RoE	30.3	25.2	25.5	25.2
RoCE	49.6	41.4	43.2	44.0
Dupont Analysis (%)				
Operating Margins (EBIT/Sales)	33.4	27.3	26.6	25.7
Interest Burden (PBT/EBIT)	109.4	110.2	107.6	106.1
Tax Burden (PAT/PBT)	66.9	66.6	66.4	66.4
Asset Turnover (Sales/Assets)	106.8	105.3	103.9	109.7
Gearing (Assets/Equity)	115.9	119.6	129.1	127.2
Margin Ratios (%)				
EBITDA Margin	42.2	35.1	34.0	33.0
PBT Margin	36.6	30.1	28.6	27.2
PAT Margin	24.5	20.0	19.0	18.1
Growth Ratios (%)				
Net Sales	16.1	20.7	31.3	29.8
EBITDA	18.0	0.4	27.1	25.9
EBIT	22.1	-1.5	28.0	25.3
PBT	26.9	-0.8	24.9	23.6
PAT	26.4	-1.1	24.5	23.6
Operating Cycle (days)				
Debtor Days	11.6	13.5	13.5	13.0
Inventory Days	28.5	22.2	22.2	21.7
Creditor Days	69.8	56.1	56.1	54.7

Balance Sheet

Particulars (INR million)	FY08	FY09	FY10E	FY11E
Equity Share Capital	1400	1400	1400	1400
Preference Share Capital	-	-	-	-
Reserves	4364.6	5434.2	7021.5	9115.6
Net Worth	**5764.6**	**6834.2**	**8421.5**	**10515.6**
Secured Loans	-	-	-	-
Unsecured Loans	68.3	265.4	265.4	265.4
Total Debt	**68.3**	**265.4**	**265.4**	**265.4**
Net Deferred tax	238.5	208.9	208.9	208.9
Sources of Funds	**6071.4**	**7308.5**	**8895.8**	**10989.9**
Gross Block	6680.0	8172.0	10872.0	13372.0
Acc Depreciation	3104.2	3777.3	4612.2	5682.0
Net Block	**3575.8**	**4394.7**	**6259.8**	**7690.04**
Capital WIP	589.7	816.3	816.3	816.3
Investments	1088.4	1041.8	1041.8	1041.8
Current Assets	**2286.7**	**2604.1**	**2792.6**	**3917.4**
Inventories	236.8	249.4	327.2	424.1
Debtors	226.4	318.7	418.5	524.3
Cash & Bank	1398.9	1461.7	1357.8	2142.0
Advances	424.6	574.3	689.2	827.0
Current Liabilities	**1469.2**	**1548.4**	**2014.8**	**2475.6**
Creditors	788.4	857.4	1145.5	1474.2
Provisions	680.8	691.0	869.3	1001.4
Net Current Assets	**817.5**	**1055.7**	**777.9**	**1441.7**
USES OF FUNDS	**6071.4**	**7308.5**	**8895.8**	**10989.9**

Cash Flow Statement

Particulars (INR million)	FY08	FY09	FY10E	FY11E
PAT	**1744.5**	**1724.7**	**2147.3**	**2654.1**
Depreciation	625.8	674.3	834.9	1069.8
Change in Wcap	13.1	175.4	-173.9	-120.3
Other Current Assets	-176.8	-125.9	0	0
Cash Flow from Operations	**2180.4**	**2097.7**	**3156.2**	**3844.2**
Inc/Dec in Investments	-188	-46.6	0	0
Capital Expenditure	828.5	1718.6	2700.0	2500.0
Cash Flow from Investments	**-640.5**	**-1672.0**	**-2700.0**	**-2500.0**
Inc/Dec in Debt	14.5	197.1	0	0
Inc/ Dec in Equity	0	0	0	0
Dividends Paid	560	560	560	560
Cash Flow from Financing	**-545.5**	**-362.9**	**-560.0**	**-560.0**
Opening Cash	404.5	1398.9	1461.7	1357.8
Change in Cash	994.4	62.8	-103.8	784.2
Closing Cash	**1398.9**	**1461.7**	**1357.8**	**2142.0**

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Outperformer	Marketperformer	Underperformer
More than 10% to Index	Within 0-10% to Index	Less than 0-10% to Index