

BUZZING

STOCK

Gujarat State Petronet Ltd.

CMP – Rs.48

Analyst

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Key Stock Data

Sensex	12980
Nifty	3798
Sector	Miscellaneous - medium
Bloomberg	GUJS IN
Reuters	GSPT.BO
No. of shares (m)	543
Market Cap (Rs m)	25,881
Market Cap (US\$ m)	595
52-week H/L	Rs.58/27

Shareholding Pattern (%)

Promoters	39.15
Mutual Funds	19.57
FIs	5.47
Corporate Bodies	7.02
Pubic & Others	26.3

Gujarat State Petronet Ltd (GSPL), promoted by Gujarat State Petroleum Corporation, is rapidly expanding to double its gas transmission capacity in Gujarat. GSPL presently transports around 19 mmscmd of gas.

GSPL's strong pipeline network connects the LNG Terminals and natural gas supply basins to the major demand centers in Gujarat. GSPL's contracts with most of its customers (usually end users like power, fertilizer, chemical, steel companies) are of varying tenure ranging from 1 to 15 years.

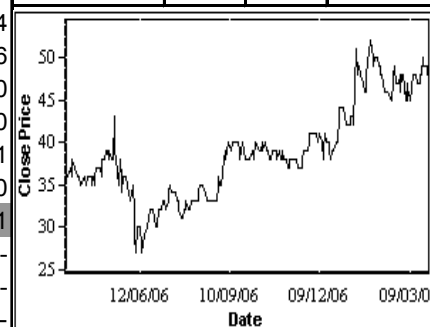
Expansion: GSPL has pipeline network of around 1,070KM, operational on Hazira – Baroda – Ahmedabad – Kalol - Himmatnagar - Mehsana - Rajkot - Morbi – Vapi route. The company is planning to increase this network further by 425 KM. Of this, work on around 75 KM pipeline has already begun. Post expansion, GSPL will transport gas to the tune of 40 mmscmd, double the existing quantity. The company has invested Rs.2.1bn in expansion activity of around Rs.3bn raised through an IPO in FY06.

Better Performance: GSPL has been presenting improved performance QoQ on back of increasing volumes and better efficiency. Volumes are expected to surge further due to higher demand for gas by power companies' like NTPC, Torrent Power. On the other hand, supply is expected to step up due to rising volume of spot LNG cargo arriving at Dahej and Hazira terminal. Increased gas availability from PMT fields is expected to further enhance the gas transmission volumes.

Valuations: In Q3FY07, GSPL has reported excellent set of numbers on back of higher volumes and escalating margins. In Q3FY07, revenue at Rs.871m is up by 23% YoY. PAT at Rs.284m is 187% YoY higher, with EBIDTA margins at 87% increasing steeply by 1,232bps YoY. The current market price discounts the 9MFY07-annualized EPS of Rs.1.7 by 27.8x.

Financial Snapshot

Gujarat State Petronet Ltd.						Rs.m	Ratios (%)			
	Q3 FY07	Q3 FY06	Chg. (%)	FY06	FY05	Chg. (%)		FY06	FY05	Chg.(%)
Financial Year End: March										
Net Sales	871	709	23	2635	2035	30	Debt -Equity	0.8	1.4	(44)
Other Income	39	10	275	45	20	122	PBIDTM	75	65	17
Total Income	910	720	26	2679	2055	30	PBDM	60	47	28
Total Expenditure	117	183	(36)	692	741	(7)	RoCE	10	9	18
PBIDT	793	537	48	1988	1314	51	RoNW	7	5	39
Interest	104	97	6	413	363	14				
PBDT	689	440	57	1575	950	66				
Depreciation	236	171	38	791	656	20				
Tax	138	(24)	(678)	0	15	0				
Reported Profit After Tax	284	99	187	467	161	191				
Extra -ordinary Items	0	0	0	0	0	0				
Adj. Profit After Extra-ordinary item	284	99	187	467	161	191				
No. of shares (m)	543	404	-	543	404	-				
EPS (annualised.) (Rs.)	2.1	0.7	-	0.9	0.5	-				
P/E	22.9	65.8	-	55.9	104.5	-				



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