

BUZZING

STOCK

I G Petrochemicals Ltd.

CMP – Rs.68

Analyst

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Key Stock Data

Sensex	17777
Nifty	5209
Sector	Chemicals
Bloomberg	IGPL IN
Reuters	IGPT.BO
No. of shares (m)	26.3
Market Cap (Rs m)	1788
Market Cap (US\$ m)	45
52-week H/L	85/49

Shareholding Pattern (%)

Promoters	40.51
Mutual Funds	0.04
FII's	2.6
Corporate Bodies	28.42
Pubic & Others	28.43

I G Petrochemicals Ltd. (IGPL), the leading manufacturer of Phthalic Anhydride (PA) in India, is expected to form a Joint Venture (JV) with Stepan Chemicals for manufacture of Polyol. The company is also planning to further expand its capacity, to become the second largest manufacturer of PA, in the global market.

Joint Venture: IGPL is in advanced stages of negotiations, with US based specialty chemical major, Stepan Chemicals, to manufacture Polyol from PA. Polyol is a kind of foam used in bed and other applications. Stepan Chemical is the only company in the world with the technology to manufacture Polyol from PA. The plant will be set up at IGPL's existing facility at Raigad with initial capacity of 25,000 TPA. The total investment for the plant is expected to be around Rs.1b.

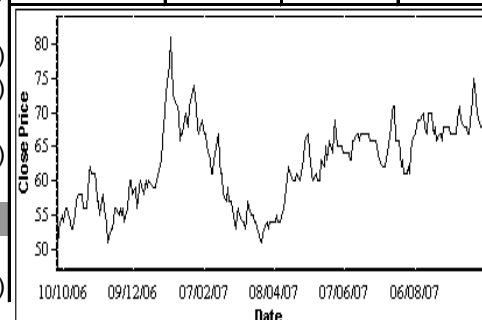
Expansion: IGPL is planning to ramp up its capacity from 120,000 TPA to 160,000 TPA. The total investment for the expansion is expected to be around Rs.1.4b. The company is planning to fund the capex requirement via debt and internal accruals.

Business Profile: IGPL's plant is located in Raigad, Maharashtra with installed capacity of 120,000 TPA (Tons Per Annum). In FY07, the plant operated at 96% utilization rate inspite of shutdown in last quarter due to change of catalyst. PA is a major raw material required for the manufacture of Phthalate Plasticizers, Alkyd Resins, Dyes and Pigments, Unsaturated Polyester Resins. IGPL is a 100% export oriented unit, catering to global PA demand of 3.8m TPA. PA, globally \$6b market, is poised to grow at a rate of 8-9% annually.

Valuations: IGPL has reported good set of numbers in its latest results. In Q1FY08, revenue at Rs.1520m is up by 22% YoY. PAT at Rs.101m is 86% YoY higher, with EBIDTA margins at 12% increasing by 89 bps YoY. The current market price discounts the Q1FY08-annualized EPS of Rs.15.3 by 4.4x.

Financial Snapshot

I G Petrochemicals Ltd.				Rs.m			Ratios (%)			
	Q1 FY08	Q1 FY07	Chg. (%)	FY07	FY06	Chg. (%)		FY07	FY06	Chg.(%)
Financial Year End: March										
Net Sales	1,520	1,249	22	5,810	3,546	64	Debt -Equity	1.4	-	1.4
Other Income	3	1	138	18	4,169	(100)	PBIDTM	11.6	113.6	(102.0)
Total Income	1,524	1,250	22	5,828	7,715	(25)	PBDDTM	7.8	112.3	(104.4)
Total Expenditure	1,336	1,108	21	5,155	3,688	40	RoCE	(4.5)	20.0	(24.5)
PBIDT	188	142	32	673	4,027	(83)	RoNW	38.0	25.8	12.2
Interest	42	49	(14)	217	46	371				
PBDDT	146	93	57	455	3,981	(89)				
Depreciation	32	32	0	128	215	(41)				
Tax	13	7	81	31	2	1,594				
Reported Profit After Tax	101	54	86	297	3,764	(92)				
Extra -ordinary Items	-	-	-	-	3,976	-				
Adj. Profit After Extra-ordinary item	101	54	86	297	(211)	241				
No. of shares (m)	26	26	-	26	26	-				
EPS (annualised.) (Rs.)	15.3	8.2	86.5	11.3	143.1	(92.1)				
P/E	4.4	8.3	-	6.0	0.5	-				



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