

Financial Snapshot:

Quarterly Results Analysis:

Net profit of Gujarat Industries Power Co declined 49.80% to Rs 12.47 crore in the quarter ended September 2009 as against Rs 24.84 crore during the previous quarter ended September 2008. Sales declined 30.92% to Rs 200.79 crore in the quarter ended September 2009 as against Rs 290.66 crore during the previous quarter ended September 2008.

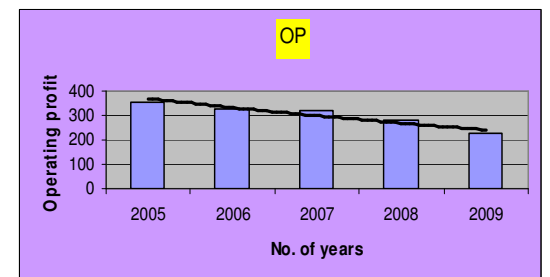
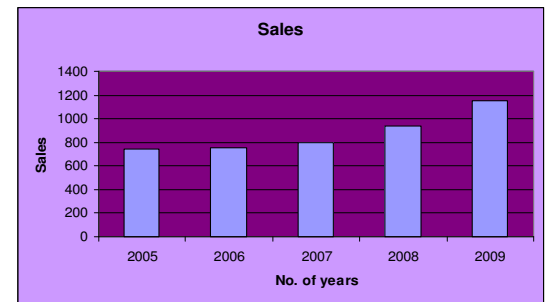
Sales:

GIPCL'S total income for the year ended 31 st March, 2009 increased to Rs. 117118 Lacs compared to Rs. 96244 Lacs in the previous year. The total income includes earnings from sale of electrical energy at Rs. 115499 Lacs as compared to Rs.93554 Lacs recorded last year.

Operating profit:

The fuel cost increased from Rs. 59570 Lacs to Rs. 84866Lacs on account of increase in the gas price. Interest expenditure has reduced to Rs. 2956 Lacs as compared to Rs. 5132 Lacs

Particulars	Quarter Ended		
	Sep.2009	Sep.2008	% Var.
Sales	200.79	290.66	-31
OPM%	22.62	19.03	19
PBDT	42.70	52.31	-18
PBT	20.31	30.23	-33
NP	12.47	24.84	-50



The Road Ahead

- Enhancing operational efficiencies
- Ensuring better operational flexibility with the usage / adoption of multi fuel technology
- Further expansion of capacities based on available Lignite reserves
- Cost efficiency to enable supply of cheap and reliable power to customers/state.
- Environment protection and improvement.
- Exploring the avenues in consultancy in O&M of gas based and CFBC based thermal power plants
- Exploring the' avenues and Diversification into the areas of underground gasification of unmineable lignite reserves-and power distribution business

Outlook & Valuation:

At the current market price the stock is trading at discount of 2011E PE multiple. **We recommend BUY rating on the stock with a target price of Rs 160/- (32% upside) in 12 month with DCF valuation .** The mid cap stock had performed very well for the past one month . We remain positive on the domestic Power industry as we expect it to grow in line with the country's GDP growth. India's peak power demand in excess of 11%, gives substantial opportunity to players like GIPCL. The company's expansion plans are also on track, which we believe will help it continue on growth path ahead. The Gujarat Industries Power Company Ltd has the advantage of the backing of the Govt. of Gujarat (GOG) while at the same time full functional freedom is given to it.



Contact us at	research@rrfcl.com	rekha@rrfcl.com	
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