

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.

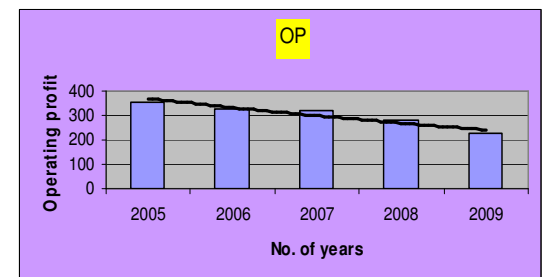
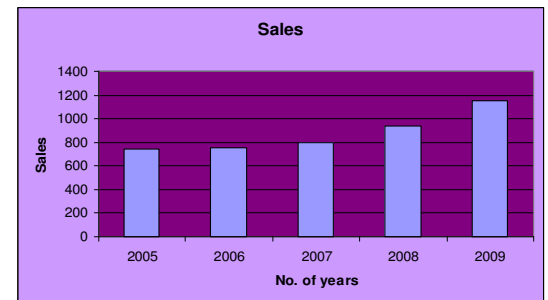
Sales:

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	
RR Research can also be viewed and downloaded from www.valuenotes.com www.reportjunction.com www.moneycontrol.com			
RR Information & Investment Research Pvt. Ltd.	47, MM Road Jhandewalan New Delhi-110055 (INDIA) 011-23636362/63 Toll free no--18001800110444 www.rrfinance.com ; www.rrfcl.com		
Disclaimer Kindly read the Risk Disclosure Documents carefully before investing in Equity Shares, Derivatives or other instruments traded on the Stock Exchanges. RR would include RR Financial Consultants Ltd. and its subsidiaries, group companies, employees and affiliates. The information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of RR. The information contained herein is obtained from public sources and sources believed to be reliable, but independent verification has not been made nor is its accuracy or completeness guaranteed. RR or their employees may have or may not have an outstanding buy or sell position or holding or interest in the products mentioned herein. The contents and the information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial and insurance products and instruments. Nothing in this report constitutes investment, legal, accounting and/or tax advice or a representation that any investment or strategy is suitable or appropriate to recipients specific circumstances. The securities and products discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs. Please note that fixed deposits, bonds, debentures are loans/lending instruments and the investor must satisfy himself/herself on the financial health of the company/bank/institution before making any investment. RR and/or its affiliates take no guarantee of soundness of any company or scheme. RR has/will make available all required information to the prospective investor if asked for in respect of any scheme/fixed deposit/bond/loan/debenture. RR is only acting as a broker/distributor and is not representing any company in any manner except to distribute its schemes. Mutual Fund Investments are subject to market risks, read the offer document carefully before investing. Any recipient herein may not take the content in substitution for the exercise of independent judgment. The recipient should independently evaluate the investment risks of any scheme of a mutual fund. RR and its affiliates accept no liability for any loss or damage of any kind arising out of the use of any information contained herein. Past performance is not necessarily a guide to future performance. Actual results may differ materially from those set forth in projections. RR may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. The information herein is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject RR and its affiliates to any registration or licensing requirement within such jurisdiction. The securities and products described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform them of and to observe such restriction(s). The display, description or references to any products, services, publications or links herein shall not constitute an endorsement by RR. Insurance is a subject matter of solicitation. Kindly also note all the risk disclosure documents carefully before investing in Equity Shares, IPO's, Mutual Fund Schemes, Insurance Schemes, Fixed Deposit schemes, Debt offers, Hybrid Instruments, or other instruments traded on Stock Exchanges or otherwise. Prospective investors can get all details and information from the sites of SEBI, IRDA, AMFI or respective Mutual Fund Companies, Insurance Companies, Rating Agencies, Stock Exchanges and individual corporate websites. Prospective investors are advised to fully satisfy themselves before making any investment decision			
NSE - INB 231219636. INF 231219636 BSE - INB 011219632			

