



Stock Details

BSE Code	517300
NSE Code	GIPCL
Face Value (Rs)	10.00
52 Wk High (BSE)	72.40
52 Wk Low (BSE)	47.45

Key Statistics

Rs. In mn	FY2007	FY2006
Sale	7955.8	7565.9
% Growth	5.2	1.6
PAT	1829.2	1148.1
% Growth	59.3	10.7
Equity	1512.5	1512.5
Mkt Cap.	9664.9	7403.7
Book Value Rs.	71.3	61.5
Sales/Mkt Cap	0.8	1.0
P/B	0.9	0.8

Company Profile

Gujarat Industries Power Company Limited (GIPCL), was promoted by Gujarat Urja Vikas Nigam Limited (GUVNL) (Erstwhile Gujarat Electricity Board), Gujarat State Fertilizers & Chemicals Limited (GSFC), Gujarat Alkalies & Chemicals Limited (GACL) and Petrofils Co-operatives Limited in the year 1985. The company has its Registered Office at Vadodara in Gujarat.

About the Business

GIPCL operates three power plants in Gujarat with a total installed capacity of 555 MW. The existing power plants are designed to generate electrical energy of approximately 4,861.80 MU annually.

Two power plants are in Vadodara, with installed capacities of 145 MW-Station I (gas based) and 160 MW-Station II (gas/naphtha based). The company also has a lignite-based power plant at Surat (SLPP-Phase I) with an installed capacity of 250 MW (2 X 125 MW).

The company has chalked out an expansion plan after which, the total installed capacity will reach to 805 MW.

Year (Rs. Mn.)	Sales	EBIDTA	PAT	NPM %	EPS	P/E	Book Value
FY 2007	7955.80	2370.70	1892.20	20.72	12.09	5.29	71.33
FY 2006	7565.90	2776.60	1148.20	14.34	8.97	5.46	61.54
FY 2005	7446.70	3082.30	1036.70	13.33	9.31	8.05	50.76

About the Business

GIPCL commissioned its first power project, a 145 MW gas based Combined Cycle Power Plant in February, 1992 at Vadodara. Power from this plant is distributed to its promoters in proportion to their original equity holding.

The Company expanded its capacity and commissioned 160 MW Naphtha & Gas based Combined Cycle Power Plant at Vadodara in November, 1997 as Independent Power Producer (IPP) with Power Purchase Agreement (PPA) with GUVNL.

It commissioned 250 MW Lignite based Power Plant at Nani Naroli in district Surat in November, 1999 as IPP with PPA with GUVNL. The company has its own Captive Lignite Mines for Surat Lignite Power Plant.

GIPCL has taken lignite mines on long-term lease from Government of Gujarat (GoG). For SLPP-Phase I, the company has a captive mine at Vastan (admeasuring 1504.75 hectares).

Also, the company has lignite blocks of Valia-Mangrol, Bharuch district (admeasuring 507.48 hectares) and Valia-Mangrol, Surat district (admeasuring 342.36 hectares), which have been taken on long-term lease from GoG.

GoG has given their in-principle sanction for allocating 1210 hectares of mining land at Mangrol in Surat District. Final Sanction from Industries, Mines and Energy Department is awaited.

All these mines taken together have approximately 212 million metric tonnes of extractable lignite reserve, which is adequate to fuel 1000 MW power plants for 30 years with average annual consumption of 6.8 million metric tonnes.

About the Business

145 MW Gas based Combined Cycle Power Plant

145 MW Gas based Combined Cycle Power Plant	
Location :	P.O. Petrochemical - 391346, Dist. Vadodara
Plant Configuration :	3X32 MW Gas Turbine & 1X49 MW Steam Turbine.
Date of Commissioning	Combined Cycle Operation : February, 1992.
Project Cost :	Rs. 215 Crores.
Status :	Supplies Power to Promoter Companies through MoU.
Fuel Source :	Natural Gas from GAIL and GSPC - Niko and R-LNG from GAIL.

The station during the year under review generated 1105.06 Million Units at a Plant Load Factor (PLF) of 87.00 % as compared to 1127.01 Million Units at a PLF of 88.73% in the preceding year. The PLF achieved was higher than the budgeted PLF (81%) despite the Planned Major Shut down which was taken after many years during this financial year under review.

160 MW Gas based Combined Cycle Power Plant

160 MW Gas based Combined Cycle Power Plant	
Location :	P.O. Petrochemical - 391346 Dist. Vadodara.
Plant Configuration :	1X106 MW Gas Turbine & 1X54 MW Steam Turbine
Date of Commissioning	Combined Cycle Operation: November-1997.
Project Cost :	Rs. 367 Crores.
Status :	Independent Power Producer (IPP) – Supplies power to GUVNL through Power Purchase Agreement.
Fuel Source :	Natural Gas from GAIL and GSPC - Niko and R-LNG from GAIL.

During the year under review the Station generated 1216.06 Million Units at a PLF of 86.76% as compared to 1133.21 Million Units at a PLF of 80.85% in the preceding year.

The station has achieved the highest yearly PLF ever since it's commissioning. Similarly the availability factor has also been the highest at 95.95% ever since commissioning. The PLF of the year under review has improved considerably due to reduced forced shutdowns and better gas availability. The Station has operated only on Gas during the period under review.

Efforts are being made to further improve performance of Vadodara Stations and to tie up more gas.

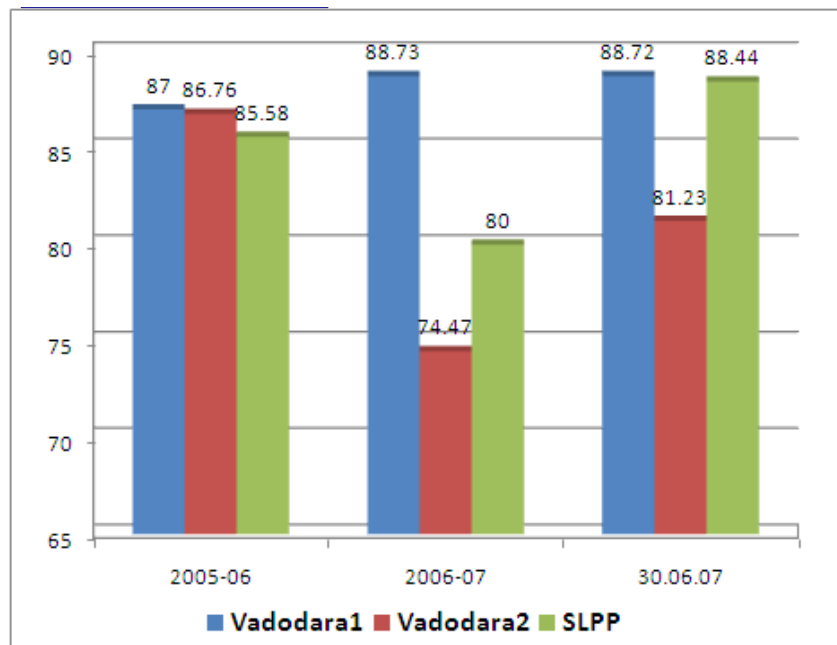
About the Business

250 MW Lignite based Power Plant

250 MW Lignite based Power Plant	
Location :	Village Nani Naroli, Tal. Mangrol, Dist. Surat
Plant Configuration :	2X125 MW with Circulating Fluidized Bed Combustion (CFBC) Boilers and STGs.
Date of Commissioning :	November, 1999.
Project Cost :	Plant Rs. 1210 Crores. Mining Rs. 245 Crores.
Status :	Independent Power Producer (IPP) – Supplies power to GUVNL through Power Purchase Agreement.
Fuel Source :	Lignite as fuel from Captive mine.

The station improved its performance considerably during the year under review with generation of 1874.13 Million Units at a Plant Load Factor (PLF) of 85.58 % as compared to 1804.35 Million Units at a PLF of 82.39%. During the year, the Station achieved highest availability, highest loading factor, lowest auxiliary power consumption, lowest raw water consumption and lowest de-mineralised water consumption since commissioning.

Plant Performance



Latest Plant Performance :

BARODA STATION-I : 145 MW GAS BASED POWER PLANT					
Particulars	Units	Year		1st Quarter Ending	
		2005-06	2006-07	30.06.07	30.06.06
GENERATION	MU	1105.06	1109.7	280.968	279.668
PLF	%	87	87.36	88.72	88.31
AVAILABILITY FACTOR	%	90.74	95.38	95.85	94.85

BARODA STATION-II : 160 MW DUAL FUEL POWER PLANT					
Particulars	Units	Year		1st Quarter Ending	
		2005-06	2006-07	30.06.07	30.06.06
GENERATION	MU	1216.62	1043.81*	238.865	293.892
PLF	%	86.76	74.47	81.23	84.1
AVAILABILITY FACTOR	%	95.95	85.79	93.75	91.66
* Major Scheduled Shutdown was taken during the year					

SURAT LIGNITE POWER PLANT 2 x 125 MW					
Particulars	Units	Year		1st Quarter Ending	
		2005-06	2006-07	30.06.07	30.06.06
GENERATION	MU	1874.13	1751.94	482.88	499.975
PLF	%	85.58	80	88.44	91.57
AVAILABILITY FACTOR	%	87.97	83.13	89.53	93.04

Previous Plant Performance :

Particulars	Period ended June 30, 2005	FY 2005	FY 2004	FY 2003	FY 2002	FY 2001
Power Generated (MU)	542.21	1,804.35	1,654	1,599	1,454	1,088
Power Sold (MU)	483.03	1,601.30	1,462	1,421	1,289	964
Plant Availability	99.22%	84.99%	79.15%	75.88%	74.01%	65.66%
PLF	99.31%	82.39%	75.32%	73.03%	66.39%	59.47%
Fuel Cost (Rs/KWh)	0.68	0.68	0.75	0.96	1.07	1.01
Tariff (Rs/KWh)	1.94	2.02	2.66	3.00	3.30	3.45
Auxiliary Consumption	10.92%	11.25%	11.61%	11.13%	11.35%	11.40%

Note: The figures for FY 2001 are for the ten months operation.

Strengths

Track record of operating power plants

The company has experience of over 13 years in generation of electrical energy and is presently operating three power plants with a total installed capacity of 555 MW. GIPCL has established and is undertaking operations & maintenance for all three power plants by itself. The company's experience in erection, testing and commissioning lignite based power plant like the one at SLPP with CFBC technology will help it in successful implementation / commissioning of the Expansion Project in future.

Long term power offtake arrangements

GIPCL has entered into long term and guaranteed power offtake arrangements for supply of power for all the three existing power plants. Power from Station I, Vadodara is supplied to the Participating Units as per the Memorandum of Understanding. Power from Station II, Vadodara and SLPP-phase I is supplied to GUVNL in terms of its PPA with them. GIPCL's long-term power offtake arrangements enable it to focus and concentrate on its efficiency instead of marketing the power.

Long Term Mining Leases

The existing lignite mine at Vastan has sufficient reserve for fuelling SLPP-Phase I for 30 continuous years. All the three lignite mines including existing Vastan Mines taken together have sufficient reserves for fuelling power plant of 1000 MW for over 30 years at an average PLF of 80%.

High plant availability

For the FY 2005, the availability factor for GIPCLs gas-based power stations was 96.24% and 91.44% for Station-I and Station-II respectively and 84.99% for SLPP-Phase I. In order to ensure high availability of power for GIPCL plants, the company monitors and systematically maintains its power stations. It believes that the monitoring and maintenance techniques offer it a competitive advantage in an industry where reliability and maintenance costs are significant determinants of profitability.

Strategy

Capacity Expansion

With the availability of opportunities provided by the Electricity Act, 2003 and keeping in view the demand-supply gap in the state of Gujarat, GIPCL has chalked out Expansion Project to increase their generation capacity using low cost fuel i.e. lignite available in its captive mines.

GIPCL has entered into a Memorandum of Understanding with GoG for setting up two Lignite based Power projects of 1,000 MW each, in South Gujarat Region during Vibrant Gujarat Summit held in January, 2005. The company has been appointed as a nodal agency for the purpose of setting up power projects based on extractable lignite deposits in South Gujarat. According to Industry and Mines Department, there are adequate lignite reserves for setting up more than 2500 MW power projects. The company has applied for additional mining lease also.

With the said objective, GIPCL has invited Expression of Interest on January 11, 2005 and now in the process of reviewing the Request for Qualification (RFQs) from the interested parties. In the proposed Joint Venture, they shall contribute to equity to the extent of 49% and together with Financial Institutions owned by Central Government make GIPCL's holding to 51% in the equity.

Surat Lignite Power Plant – 2 x 125 MW Expansion Project

Surat Lignite Power Plant Expansion Project – Phase II (Unit 3 & 4) has been awarded to M/s.Bharat Heavy Electricals Limited (BHEL) on EPC Contract basis. The project zero date has started from 31st March, 2006 and Unit-3 will start commercial operation by November, 2008 and Unit-4 will start commercial operation from March, 2009. The environment friendly Circulating Fluidized Bed Combustion (CFBC) technology will be used for the expansion project also. The project will enable optimum utilization of certain infrastructure already available in the existing power plant.

Strategy

Capacity Expansion...

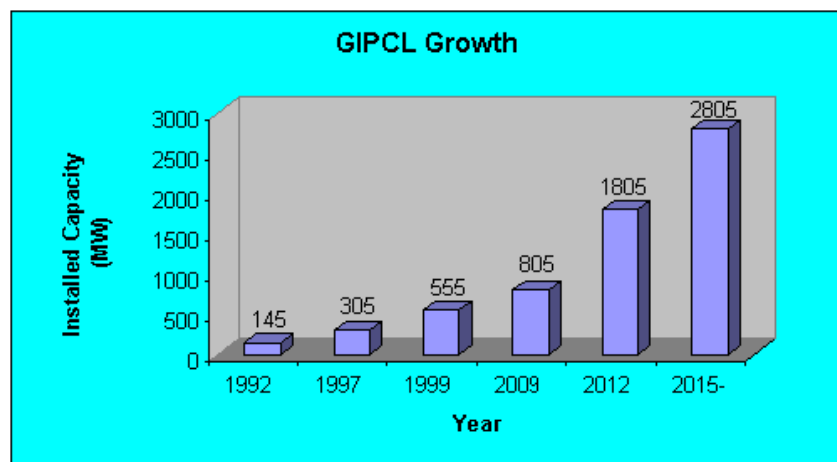
Expansion of Lignite Mines (SLPP)

Along with the power plant expansion project, the company will also develop a new lignite mine adjacent to its existing mine, for which new mining leases and all necessary clearances including environmental clearance have been obtained. The new mines, where the cost of mining is going to be much lower than in the existing one, will reduce the cost of generation even in the existing power plant. The lignite mines of GIPCL have adequate exploitable reserves to support 1000MW generation.

The total cost of power plant and mining project is proposed to be financed on a 75:25 debt-equity ratio. To mobilize the equity for the project, company came out with follow-on Public Issue of Rs.275 crores through Book Building route out of which Rs.75 crores of equity has been contributed by Promoters by participating in Book Building Process. Balance 200 crores has been mobilized from the market.

The project will be implemented through EPC route. Being an expansion project with a good amount of infrastructure already in place, it is targeted to commission the same by 2009.

GIPCL Growth



Industry Overview

- The Government of India has envisaged capacity addition of 100,000 MW by 2012 to meet its mission of power to all. It needs huge capacity addition during 10th & 11th plan, which is not feasible from the ongoing and proposed new projects already identified. As such there is need to develop large capacity projects at the national level to meet the requirements of a number of states under the competitive bidding guidelines dispensation. This will give a thrust to development of projects through competitive bidding. Ultra Mega Power Projects are steps in that direction. The projects will substantially reduce power shortage in future.
- The Government of India has an ambitious mission of '**POWER FOR ALL BY 2012**'. This mission would require that the installed generation capacity should be at least 2,00,000 MW by 2012 from the present level of 1,14,000 MW. To be able to reach this power to the entire country an expansion of the regional transmission network and inter regional capacity to transmit power would be essential. The latter is required because resources are unevenly distributed in the country and power needs to be carried great distances to areas where load centres exist.
- The country's transmission perspective plan for tenth and eleventh plan focuses on the creation of a National Grid in a phased manner by adding over 60,000 ckm of Transmission Network by 2012. Such an integrated grid shall evacuate additional 1,00,000 MW by the year 2012 and carry 60% of the power generated in the country. The existing inter-regional power transfer capacity is 9,000 MW, which is to be further enhanced to 30,000 MW by 2012 through creation of "Transmission Super Highways". For creation of such a grid, an investment of Rs. 71,000 Crore is envisaged. Out of this, Rs.50,000 crore is planned to be mobilised by POWERGRID and remaining Rs.21000 crore is envisaged through private sector participation.

INVESTMENT PLAN		(Rs. Cr.)	
	X Plan	XI Plan	Total
POWER Grid's Outlay	21,370	28,258	49,628
Private Sector participation	9,710	11,185	20,895
Total Central Sector	31,080	39,443	70,523

Industry Overview

Projected Energy Demand (MU)

State	2006-07	2011-12	2016=17
Western Region	224,927	299,075	395,859
Southern Region	194,102	262,718	354,599
Northern region	220,820	308,528	429,480
Eastern region	69,467	90,396	117,248
North-Eastern Region	9,501	14,061	20,756
Total	718,817	974,778	1,317,942

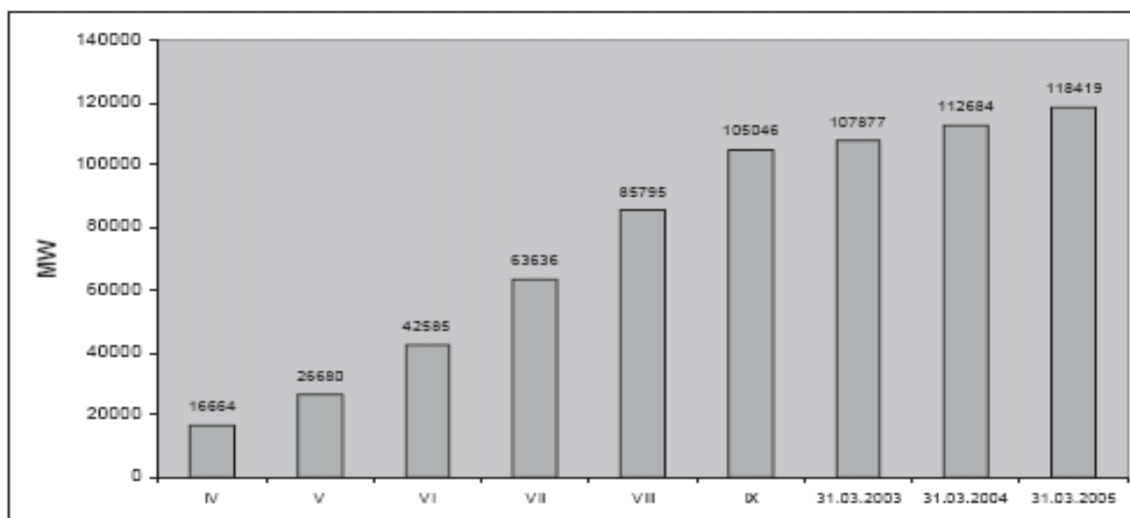
SOURCE (Crisinfac report)

Projected Peak Demand (MW)

State	2006-07	2011-2012	2016-17
Western Region	35,223	46,825	61,966
Southern Region	31,017	42,061	56,883
Northern region	35,540	49,674	69,178
Eastern region	11,990	15,664	20,416
North-Eastern Region	1,875	2,789	4,134
Total	115,645	157,013	212,577

Source (crisinfic report)

Plan-wise Growth of Power Sector in India



Industry Overview

Power Sector Scenario in the State of Gujarat

With the bifurcation of the state of Gujarat from the state of Maharashtra in the 1960, Gujarat has developed its capabilities and expertise in the power sector, which has contributed to the industrial growth of the state. The per capita electrical energy consumption in Gujarat was 944 units during FY 2003, which is much higher than that of national average, which was less than 400 units during the same period.

Gujarat is one of the first states in India to appoint a fully independent and functional regulator for the electricity sector. The Gujarat Electricity Regulatory Commission (GERC/the Commission) is functional since FY 2000. The Commission has already indicated its inclination for setting market mechanism in the state. Being the sole licensing authority for transmission, distribution and trading, GERC has already finalized regulations for determination of tariffs, charges and surcharges and the same shall come into force after being notified in the official gazette. This would create and promote necessary infrastructure for bringing about competition driven efficiencies in the sector leading to opening up of investment opportunities. The Gujarat Electricity Industry (Reorganisation and Regulation) Act, 2003 has already been enacted for supporting and smoothening the power sector reforms in Gujarat.

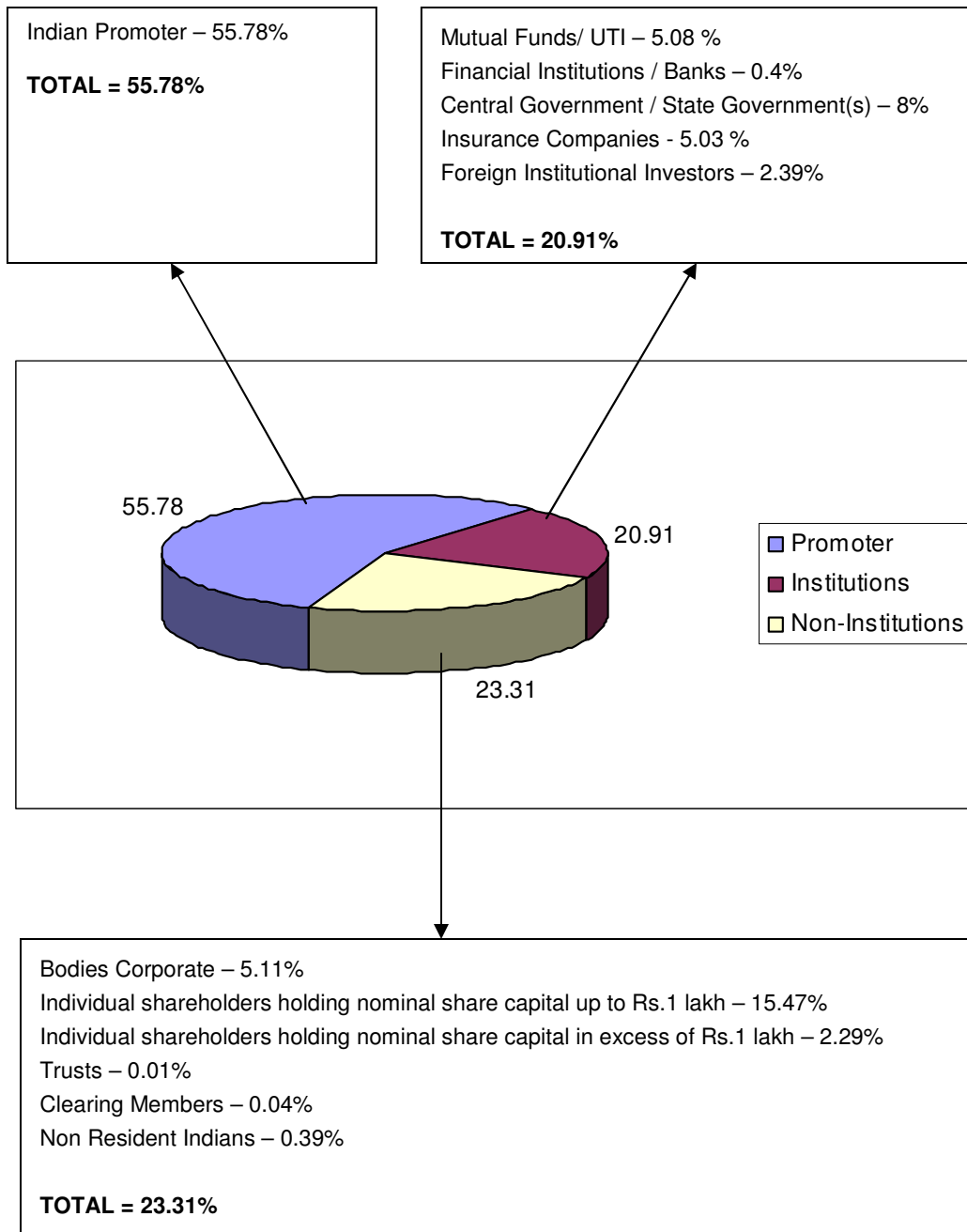
Total Installed Capacity of Power Generation in Gujarat

(In MW)

Particulars	Installed Capacity (as on 31.03.2005)
Share in Central Sector Stations	1,538.30
State Projects	5,885.30
Private Sector	2,289.57
Total	9,713.17

(Source: www.powermin.nic.in)

SHAREHOLDING PATTERN



Income Statement			(Rs. Mn.)
Type	Audited	Audited	Audited
Date Begin	1-Apr-06	1-Apr-05	1-Apr-04
Date End	31-Mar-07	31-Mar-06	31-Mar-05
Net Sales	7955.80	7565.90	7446.70
Total Expenditure	5585.10	4789.30	4364.40
EBITDA	2370.70	2776.60	3082.30
Depreciation	908.70	941.70	951.40
EBIT	1462.00	1834.90	2130.90
Interest	519.00	552.90	804.10
Other Income	872.10	443.00	331.20
PBT	1815.10	1725.00	1658.00
Tax	14.10	576.80	621.30
Reported PAT	1829.20	1148.20	1036.70

Financial Ratios (%)		(Rs. Mn.)	
	31-Mar-07	31-Mar-06	31-Mar-05
Operating Profit Margin/PBDIT (excl. O.I.)	29.80	36.70	41.39
Operating Profit Margin/PBDIT (incl. O.I.)	36.73	40.20	43.89
PBT Margin %	20.56	21.54	21.32
PAT Margin %	20.72	14.34	13.33
ROE %	16.95	12.34	18.43
Interest / Sales %	6.52	7.31	10.80
Tax/PBT %	0.78	33.44	37.47
Book Value (Rs.)	71.33	61.54	50.76
Eps	12.09	8.97	9.31
Market Price - (Rs.)	63.90	48.95	74.9
Price / Earnings Ratio - (x)	5.29	5.46	8.05
Market Cap. (Rs. mill.)	9664.88	7403.69	8299.67
Market Capitalisation to Sales (x)	1.21	0.98	1.11
Market Price to Book Value (x)	0.90	0.80	1.48
Dividend Yield (%)	1.96	2.55	1.34
Sale / Mkt. Cap. (x)	0.82	1.02	0.90

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