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Green Flame!

Indraprastha Gas Limited

BUY | CMP Rs. 110.0

Target Rs. 154.5

3rd July 2008

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Preamble

Leaders world over have shown a growing concern towards the environment. With the price of a carbon credit increasing rapidly, it only shows the seriousness of different governments to reduce the emission levels across the globe. After industrial emission vehicular emission is the second biggest worry for global warming. A lot of research and development activity is taking place across the world to find ways to find a solution to this problem.

The proposed solutions could be in the form of promoting wind/solar energy for power or in building hybrid cars to reduce emission levels. Unfortunately the bulk of the work towards this cause is happening in the developed world. One of the more immediate & less polluting alternatives to oil and coal is use of gas as a power generation fuel & auto fuel. The availability of gas is dependent on the discovered hydrocarbon reserves.

The Indian government in 1998-99 launched the New Exploration licensing Policy (NELP), with a view to attract private sector. The government has launched the seventh round of bidding in this regard. The success of the NELP will result in reduction of India's dependence on import of fuel. This also means that a good amount of indigenous gas will be available in our country in the near future. 260 mmscmd of gas is expected to be available in our country by 2012. Fertilizer and Power sector will remain the main consumers of gas going forward.

Different state governments have been continuously pushing for more use of Compressed Natural Gas (CNG) as an auto fuel. The exchequer of our country losses heavily on the subsidies it gives on various politically sensitive items. In this respect the government is of the opinion to reduce the subsidy on the LPG cylinder and promote PNG for cooking fuel.

Indraprastha Gas Limited is a Delhi based city gas distribution company promoted by the government of Delhi along with GAIL and BPCL. With almost a decade in operation, the company has shown excellent performance in all respects of operations. In our opinion the Delhi along with NCR market are under penetrated both in terms of PNG and CNG and there is a long way to go before one sees saturation levels. Too much concern has been raised with the regulator coming out with the guidelines for the sector. In our opinion these are slightly exaggerated and the inherent demand will more than offset the hit on the margins of the company.

3rd July, 2008

Indraprastha Gas Limited

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Target Rs. 154.5

Initiating Coverage
BUY

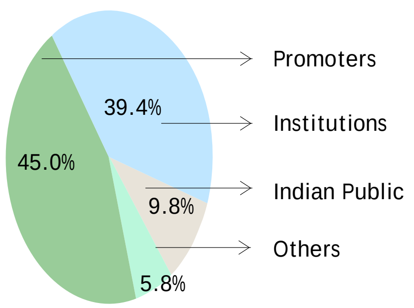
Stock Data

Bloomberg	: IGL.IN
Reuters	: IGAS.BO
BSE Code	: 532514
NSE Code	: IGL
BSE Group	: B

Stock Codes

Benchmark	: BSE 500
52 W High/Low	: 182.5/107.9
Float	: 77.0 Mn
Mkt Cap	: Rs. 14,357.0 Mn
Face Value	: Rs. 10.0

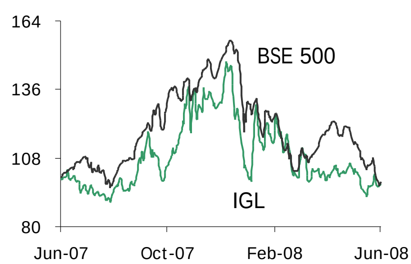
Shareholding Pattern (as on March 08)



Stock Returns

	1 Mth	3 Mths	6 Mths
IGL	-6.54	-13.77	-26.96
BSE 500	-14.55	-12.58	-34.20

Price Comparison



Ridhim Thapar - ridhim@ppfas.com

Indraprastha Gas Limited (IGL) is promoted by Gas Authority of India (GAIL), Bharat Petroleum Corporation Limited (BPCL) and the government of NCT. GAIL and BPCL own 22.5% respectively while Delhi government holds 5% in the company.

Huge untapped opportunity in the area of operation of the company

IGL operates in the biggest market of private vehicles in the country; the numbers of cars running on the streets of Delhi are more than the aggregate private vehicles running in Mumbai, Kolkata, Chennai and Bangalore put together. The size of opportunity for no other downstream gas player can be compared to the country.

Robust earnings growth with excellent return ratios

We expect core RoCE to be at 39% and RoNW at 27% over FY09E-10E. With robust operating and free cash flows, IGL's net cash would likely surge over the next three years to Rs33.03/share.

Commonwealth Games to be held in Delhi in 2010

Delhi is the venue for hosting the commonwealth games scheduled to be held in year 2010. This will act as a major demand driver as the government has announced the introduction of 2,000 buses and 20,000 radio taxis which will run on environment friendly fuel.

Infrastructure in place will offset future competition

The company has 163 CNG stations running in the national capital and NCR. IGL has a pipeline network of 150kms spread across the capital. Going froward the company will continue to invest in infrastructure investments.

Valuations

We have valued the company on DCF as well as PE multiple basis and recommend a BUY for the scrip at the current levels with a price target of Rs. 154.5 giving an upside of 40%. At our target price, the stock will trade at 11.5x FY09 earnings.

YE March (Rs. Mn)	FY04	FY05	FY06	FY07	FY08	FY09E	FY10E
Revenues	4,262.1	4,500.4	5,208.8	6,141.0	7,059.8	8,048.2	9,255.4
PAT	821.5	926.1	1,029.7	1,381.5	1,744.5	1,900.2	2,221.1
EBITDA (%)	41.8%	42.8%	42.1%	43.3%	45.8%	44.5%	44.9%
EPS (Rs.)	5.9	6.6	7.4	9.9	12.5	13.6	15.9
P/E (x)	18.7	16.6	15.0	11.1	8.8	8.1	6.9
ROCE (%)	38.8%	35.9%	38.9%	41.0%	42.6%	39.3%	39.1%
RONW (%)	32.6%	29.6%	27.2%	29.6%	30.3%	27.8%	27.5%
Debt/Equity (x)	0.2	0.2	-	-	-	-	-

Company Introduction

Indraprastha Gas Limited (IGL) is promoted by Gas Authority of India (GAIL), Bharat Petroleum Corporation Limited (BPCL) and the government of National Capital Territory (NCT). GAIL and BPCL own 22.5% respectively while Delhi government holds 5% in the company. The primary reason for the incorporation of the company was done keeping in mind to supply in the national capital region environment friendly auto fuel. Delhi rates among the most polluted cities in our country and the government was of the firm opinion that emission from commercial as well as private vehicles needs to be brought down significantly.

The company is in the business of supply of Compressed Natural Gas (CNG) as fuel in the auto segment and distribution of Piped Natural Gas (PNG) as cooking fuel in the home and commercial segment. IGL was incorporated in December 1998. With almost a decade in existence the company has shown performance which is commendable, both in terms of the revenue growth as well as the continuous emphasis on infrastructure development.

The nature of business that the company is in, requires continuous investment in the infrastructure development of its pipeline network. This is necessary as the gas has to be supplied to the home of the users. It also augers well for the company to have a network of CNG fuel stations across the city, which in turn is required to promote the fuel as an alternate for petrol/ diesel. In this respect the company has been continuously investing both in gas pipe lines and increasing the number of fuel stations. The company has an extensive network 150km of pipeline across Delhi and also operates 163 CNG stations.

The company has a mandate to secure 2.2mmscmd of gas from GAIL at administered price mechanism (APM). The APM gas is far cheaper at 2.02 mbtu when compared to the market price. For the company to get gas at APM it has to supply piped gas to the consumers at a discount to the existing LPG cylinder. The APM is valid till year 2010, till then the company is assured of gas at a concessional rate. With a huge supply of gas supply to hit our country in the next few years we really don't fore see any major risk as far as supply side of raw material for the company is concerned. In volume terms the company has clocked a CAGR growth of 18.64% from 2003 to 2008.

The company from the past few years has started expanding in the national capital region (NCR) as well and it is of the firm opinion that it wants to capture the ever expanding NCR. For this the company has already started its operations in Ghaziabad, Greater Noida, Panipat and Sonepat. The regulator PNGRB has setup rules for further expansion of city gas distribution only through the competitive bidding route, what it means for the company going forward is that it will have to bid for any region in which it intends to expand. As far as the existing infrastructure that the company has it will enjoy exclusivity for that region for the next 15 years. This situation augers very well for the company as it enjoys a monopoly in terms of the regions in which the company is already present. The current markets in which the company operates in have got a lot of untapped potential and going forward we see a sustained growth from the existing regions for some years till it reaches saturation point, which is far away in our opinion.

Race For Some Clean Air

Our country is still a nation that derives bulk of its energy needs from oil and highly polluting coal for its power generation. As far as using other sources to meet its energy needs India until now has done very little. We feel all this is set to change in the years to come. Our governments feel that they have to find an answer to the ever increasing pollution which is detrimental to the country's future generations. In the years to come we have reason to believe that a significant amount of indigenous gas will be available in our country which will lead to a gradual shift from traditional sources of fuel to gas. Some of the key reasons that will lead to this shift can be reiterated as under:

- Increase in the supply of gas from the discoveries being made in different parts of the country
- Governments increasingly pushing for natural gas as an alternative to traditional fuel
- Cost benefit analysis skewed towards use of CNG for vehicles
- Natural gas is cleaner than traditional fuels
- Genuine demand for gas over the long run with the prices of oil boomeranging upwards

Gas supply to increase over the years

We have reasons to believe that in the years to come there will be an increase in the supply of gas from the private players like Reliance GAIL etc. Historically India's share of natural gas as an energy source has been a paltry 9% as compared to the worlds 25%. The main reason for the above can be termed as years of regulation on the exploration front which in turn has led to under investment in the sector. The introduction of the New Exploration License Program (NELP) encourages private sector participation. This move from the government has already started showing some positive results with huge discoveries being made by private players like Reliance.

With India deriving most of it needs for energy from oil in the past and indigenous gas forming a very minuscule portion, the lack of investments in the sector has led to huge shortfall in the infrastructure required in the sector. This is very evident when one looks at the gas pipeline infrastructure that our country has is very low.

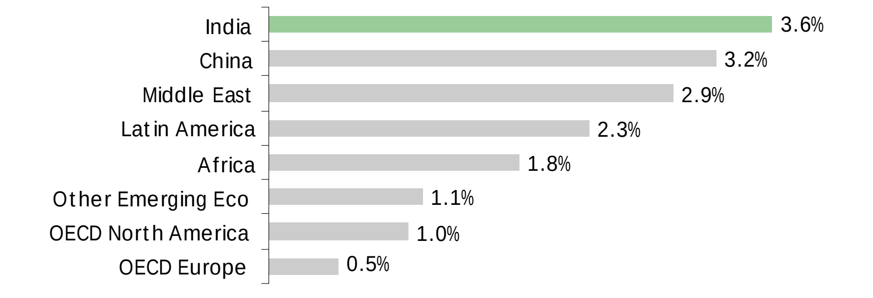
The major consumers of gas are the power and the fertilizer sector. Both these sectors fall under the priority sector and indigenous gas available is first allocated to these sectors. Whatever gas is left after allocation to the priority sector is made available to others. The main reason for under developed infrastructure in the gas sector can be attributed to this skewed consumption pattern.

We feel that this is going to be a thing of the past with considerable supply coming by 2010E for which infrastructure is a mandatory requirement. For the transportation of gas to be feasible it has to be transported in pipelines as liquefying the gas for transportation is very uneconomical. With the private players entering not only exploration activity but also having plans for distribution it is just a matter of time when dedicated gas pipelines will be running across India. Companies like Reliance, GAIL and GSPC have made their intentions very clear that they will be entering city gas distribution sooner than later.

In the Distribution of Gas conference organised by the India infrastructure group the regulator PNGRB spelled out the guidelines for planned development of the sector. The key takeaways for the same are as follows:

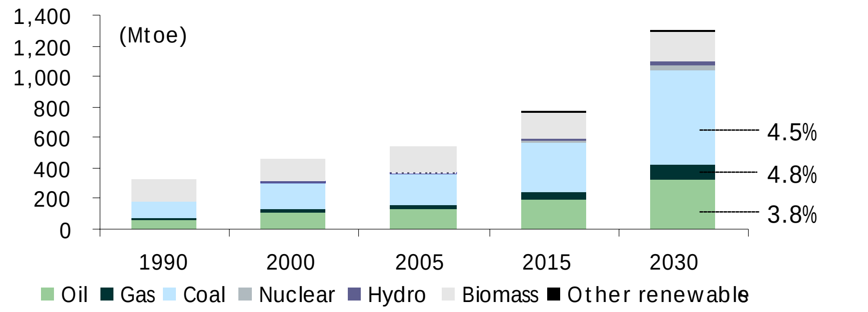
- The demand for natural gas is set to increase from 160 mmscnd in FY07 to 260 mmscnd in FY12 and further to 320 mmscnd by FY17
- City Gas Distribution (CGD) consumes only 5-6 mmscnd which will go up to 20 mmscnd in the coming years with more gas being available
- The pricing of gas will not be regulated by PNGRB while the regulator will fix tariff for pipelines and for CGD
- New entrants will enjoy exclusivity on infrastructure for 25 years from date of incorporation while the existing players will enjoy exclusivity for 25 years starting 1.10.2007
- For marketing new entrants will have exclusivity for 5 years from the date of incorporation whereas existing players will have exclusivity for 3 years starting 1.10.2007. After the end of exclusivity period 3rd party access to the network will be allowed for marketing after the payment of network tariff.

India: To witness highest demand growth (05-30)



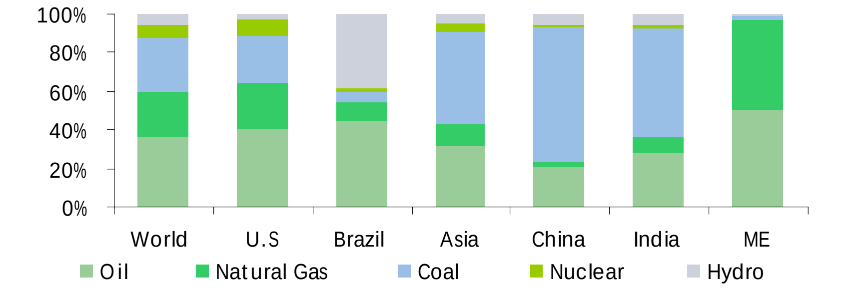
Source: IEA Outlook 2007

Gas % to increase in India's energy consumption



Source: IEA Outlook 2007

India: Needs a cleaner source of energy



Source: BP Stats 2007

An extract from the guidelines of the regulators draft are listed below

The Board may provide exclusivity to an entity proposing to lay, build, operate or expand a CGD network from the purview of common carrier or contract carrier for a period of five years from the date of authorization subject to the conditions that the entity meets the service obligations as stipulated under regulation 8.

(2) In case an entity is laying, building, operating or expanding a CGD network before the appointed day and has been authorized by the Central Government or has been authorized by the Board under the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008, the period of exclusivity from the purview of common carrier or contract carrier shall be –

(a) three years from the date of issue of the letter by the Board for allowing such exclusivity in case the entity has been operating the CGD network for three years or more before the appointed day;

(b) five years from the date of issue of the letter by the Board for allowing such exclusivity in case the entity has been operating the CGD network for less than three years before the appointed day.

Reasonable rate of return.
The reasonable rate of return shall be the rate of return on capital employed equal to fourteen percent post-tax considering the rate of return on long-term risk-free Government securities and the need to incentivise investments in creation of CGD infrastructure. The rate of return on capital employed once applied to a CGD network shall remain fixed for the entire economic life of the project.

Note:
The pre-tax rate of return on capital employed shall be computed by grossing-up fourteen percent by the nominal applicable rate of income tax applicable for corporate assesses as per the provisions of the Income Tax, 1961.

The ever increasing pollution levels in our country have made our governments realise the importance of natural gas as a source of alternative fuel. Time and again state government have been stressing on the need for use of alternate auto fuels to reduce emissions. Many state governments are on the verge of converting their state transportation to CNG or LNG.

Both for private as well as public transport we feel in the long run converting to use natural gas as fuel will make more economic sense. The initial cost of conversion i.e. the kit is expensive but that cost is more than compensated by the economies of running the vehicle. It is a commonly known fact that a gas fired vehicle is 3 to 4 times more efficient than petrol or diesel fired one. It is also very clear from the growing trend shown by the car manufactures that are coming up with gas fired variants for their models as to where the sector is moving to.

With the government loosing heavily on the subsidies that it gives on LPG it is only a matter of time when more and more cities will be forced to use Piped Natural Gas (PNG). The price of PNG is not subsidized by the government which in turn will help to ease the subsidy burden that it currently faces.

All in all we are of the firm opinion that with the passage of time it is only natural that the CGD business in India is on its way up in the future to come. We are of the firm opinion that companies that have invested in the building infrastructure for distribution purpose will benefit in the long run and will always have an advantage over their competitors. Based on our bullish stance on the sector IGL seems to be a clear winner if one looks at the company keeping a long term view.

The Delhi government making it mandatory for the conversion of all public transport buses to CNG. This is a clear market for a company like IGL which in the past has taken a clear advantage of the market which can be seen in the company's numbers. The company has grown at a CAGR of 18.8% in value terms and 15.71% in volume terms from 2003 to 2007. It is safe to assume that the company will be able to match this growth with ease for some years to come.

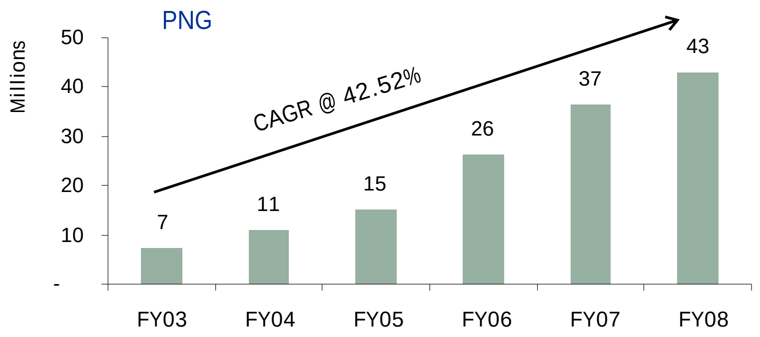
Commonwealth Games to be held in Delhi in 2010

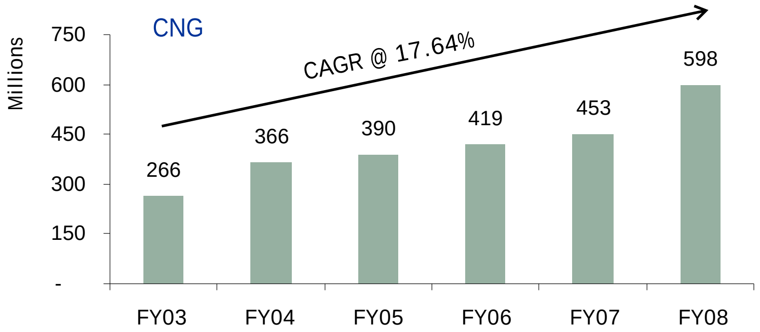
Delhi is the venue for hosting the commonwealth games scheduled to be held in year 2010. This will act as a major demand driver as the government has announced the introduction of 2000 buses and 20000 radio taxis which will run on environment friendly fuel.

Growth

If one looks at the history of the company over the past few years, the company has grown on all fronts be it in terms of volume and value.

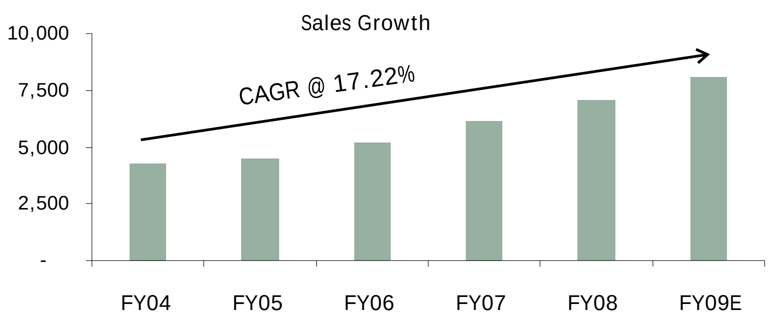
Volume Increase

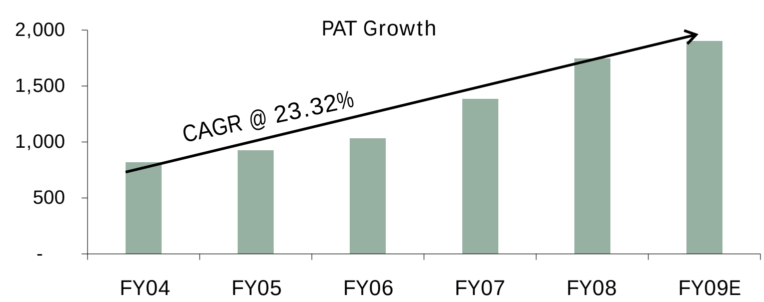




Source : PPFAS Research

Value Increase





Source : PPFAS Research

In spite of the above mentioned reasons that act as reasons for a run up in the stock price we also lay down the key risks associated with the company at this juncture.

Competition

With the regulator spelling its rules going forward for city gas distributors, in our view this space in the future will see some increased competition. Till now IGL enjoyed a monopoly in the area of its operations. With more players slated to enter in the future, IGL will have to make a comprehensive strategy to face the upcoming challenge.

Regulations

Recently the regulator spelled out the set of rules that city gas distributors will have to follow going forward. The returns of the company going forward will be measured on the equity contribution of the company. The exact impact of the same is slightly complicated to measure at this juncture as the returns will be calculated on DCF assumptions given to the regulator.

Gas Supply

In our view a huge supply of indigenous gas is supposed to hit Indian shores in the near future. Any delay on this front can have adverse effects on the operations of the companies operating in this field. For a downstream player managing supply its not in their hands. This could act adversely for IGL as it is totally dependent on the upstream company for its raw material supplies (i.e. gas).

Capacity Utilisation

For a downstream company investments in infrastructure additions are done keeping in mind the future utilisation of the capacities. Any miscalculations with this respect due to any reason can act adversely for the company. Going forward if IGL cannot maintain a certain level of capacity utilisation, it can act as a big dampener to the profitability of the company.

Our DCF valuation for the company stands at Rs.154.46. We have assumed WACC of 15% for the company as IGL is a zero Debt company.

We initiate a BUY with a price target of Rs. 154.5.

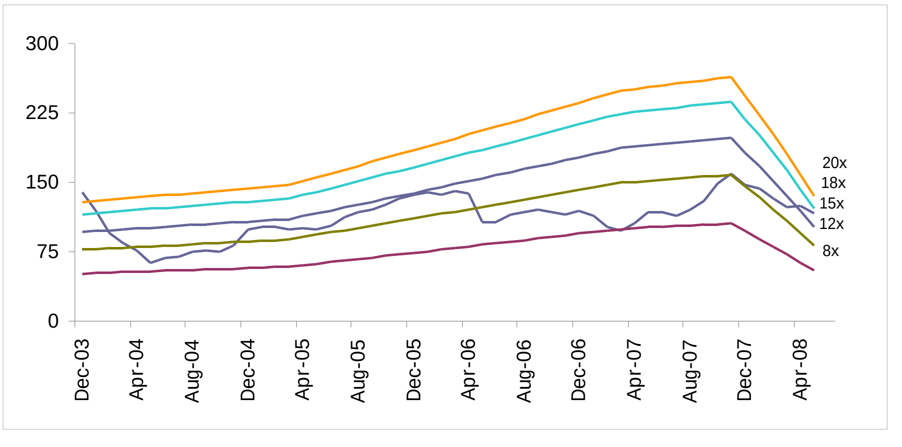
DCF Valuation						
Particulars	FY09E	FY10E	FY11E	FY12E	FY13E	FY14E
Free Cash Flow	1560.78	1871.06	2058.17	2222.82	2356.19	2450.44
Free Cash Flow Discounted	1560.78	1627.01	1556.27	1461.54	1347.16	1218.30

Discounting Rate	15.0%
Terminal Growth Rate	2.0%
Terminal Value	18,849.52
PV of Terminal Value	9,371.54
PV of Interim Cash Flows	8,771.06
Enterprise Value	18,142.60

Enterprise Value	18,142.60
Less : Debt	-
Add : Cash & Investments	3,481.9
Shareholder's Value	21,624.6
No. of Equity Shares	140.0
Fair Value (Rs.)	154.5
CMP (Rs.)	110.0
Upside	40.0%

% of Enterprise Value	
PV of Terminal Value	48.3%
PV of Interim Cash Flows	51.7%
Total	100.0%

IGL in spite of the strong performance proved over the years trades at a PER of 6.93x at FY10E earnings. We value this company at a PER of 11.5x one year forward. This gives an upside of 40% for the scrip from the current levels. Going forward when the company will need to bid for further expansion into other cities, it will be a clear cut advantage for a debt free company like IGL as it has a lot of scope for leveraging its balance sheet without stretching it too much. Historically the stock has mostly traded between the range of 8x on the lower end and 12x on the higher end on one year forward PE multiple as seen in the chart below.



Qualitative Valuation

In our view there is a clear margin of safety at these levels for the stock. For us margin of safety can be equated as foreseeable growth in the long term as well as short term, simple business model, inelastic demand for the products of the company. Fortunately the company in question fits on all the parameters. Very often value stocks are also the ones that are in businesses that seem boring. All this augers well for IGL in our eyes as this is a stock which has the true potential to give sustained returns over the long term.

Quarterly Financials

Earnings Statement								
YE March (Rs. Mn.)	Q408	Q308	Q-Q(%)	Q407	Y-Y(%)	FY08	FY07	Y-Y(%)
Net Revenues	1,874.0	1,827.3	2.6%	1,643.1	14.1%	7,059.8	6,141.0	15.0%
Cost of Materials	810.3	780.4	3.8%	696.2	16.4%	3,029.4	2,677.5	13.1%
Gross Profit	1,063.7	1,046.9	1.6%	946.9	12.3%	4,030.3	3,463.5	16.4%
Stock Adjustments	0.0	(0.0)	-166.7%	0.0	42.9%	(0.1)	(0.3)	-79.6%
Other Expenses	280.9	266.5	5.4%	235.4	19.3%	1,030.1	903.9	14.0%
Total Expenditure	280.9	266.5	5.4%	235.5	19.3%	1,030.0	903.5	14.0%
Operating Profit	782.8	780.4	0.3%	711.5	10.0%	3,000.3	2,560.0	17.2%
OPM (%)	*41.77%*	*42.71%*	-2.2%	*43.30%*	-3.5%	*42.50%*	*41.69%*	1.9%
Other Income	89.0	57.9	53.6%	33.5	165.4%	234.4	102.0	129.8%
EBITDA	871.8	838.4	4.0%	745.0	17.0%	3,234.7	2,662.0	21.5%
Depreciation	151.1	160.8	-6.0%	148.6	1.7%	625.8	598.2	4.6%
EBIT	720.7	677.6	6.4%	596.4	20.8%	2,609.0	2,063.8	26.4%
Interest	0.0	0.0	0.0%	0.0	0.0%	0.0	8.2	-100.0%
PBT	720.7	677.6	6.4%	596.4	20.8%	2,609.0	2,055.6	26.9%
Tax	239.0	227.4	5.1%	0.6	39474.5%	864.4	673.7	28.3%
PAT	481.7	450.2	7.0%	595.8	-19.2%	1,744.6	1,381.9	26.2%
Equity Capital	1,400.0	1,400.0	0.0%	1,400.0	0.0%	1,400.0	1,400.0	0.0%
EPS	3.4	3.2	7.0%	4.3	-19.2%	12.5	9.9	26.2%

Ratio Analysis								
Profitability								
YE March (Rs. Mn.)	Q408	Q308	Q-Q(bps)	Q407	Y-Y(bps)	FY08	FY07	Y-Y(bps)
OPM (%)	41.8%	42.7%	(93.5)	43.3%	(152.7)	42.5%	41.7%	81.2
EBITDA (%)	46.5%	45.9%	64.3	45.3%	118.0	45.8%	43.3%	247.1
EBIT (%)	38.5%	37.1%	137.8	36.3%	215.8	37.0%	33.6%	334.8
PAT (%)	25.7%	24.6%	106.5	36.3%	(1,056.1)	24.7%	22.5%	220.9
Operational Parameters								
YE March (Rs. Mn.)	Q408	Q308	Q-Q(bps)	Q407	Y-Y(bps)	FY08	FY07	Y-Y(bps)
RM Consumed	43.2%	42.7%	53.1	42.4%	86.9	42.9%	43.6%	(68.9)
Other Expenditure	15.0%	14.6%	40.2	14.3%	65.8	14.6%	14.7%	(12.8)
Effective Tax Rate	33.2%	33.6%	(38.9)	0.1%	3,306.6	33.1%	32.8%	35.6

Earnings Statement							
YE March (Rs. Mn.)	FY04	FY05	FY06	FY07	FY08	FY09E	FY10E
Total Revenues	4,262.1	4,500.4	5,208.8	6,141.0	7,059.8	8,048.2	9,255.4
Cost of Materials	1,776.7	1,893.7	2,254.7	2,677.5	3,029.4	3,460.7	3,979.8
Total Expenditure	2,567.0	2,652.7	3,068.8	3,581.3	4,059.5	4,635.7	5,340.4
Operating Profit	1,695.1	1,847.7	2,140.0	2,559.7	3,000.3	3,412.4	3,915.0
Other Income	86.1	77.9	52.8	102.0	234.4	172.5	243.8
EBITDA	1,781.2	1,925.6	2,192.9	2,661.7	3,234.7	3,584.9	4,158.8
Depreciation	420.4	480.3	565.2	598.2	625.8	748.7	843.7
EBIT	1,360.8	1,445.3	1,627.6	2,063.5	2,608.9	2,836.2	3,315.0
Interest	75.2	34.8	27.0	8.2	-	-	-
PBT	1,285.5	1,410.5	1,600.6	2,055.3	2,608.9	2,836.2	3,315.0
Tax	464.1	484.5	570.9	673.7	864.4	935.9	1,094.0
PAT Before MI	821.5	926.1	1,029.7	1,381.5	1,744.5	1,900.2	2,221.1
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PAT After MI	821.5	926.1	1,029.7	1,381.5	1,744.5	1,900.2	2,221.1

Ratio Analysis							
YE March (Rs. Mn.)	FY04	FY05	FY06	FY07	FY08	FY09E	FY10E
OPM (%)	39.8%	41.1%	41.1%	41.7%	42.5%	42.4%	42.3%
EBITDA (%)	41.8%	42.8%	42.1%	43.3%	45.8%	44.5%	44.9%
PBIT (%)	31.9%	32.1%	31.2%	33.6%	37.0%	35.2%	35.8%
PAT (%)	19.3%	20.6%	19.8%	22.5%	24.7%	23.6%	24.0%
Interest Cover Ratio	1808.6%	4156.3%	6028.1%	25170.4%	-	-	-
EPS (Rs.)	5.9	6.6	7.4	9.9	12.5	13.6	15.9
P/E (x)	18.7	16.6	15.0	11.1	8.8	8.1	6.9
P/BV (x)	6.1	4.9	4.1	3.3	2.7	2.2	1.9
BVPS (Rs.)	18.0	22.3	27.0	33.4	41.2	48.9	57.7
Market Cap (Rs. Mn.)	15,400.0	15,400.0	15,400.0	15,400.0	15,400.0	15,400.0	15,400.0
M Cap/Sales (x)	3.6	3.4	3.0	2.5	2.2	1.9	1.7
EV (Rs. Mn.)	16,000.0	15,880.0	15,400.0	15,400.0	15,400.0	15,400.0	15,400.0
EV/EBITDA (x)	9.0	8.2	7.0	5.8	4.8	4.3	3.7
EV/Sales (x)	3.8	3.5	3.0	2.5	2.2	1.9	1.7
ROCE (%)	38.8%	35.9%	38.9%	41.0%	42.6%	39.3%	39.1%
RONW (%)	32.6%	29.6%	27.2%	29.6%	30.3%	27.8%	27.5%
Debt/Equity Ratio (x)	0.2	0.2	-	-	-	-	-
Inventory T/o Days	10.3	14.6	12.9	12.4	11.5	11.5	11.5
Debtors T/o Days	9.0	8.8	13.3	11.2	10.0	10.0	10.0
Advances T/o Days	22.9	15.9	20.4	14.9	14.5	14.5	14.5
Creditors T/o Days	50.4	46.4	40.5	44.4	42.0	42.0	42.0
Working Cap T/o Days -	22.3 -	27.0 -	13.8 -	11.3 -	17.0 -	19.9 -	21.5
Fixed Assets T/o (Gross)	0.9	0.9	0.9	1.0	1.0	1.0	1.0
DPS (Rs.)	1.5	2.0	2.5	3.0	4.0	5.0	6.0
Dividend Payout (%)	25.6%	30.2%	34.0%	30.4%	32.1%	36.8%	37.8%
Dividend Yield (%)	1.4%	1.8%	2.3%	2.7%	3.6%	4.5%	5.5%

Balance Sheet							
YE March (Rs. Mn.)	FY04	FY05	FY06	FY07	FY08	FY09E	FY10E
Equity Capital	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0
Reserves	1,117.6	1,724.7	2,387.0	3,275.2	4,364.5	5,445.8	6,684.1
Shareholders Funds	2,517.6	3,124.7	3,787.0	4,675.2	5,764.5	6,845.8	8,084.1
Minority Interest	-	-	-	-	-	-	-
Borrowed Funds	600.0	480.0	-	-	-	-	-
Deferred Tax Liability	369.3	383.3	352.2	301.7	301.7	301.7	301.7
Total Liabilities	3,508.5	4,023.1	4,182.1	5,030.8	6,129.8	7,219.9	8,469.1
Fixed Assets	3,390.4	3,436.3	3,654.5	3,634.4	3,808.7	4,009.9	4,166.2
Investments	-	609.8	425.1	1,276.4	2,300.0	3,250.0	4,400.0
Current Assets							
Inventory	119.8	180.5	184.0	208.3	222.4	253.6	291.6
Sundry Debtors	105.1	108.3	189.7	188.2	193.4	220.5	253.6
Loans & Advances	267.1	196.0	290.8	251.1	280.5	319.7	367.7
Cash & Bank Balance	47.4	67.7	110.3	404.5	258.8	232.0	224.9
Current Liabilities							
Sundry Creditors	588.9	572.3	578.5	746.8	812.4	926.1	1,065.0
Provisions	239.3	323.5	407.3	503.7	483.5	551.2	633.9
Net Current Assets	-260.9	-333.3	-196.7	-190.0	-329.2	-438.3	-546.0
Miscellaneous Expenditure	-	-	-	-	-	-	-
Total Assets	3,508.5	4,023.1	4,182.1	5,030.8	6,129.8	7,219.9	8,469.1

Cash Flow							
Particulars	FY04	FY05	FY06	FY07	FY08	FY09E	FY10E
Opening Cash & Bank	95.3	47.4	67.7	110.3	404.5	258.8	232.0
Profit After Tax	821.5	926.1	1029.7	1381.5	1744.5	1900.2	2221.1
Less : Invt Income	(86.1)	(77.9)	(52.8)	(102.0)	(234.4)	(172.5)	(243.8)
Miscellaneous Exp W/Off	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	420.4	480.3	565.2	598.2	625.8	748.7	843.7
Deferred Taxation	160.6	14.0	2.4	(50.5)	0.0	0.0	0.0
Others	73.8	(0.0)	(33.7)	(4.4)	0.0	0.0	0.0
Change in Working Cap	(348.6)	92.7	(94.0)	287.4	(6.5)	82.3	100.5
CF - Operating Activities	1041.5	1435.1	1416.8	2110.3	2129.4	2558.8	2921.6
Change in Fixed Assets	(743.8)	(457.5)	(771.9)	(584.6)	(840.4)	(998.0)	(1050.5)
Change in Investments	0.0	(609.8)	184.7	(851.3)	(1023.6)	(950.0)	(1150.0)
Investment Income	86.1	77.9	52.8	102.0	234.4	172.5	243.8
CF - Investing Activities	(657.7)	(989.4)	(534.4)	(1333.8)	(1629.6)	(1775.5)	(1956.8)
Increase in Equity	0.0	0.8	31.6	(1.9)	0.0	0.0	0.0
Changes in Borrowings	(198.8)	(120.0)	(480.0)	0.0	0.0	0.0	0.0
Dividend Paid	(236.9)	(319.8)	(399.1)	(491.4)	(655.2)	(819.0)	(982.8)
CF - Financing Activities	(431.7)	(425.4)	(839.7)	(482.4)	(645.5)	(810.1)	(971.9)
Net Change in Cash	(47.9)	20.2	42.7	294.1	(145.7)	(26.8)	(7.1)
Closing Cash & Bank Bal	47.4	67.7	110.3	404.5	258.8	232.0	224.9

Notes

Disclaimer

Disclosure of Interest Statement	Indraprastha Gas Limited
1. Analyst Ownership of the scrip	NO
2. PPFAS ownership of the scrip	NO
3. PMS ownership of the scrip	YES

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