



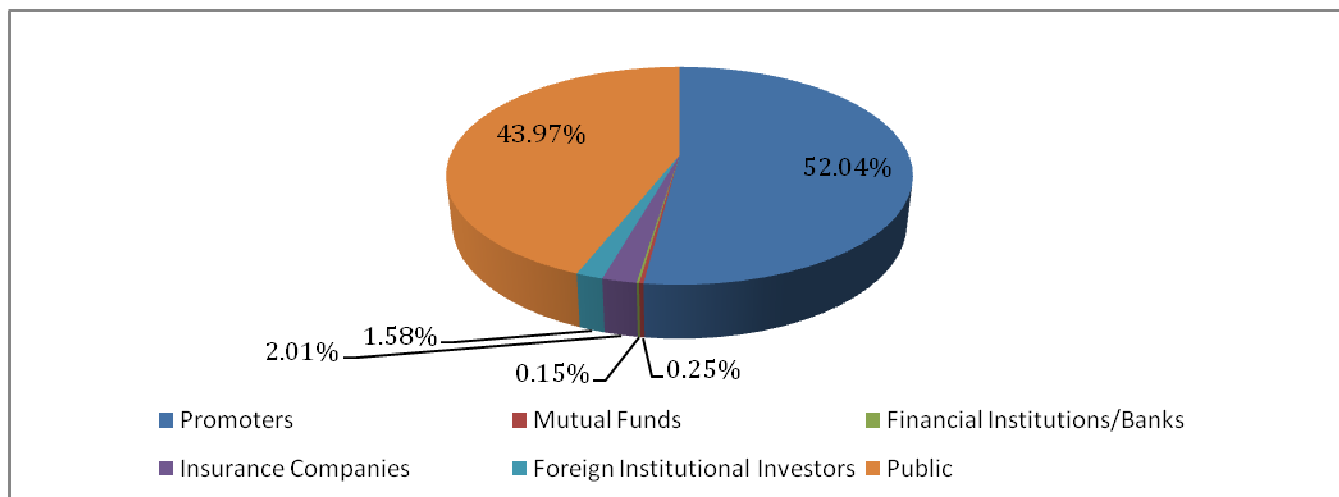
INDIA GLYCOLS LTD. (IGL) - RESULT UPDATE

6th May, 2010

Stock details

BSE Code	500201
Current Market Price	Rs. 138.85/-
Market Capitalisation	Rs. 3,871.5 mn
Face Value (Rs.)	Rs. 10/-
Book Value per share	Rs. 134/-

Shareholding pattern as on Mar 2010





Q4 FY 10 Result analysis (Rs. in mn)

Particulars	Q4 FY 10	Q4 FY 09	YoY	% change	Q3 FY 10	QoQ	% change
Net Sales	3418.00	1677.00		104%	2814.90		21%
Other Operating Income/(Loss)	(13.60)	98.20		-114%	101.80		-113%
Total Income	3404.40	1775.20		92%	2916.70		17%
Expenditure							
(Increase)/Decrease in Stock	65.30	55.50		18%	(291.90)		-122%
Consumption of Raw Materials	1709.00	1198.40		43%	1820.40		-6%
Purchase of Traded Goods	4.30	0.00			0.00		
Employees Cost	101.70	103.00		-1%	112.20		-9%
Other expenditure	587.70	169.70		246%	511.10		15%
Power and Fuel	570.70	288.50		98%	492.70		16%
Total Expenditure	3038.70	1815.10		67%	2644.50		15%
EBITDA	365.70	(39.90)		-1017%	272.20		34%
Margins (%)	11%	(0.02)		-550%	9%		15%
Depreciation	150.50	154.10		-2%	149.60		1%
Interest	49.30	255.60		-81%	108.60		-55%
Other Income	12.80	13.70		-7%	49.10		-74%
Exceptional items	0.00	(84.40)			41.80		
PBT	178.70	(520.30)		-134%	104.90		70%
Tax	65.70	294.00			36.70		79%
PAT	113.00	(226.30)		-150%	68.20		66%
Margins (%)	3%	(0.13)		-125%	2%		38%
No. of Equity Shares (mn)	27.88	27.88			27.88		
EPS	4.05	(8.12)		-150%	2.45		66%



Consolidated Results (Rs. In mn)

Particulars	FY 10	FY 09	YoY change	%
Net Sales	11978.6	10,249		17%
Other Operating Income/(Loss)	345.9	231.4		49%
Total Income	12324.5	10,480		18%
Expenditure				
(Increase)/Decrease in Stock	-889	-18.2		4785%
Consumption of Raw Materials	7433.6	5716.5		30%
Purchase of Traded Goods	242	93.2		160%
Employees Cost	494	484.7		2%
Other expenditure	2169.9	2220.5		-2%
Power and Fuel	1839.4	1639.2		12%
Total Expenditure	11289.9	10135.9		11%
EBITDA	1034.6	344		200%
Margins (%)	8.39%	3.29%		155%
Depreciation	665.8	623.5		7%
Interest	478.4	902.8		-47%
Other Income	118.4	111.8		6%
Exceptional items	162.7	-473.8		-134%
PBT	171.5	-1543.8		-111%
Tax	-111	453		-125%
PAT	60.5	-1090.8		-106%
Margins (%)	0.49%	-		-105%
No. of Equity Shares (mn)	27.88	27.88		0%
EPS	2.17	-39.12		-106%



Q4 FY 10 Result Analysis

Growth in Net Sales: Net sales of the company improved by ~103% YoY to Rs. 3,404 mn in Q4 FY 10 on account of higher volumes in the Ethylene Oxide Derivatives (EOD) segment.

EBITDA: Huge growth was seen in EBITDA to Rs. 272.2 mn in Q4 FY 10 on account of improved margins from the EOD segment. The EO derivative segment comprises of high margin products like Ethoxylates, Glycol Ether & Acetates and Performance Chemicals. Currently this division contributes highest to IGLs revenues which are ~45%. The performance of Glycols segment was adversely affected as domestic prices of its feedstock viz. molasses and alcohol was high on account of poor availability of sugar cane. On QoQ basis, EBITDA has increased by 34%.

Reduction in Raw Material costs to improve margins...

Going forward, we expect EBITDA levels would improve significantly from the current levels on account of crash in molasses prices.

Molasses being a key raw material of MEG (Mono Ethyl glycol), constitutes ~ 55% of the raw material cost.

At the peak of the sugar cycle especially from Jan 2010 to ~Feb 2010, sugar mills were selling molasses for Rs. 5,200 – 5,600 a tonne which adversely affected the margins of the company. Currently molasses prices are trading at ~Rs. 3,200 per tonne. We expect molasses prices to remain muted on account of increased availability of sugarcane in the coming season. It is expected that domestic sugar output would increase to 21 mn tonnes from current levels of ~16 mn tonnes. Internationally the prices of white sugar (raw sugar) have tumbled by 20% to US\$ 590 per tonne from a high of US\$ 737 per tonne. Any shortfall in domestic production can be easily met by imports.

Net Profits: Net profit of the company (YoY) has seen huge growth to Rs. 113 mn. This was mainly on account of reduction in the interest cost to the extent of Rs.59 mn on YoY basis, improvement in margins from the EOD segment and IGL in the previous year suffering a loss to the extent of Rs. 226 mn. The

With due consideration to factors like crash in molasses prices, improving trend in MEG prices and improved margins in Ethylene Oxide Derivatives (EOD) Segment, we recommend “HOLD”



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