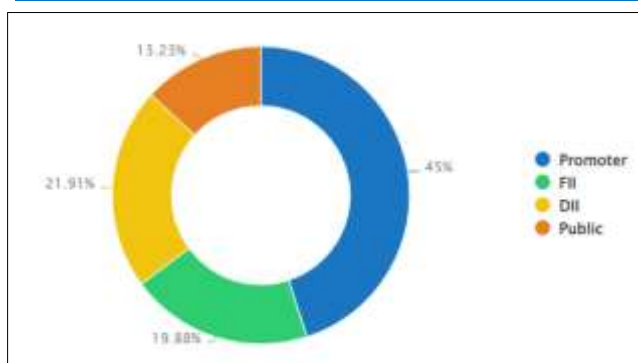


May 2022

VALUE PARAMETERS

Face Value (Rs.)	2.00
EPS (TTM)	20.7
52-Week High/Low	604/321
M.Cap (Rs. in Cr.)	26,499
P/E Ratio (TTM)	18.4
Book Value per share (Rs)	96.8
Industry P/E	10.6
P/B Ratio (calc at CMP)	3.89
Dividend Yield (%)	0.94
Enterprise value (Rs in Cr)	25,242

SHAREHOLDING PATTERN



FINANCIAL PERFORMANCE

	ACTUAL	FORECAST	
	FY Mar-22	FY Mar-23	FY Mar-24
Sales (Rs. Cr)	42,815.67	47,160	50,954
Growth (%)	30	10	8
EBITDA	7,272	11,180	12,122.5
EBITDA margin (%)	17%	23%	23.8
Net Profit (Rs. Cr)	1,741.46	2438	2706
EPS (Rs)	5.45	8	9
ROE	10.5	11	11.1
ROCE	6.4	7	7.3
P/E	28.5	26	24
EV/EBITDA	15.9	10.7	10

Our Recommendation: We expect gradual improvement in company’s performance in future led by strong volume growth and extensive geographical coverage. Government of India’s proposed plan to add 100 cities to the City Gas Distribution network in Union Budget 2022 would help IGL to increase its revenue. IGL will benefit from tighter environmental regulations in NCR region and India’s aim to increase the share of natural gas in the energy mix. Thus, we recommend BUY in price range Rs. 350-375 with target price Rs 440 (upside 22%).

Investment Rationale:

About Company: Indraprastha Gas Limited, incorporated in 1998, is an Indian company that deals in natural gas distribution area and mainly supplies natural gas as cooking and vehicular fuel. The company has a CNG compression capacity of 89.95 lakh kg/day. Today the company is operational in NCT of Delhi, Noida, Karnal, and greater Noida serving more than 13 lakhs residential customers and about 5000 industrial users. The company is continuously adding new stations to increase its compression capacity. Moreover, the company has a strong backing by GAIL India and BPCL Ltd.

Q3FY22 Results: IGL reported Q3FY22 results that were better than estimated.

- Consolidated revenue for the IGL Ltd. showed a significant growth of 52% YoY basis to Rs 2438 crore compared to Rs 1595 crore in the year ago quarter.
- On a sequential basis, revenue was up by 20.9% from Rs 2015 crore recorded in the previous quarter.
- PAT slipped by 7% to 308.52 Cr as compared to Rs 334.87 Cr registered in the corresponding quarter of the previous fiscal year.
- Consolidated net profit showed a slight decline of 1.8% on YoY basis to 375 Cr from 382 Cr in Q3FY2021.

Key Highlights:

- The financial performance of the company has been impacted due to the Covid-19 pandemic in the country.
- The company is continuously investing in infrastructure and trying to reach new geographical areas.
- Due to continuous effort by the government for conversion of vehicle to CNG mode, development of smart cities and an increased focus on reducing carbon emissions is likely to add to the growth prospects of the Company.
- The company has taken many innovative steps from expanding its digital presence to providing door step drive to its expand its customer base.
- IGL will continue to benefit from tighter environmental regulations in Delhi NCR and India’s aim to increase the share of natural gas in the energy mix.
- IGL has debt free balance sheet.
- Company has delivered good profit growth of 20.37% CAGR over last 5 years.
- Company has been maintaining a healthy dividend payout of 19.04%

Risks:

- Increasing dependency on EVs can impact the business and poses a threat to CNG run vehicles in the long run.
- The company may face regulatory restriction in the coming future.
- Unavailability or limited availability of natural gas.
- Fluctuating gas prices and competition from alternative fuels exist for the company.

Financials and Valuations

Financial Summary, Consolidated

Y/E March	Q3FY22	Q3FY21	YoY (%)	Q2FY22	QoQ (%)
Net Revenues	2438.48	1595	52.88	2016	21
EBITDA	469.61	500.67	-31	530	-11.5
Consol. Net Profit	374.76	381.83	-1.85	418.63	-11
Diluted EPS(INR)	5.35	5.45	-1.8	5.98	-10.53

Income Statement, consolidated (Rs. Cr)

Y/E March	FY17	FY18	FY19	FY20	FY21
Net Revenues	4,222.51	5,014.90	6,361.87	7,165.49	5,438.68
Expenditure	3,258.76	3,898.43	5,104.89	5,645.85	3,955.69
EBIDTA	964	1,116	1,257	1,520	1,483
<i>EBITDA Margin (%)</i>	23%	22%	20%	21%	27%
Depreciation	167	181	201	252	290
EBIT	797	935	1,056	1,268	1,193
Other Income	45.92	90.56	128.45	143.18	114.83
Interest	1.21	1.69	2.05	8.12	11.34
Exceptional items	0.00	0.00	0.00	0.00	0.00
PBT	841.39	1,024.05	1,182.38	1,402.70	1,296.48
Tax	297.58	374.22	427.17	307.51	249.35
PAT	543.81	649.83	755.21	1,095.19	1,047.13
Net Profit	543.81	649.83	755.14	1,094.94	1,046.74
Min Int.	0.00	0.00	0.00	0.00	0.00
Shares associates	62.53	71.89	86.96	154.05	125.81
Consolidated Net Profit	606.34	721.72	842.10	1,248.99	1,172.55
EPS	8.66	10.31	12.03	17.84	16.75

Cash Flow Statement, consolidated (Rs. Cr)

Y/E March	FY17	FY18	FY19	FY20	FY21
CF from Op. Activity	946	879	1,157	1,361	1,546
CF from Inv. Activity	-1,114	-717	-1,121	-521	-1,826
CF from Fin. Activity	-160	-84	-169	-243	-297
Net Change	-328	78	-133	597	-577
Cash & Cash Eqvt	126	204	71	668	90

Balance Sheet, consolidated (Rs. Cr)

Y/E March	FY18	FY19	FY20	FY21
SOURCES OF FUNDS				
Equity Share Capital	140	140	140	140
Share Warrants	0	0	0	0
Reserves & Surplus	3,507	4,176	5,218	6,194
Total Shareholder's Fund	3,647	4,316	5,358	6,334
Differed tax liability	260	316	288	242
Other long term Liab & Provi.	14	21	102	122
Non-Current Liabilities	273	337	391	363
S.T Trade pay	339	326	225	419
Other S.T. Liab.	837	1,039	1,313	1,587
S.T. Provisions	1	165	257	347
Current Liabilities	1,176	1,531	1,795	2,352
Minority Interest	0	0	0	0
TOTAL SOURCES OF FUNDS	5,096	6,183	7,544	9,050
Fixed assets	2818	3355	4334	5168
L.T. Investments	426	492	630	721
L.T. Loans & Adv.	48	59	55	50
Other L.T. Assets	21	35	27	16
Non-Current Assets	3,313	3,941	5,046	5,955
S.T. Investments	890	1,286	0	1,568
Inventories	52	51	51	46
Sundry Debtors	226	221	170	261
Cash & Bank	558	607	2,180	1,132
Others	56	77	96	89
Current Assets	1,782	2,242	2,497	3,096
Misc. Exp. not W/O	0	0	0	0
TOTAL APPLICATION OF FUNDS	5,096	6,183	7,544	9,050

Key Ratios

Y/E March	FY2017	FY2018	FY2019	FY2020	FY2021
Per Share Data (Rs)					
EPS	8.66	10.31	12.03	17.84	16.75
BV/Share	43.2	52.1	61.65	76.54	90.49
DPS	9	2	2	3	4
Dividend Payout (%)	19.63	19.4	19.95	15.69	21.49
Valuation Ratios					
P/E	4.7	27	25.3	21.8	30.5
P/BV	4.71	5.35	4.94	5.08	5.64
EV/EBITDA	2.2	15.62	14.83	14.95	21.53
Return Ratios (%)					
EBITDA Margins (%)	23%	22%	20%	21%	27%
Net Profit Margins (%)	14%	14%	13%	17%	22%
ROE	19%	18%	17%	20%	17%
ROCE	30.39	31	30	29.42	22.55
Leverage Ratio (x)					
Net Debt/Equity	0	0	0	0	0
Current Ratio	1.39	1.52	1.46	1.39	1.32
Quick Ratio	1.33	1.47	1.43	1.36	1.3
Interest Cover Ratio	124.73	120.63	93.73	70.05	59.86

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Disclosure:

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