HOLD
TP: Rs 600 | ↑ 11%

INDRAPRASTHA GAS | Oil & Gas | 27 July 2024

Getting back on track but needs time; downgrade to HOLD

- **IGL's Q1 recovery was ahead of our forecasts with a sharper reduction in gas purchase costs partly due to opportune use of cheaper spot gas**
- **We note continuous improvement in focus on targeting volume growth and more commitment to expanding growth avenues**
- **We raise DCF-based TP to Rs 600 (from Rs 525), factoring in possibility to regain growth trajectory. Downgrade to HOLD given 11% upside**

Kirtan Mehta, CFA
research@bobcaps.in

Q1 ahead: Q1 EBITDA at Rs 5.8bn was 7% above Bloomberg consensus and 16% above our forecast with a sharp Rs 0.8/scm recovery in EBITDA margin to Rs 7.4/scm. IGL was able to clock higher sequential savings of Rs 0.6/scm in gas purchase costs compared to MAHGL with the use of spot cargoes and cost-saving measures. Loss of DTC bus volume kept growth subdued at 5.3% YoY for IGL and 4.7% YoY for CNG. Excluding DTC volumes, CNG growth appears to be at 7% YoY. IGL guided for a pick-up in Q2 with higher CNG growth and EBITDA margin.

Improving growth focus: This is visible in improving granularity of volume growth tracking to offset decline/slowdown in Delhi. For the first time, the company shared its state-wise mix and growth. IGL is also allocating higher proportion of capex on GAs outside Delhi to support growth delivery.

Expanding growth avenues: IGL has firmed up plans for 5-6 LNG stations in FY25 and considering 100 stations pan-India including 7-8 LNG stations within its GAs. With each station's potential at 10k-20k kg/day (>6k average for CNG station in Delhi), 100 stations could contribute ~20% of current CNG volumes. It continues to engage with stakeholders to develop CNG usage in commercial vehicles, dumpers, long-haul state buses with type-4 cylinders. Recent launches of CNG 2-wheelers could open up a new segment over the next decade.

Push up growth over FY27-33E: While we maintain our FY25/FY26 forecasts, we again pencil in volume growth CAGR of 7.5% (from 6.8% CAGR) over FY24-33. With a well-established footprint and the right focus on expanding growth avenues, we now see a possibility of IGL regaining its growth trajectory.

Downgrade to HOLD: Factoring in higher volume growth and rolling forward to Sep'25, we raise DCF-based TP to Rs 600 (from Rs 525). Our TP implies an FY26 target multiple of 18.8x, higher than 5Y mean 1Y-fwd P/E of 18.1x. This is higher than the target multiple for MAHGL at 15.5x due to use of higher terminal growth rate of 4% (vs 2.5% for MAHGL) reflecting a larger footprint. With a 35% run-up since Mar and current 11% upside below our hurdle rate, downgrade to HOLD.

Key changes

Target	Rating
▲	▼

Ticker/Price	IGL IN/Rs 541
Market cap	US$ 4.5bn
Free float	55%
3M ADV	US$ 22.3mn
52wk high/low	Rs 553/Rs 376
Promoter/FPI/DII	45%/16%/25%

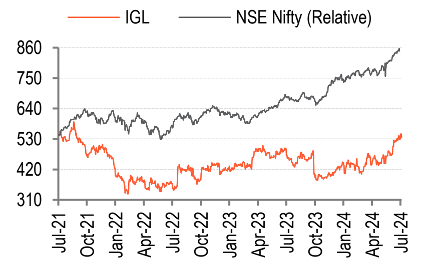
Source: NSE | Price as of 26 Jul 2024

Key financials

Y/E 31 Mar	FY24P	FY25E	FY26E
Total revenue (Rs mn)	1,40,000	1,46,974	1,60,276
EBITDA (Rs mn)	23,637	25,577	27,905
Adj. net profit (Rs mn)	19,834	20,736	22,345
Adj. EPS (Rs)	28.3	29.6	31.9
Consensus EPS (Rs)	28.3	29.3	31.1
Adj. ROAE (%)	22.6	20.0	18.8
Adj. P/E (x)	19.1	18.2	16.9
EV/EBITDA (x)	15.3	14.0	12.7
Adj. EPS growth (%)	21.0	4.5	7.8

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance



Source: NSE

Q1 results

Q1 EBITDA at Rs 5.8bn was 7% above Bloomberg consensus and 16% above our forecasts. The beat to our estimate was higher as IGL delivered normalisation of EBITDA margin in one quarter against our assumption of two quarters.

- **Sequential recovery:** Q1 EBITDA was up 11% QoQ with a 12.5% sequential recovery in EBITDA margin, offsetting the 1% QoQ decline in volume.
- **Recovery driven by EBITDA margin:** EBITDA margin recovered by Rs 0.8/scm QoQ to Rs 7.4/scm. The sequential improvement was largely driven by the Rs 0.7/scm QoQ decrease in opex after normalisation from high levels in Q4. Gross spread was stable as Rs 0.5/scm reduction in realisation offset by Rs 0.6/scm reduction in gas cost.
- **Reduction of gas purchase costs supported recovery:** IGL achieved a sharper Rs 0.6/scm QoQ reduction, higher than Rs 0.3/scm clocked by MAHGL. IGL attributed the decrease to the cheaper spot cargo it capitalised on, and self-help improvements like reduction in gas loss and optimisation of some service contracts. IGL highlighted that more improvements would be visible in Q2.

Volume growth muted by loss of Delhi Transport Corporation bus business

- **Sequential decrease:** Q1 volumes at 8.6mmscd fell 1% QoQ, driven by seasonal factors lowering industrial and commercial volume (-11%) and domestic volume (-7%). However, combined CNG and LNG volumes grew modestly (+1.3%).
- **Impact of loss of DTC bus volume:** YoY growth remains muted at 5.3% with softer CNG growth (4.7%) offsetting improvement in domestic (16%) and Industrial and Commercial segment (5.6%). DTC bus volumes decreased to 0.15mn kg/d from 0.25mn kg/d a year ago. Excluding the same, other CNG volumes grew 7% YoY.
- **Non-Delhi growth in double digits:** Delhi's contribution to volumes reduced to 70% from 74% a year ago. Against muted growth in Delhi (5.26mmscmd, 1% YoY), Uttar Pradesh (2.1mmscmd, 14% YoY), Haryana (0.66mmscmd) and Rajasthan (0.1mmscmd, >100%) clocked more than double-digit growth, helping to lift IGL's overall growth profile.

Fig 1 – Quarterly performance: Q1 improved on normalisation of margin

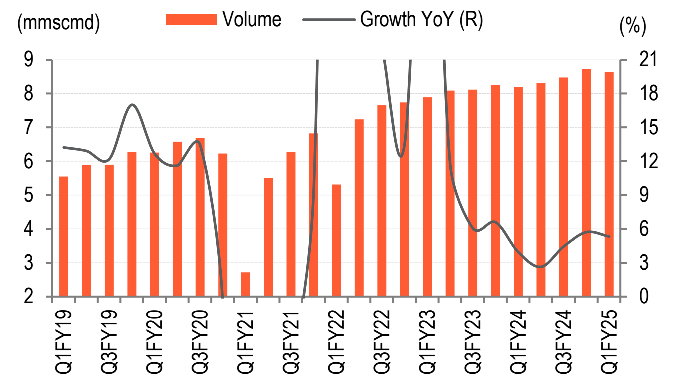
(Rs mn)	Q1FY25	Q1FY24	YoY (%)	Q4FY24	QoQ (%)
Net sales	**35,206**	**34,070**	**3.3**	**35,968**	**(2.1)**
Raw materials	24,818	23,341	6.3	25,528	(2.8)
% of sales	70.5	68.5	-	71.0	-
Other expenditure	4,569	4,306	6.1	5,214	(12.4)
% of sales	13.0	12.6	-	14.5	-
EDITDA	**5,819**	**6,424**	**(9.4)**	**5,225**	**11.3**
EDITDA (Rs/scm)	**7.4**	**8.6**	**(14.0)**	**6.6**	**12.5**
EDITDA margin (%)	16.5	18.9	-	14.5	-
Depreciation and amortisation	1,143	989	15.5	1,108	3.2
Interest	22	24	(6.8)	26	(13.3)
Other income	727	457	59.2	1,094	(33.6)
Profit Before Tax	**5,380**	**5,867**	**(8.3)**	**5,187**	**3.7**
Provision for tax	1,366	1,483	(7.9)	1,359	0.5
-effective tax rate (%)	25.4	25.3	-	26.2	-
PAT (reported)	**4,015**	**4,384**	**(8.4)**	**3,828**	**4.9**

Source: Company, BOBCAPS Research

FY25 guidance

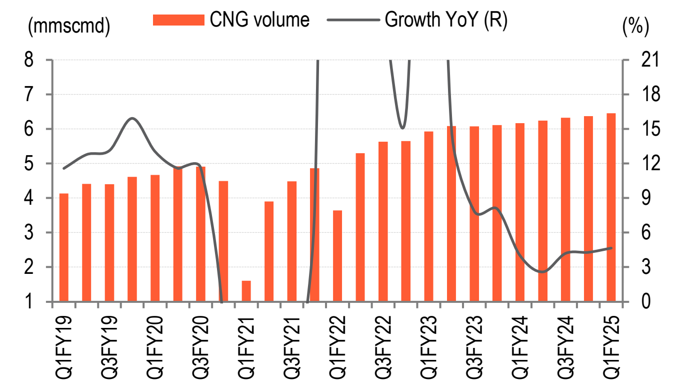
- **FY25 volume target is the exit rate:** IGL clarified that the target of 9.5mmscmd is the exit rate or 4Q average and not the FY25 average. Our forecast of 9mmscmd has been factoring in the same.
- **Pick-up guided for Q2:** IGL expects EBITDA to grow with 8-10% volume growth in the CNG segment and further improvement in EBITDA margin closer to Rs 8/scm.
- **Margin guidance maintained:** IGL reiterated EBITDA margin guidance of Rs 7-8.5/scm.
- **Capex pick-up guidance retained:** IGL reiterated its target of Rs 17bn-18bn for FY25 and spent Rs 3bn in Q1. IGL aims to add 90 stations and compression capacity of 1mn-1.2mn kg during the year.

Fig 2 – IGL volume growth subdued at 5.3% YoY in Q1



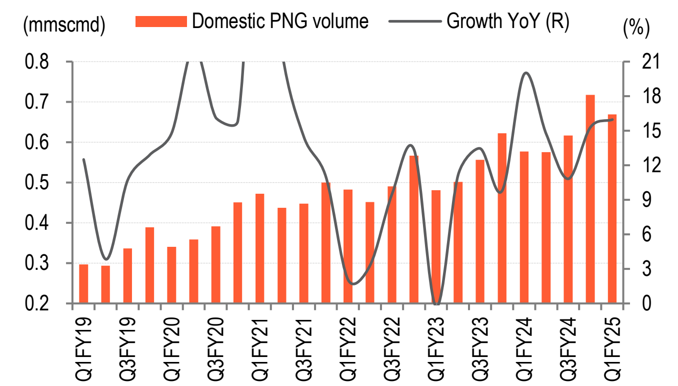
Source: Company, BOBCAPS Research

Fig 3 – CNG volume growth impacted by loss of DTC bus volume



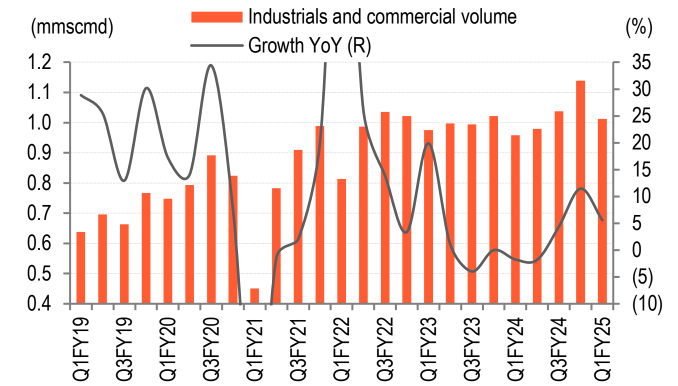
Source: Company, BOBCAPS Research

Fig 4 – Domestic volume growth on higher connections



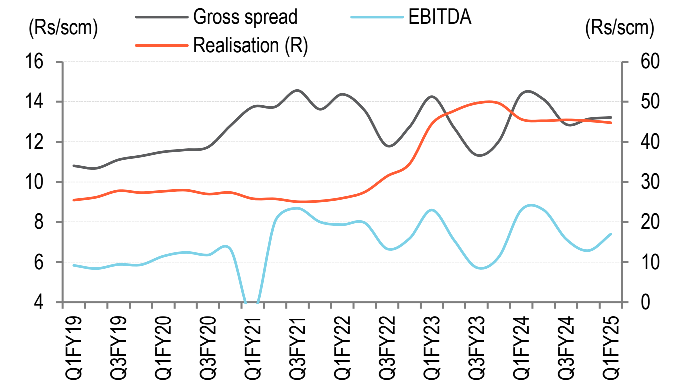
Source: Company, BOBCAPS Research

Fig 5 – Industrial volumes sequentially down due to seasonal factors



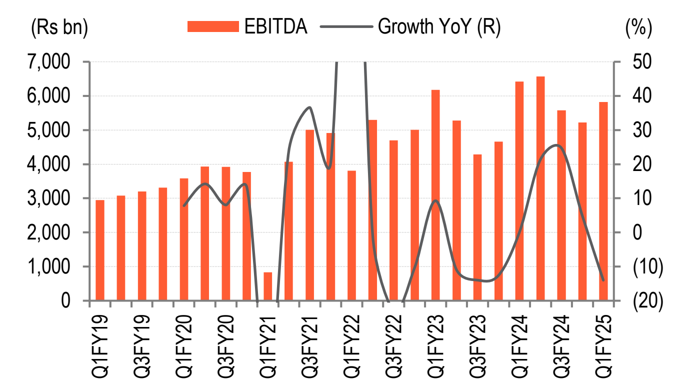
Source: Company, BOBCAPS Research

Fig 6 – EBITDA margin recovered to Rs 7.4/scm on normalisation of opex from high levels in Q4...



Source: Company, BOBCAPS Research

Fig 7 – … leading to sequential improvement in EBITDA



Source: Company, BOBCAPS Research

Targeting LNG as next growth booster

IGL has ramped-up throughput at its first LNG station to 4k-5k kg/d and is looking at a possible alternative to offset loss of growth in Delhi.

- **Growth targets:** IGL aims to set up 5-6 LNG stations in FY25 and then expand to 100 LNG stations pan-India over next the 5-6 years with 7-8 within its own GAs.
- **High potential:** If IGL succeeds in progressing this plan of 100 LNG stations, this has the potential to contribute as much as 20% of existing volumes. Throughput at each station is likely to be significantly higher at 10k-20k kg/day, much above a typical 8k kg/day of a CNG station in Delhi.
- **Margin likely to be higher than CNG:** IGL expects gross margin on LNG sales to be higher than that on CNG sales. With no change in form of gas, LNG does not attract any excise duty. Transportation cost is lower than a typical daughter-booster station. With a thumb rule of Rs 1 per 100km per kg, transportation cost of LNG in a cryogenic tanker from Dahej to IGL's GAs could be of the order of Rs 7/kg. The same compares with typical Rs 11/kg for transportation from mother to daughter-booster stations using a cascade.

Margin uplift possibilities

- **Qatar contract:** To save GST on LNG procured on the Qatar contract, IGL is exploring a time swap arrangement with GAIL to the latest contract, which envisages a high-seas transfer from FY28. Additionally, IGL is checking on the possibility of shift of linkage to Henry Hub and shift to inter-state sales to further lower cost.
- **CBG gas:** IGL is planning to set up 10 compressed bio gas (CBG) plants through a JV and aims to scale up CNG usage to 5% of its gas requirement (timeline not set yet). CBG gas is typically 10-12% cheaper than APM.
- **Use of LCNG station:** Wherever pipeline is not feasible, IGL is considering use of LCNG (liquified compressed natural gas) station.

Valuation methodology

Forecast changes

We broadly maintain our FY25 and FY26 EBITDA estimates after the review of Q1FY25 results and introduce FY27 forecasts. We now expect IGL's EBITDA to grow from Rs 25.6bn in FY24 to Rs 30.1bn in FY27E, an 8.4% CAGR, driven by volume growth of 7.3% and normalised margin to ~Rs 8/scm by FY26 as the global LNG market turns into surplus.

Conservative volume forecasts. With IGL's clarification of 9.5mmscmd as the average volume for Q4FY25, we broadly maintain our volume forecasts at 9mmscmd for FY25E and build in volume growth of 7.3% over FY24-27 to 10.4mmscmd. We believe that IGL's growth would be supported by growth outside Delhi. At this stage, we are cognisant of the decline in DTC buses volumes and potential challenges from accelerated electrification in the commercial cab and bus categories.

- **Loss of DTC volume to be offset by long-haul LNG commercial vehicles.** We account for a loss of the balance 0.15mkg/d of DTC volumes, equivalent of 3% of current CNG volumes over FY25-FY26. This is now likely to be offset by a plan to set-up 5-6 LNG stations, each having the potential to ramp-up to 10k-20k kg/day. We remain positive about potential growth in long-haul buses, particularly floating volumes from neighbouring regions as usage of buses with type-4 cylinders scales up.
- **Loss of Delhi commercial volumes to be offset by other GAs.** For commercial cabs, we believe growth could still be sustained over the medium term as legacy GAs in Uttar Pradesh (UP) and newer GAs potentially offset the decline in new additions in Delhi.
- **CNG to grow in personal vehicles,** At the priority sector gas purchase price of US$ 7.6-8.1/MMBtu over our forecast period, we believe CNG remains competitive in the private car space and will continue to grow alongside electric vehicles (EV).
- **Raising FY24-33 growth forecasts to 7.5% CAGR.** We see IGL's management team's increased focus on delivering volume growth. This is visible in (i) more granular monitoring, (ii) targeted investments in infrastructure development outside Delhi, as well as (ii) pilots in new segments like LNG vehicles, long-haul buses with type-4 cylinders, dumpers, etc. This prompts us to raise FY24-33 volume growth forecasts to 7.5% CAGR (from 6.8% CAGR).

Maintain margin forecasts: We broadly maintain our EBITDA margin forecast at Rs 7.7/scm for FY25 and Rs 7.9/scm for FY26 and now assume Rs 7.9/scm for FY27. Our margin forecast is a shade higher than Rs 7.7/scm last year and average of Rs 7.4/scm over the past four years as it factors in the benefit of more reasonable APM gas prices and the pullback in LNG prices. Our EBITDA margin is still within the guided range of Rs 7.0-8.5/scm.

Fig 8 – Revised estimates

(Rs bn)	Provisional	New			Old		Change (%)	
	FY24P	FY25E	FY26E	FY27E	FY25E	FY26E	FY25E	FY26E
Revenue	1,40,000	1,46,974	1,60,276	1,75,414	1,47,165	1,60,220	(0.1)	0.0
EBITDA	23,637	25,577	27,905	30,128	25,565	27,828	0.0	0.3
EBITDA growth YoY	16.7	8.2	9.1	8.0	8.2	8.9	-	-
Net income incl affiliate	19,834	20,736	22,345	23,969	20,737	22,122	0.0	1.0

Source: Company, BOBCAPS Research

Fig 9 – Key business drivers and assumptions

Particulars	FY24P	FY25E	FY26E	FY27E	FY24-27E CAGR (%)
Volumes (mmscmd)					
CNG	6.3	6.6	7.0	7.5	-
D-PNG	0.6	0.7	0.8	0.9	-
I+C	1.0	1.2	1.3	1.5	-
Natural gas	0.5	0.5	0.5	0.5	-
Total	**8.4**	**9.0**	**9.7**	**10.4**	**-**
Volume growth (%)					
CNG	3.8	5.8	5.9	6.3	6.0
D-PNG	15.2	14.7	15.0	15.0	14.9
I+C	3.0	15.6	11.7	11.5	12.9
Natural gas	(0.1)	0.3	0.0	0.0	0.1
Total	**4.2**	**7.3**	**7.1**	**7.4**	**7.3**
Volume mix (%)					
CNG	74.5	73.5	72.7	71.9	-
D-PNG	7.4	7.9	8.5	9.1	-
I+C	12.2	13.1	13.7	14.2	-
Natural gas	5.9	5.5	5.2	4.8	-
Total	**100.0**	**100.0**	**100.0**	**100.0**	**-**
Profitability indicator (Rs/scm)					
Revenue	45.4	44.5	45.3	46.2	-
Gross spread	13.6	13.8	14.0	14.2	-
EBITDA	7.7	7.7	7.9	7.9	-
PAT	5.7	5.2	5.2	5.2	-
ROE	22.4	19.0	18.1	17.2	-
Key assumptions					
USDINR exchange rate	82.8	83.5	83.5	83.5	-
APM gas price (US$/MMBtu)	6.5	6.5	6.8	7.0	-
Gas price ceiling (US$/MMBtu)	11.0	10.2	10.2	9.6	-
LNG contract price (US$/MMBtu)	15.6	13.1	12.1	11.4	-
LNG spot price (US$/MMBtu)	16.7	13.0	10.5	10.4	-
Priority sector gas bucket (US$/MMBtu)	7.2	7.6	8.0	8.1	-
Industrials and commercials gas bucket (US$/MMBtu)	15.2	12.8	11.7	11.0	-

Source: Company, BOBCAPS Research

Downgrade to Hold with TP of Rs 600

We increase our DCF-based TP to Rs 600 (from Rs 525) as we roll forward our valuation to Sep'25 from May'25 and factor in our revised estimates. As our TP implies ~11% upside, we downgrade our rating on IGL to HOLD from BUY.

We remain positive on volume growth prospects for IGL. Though volume growth in Delhi is likely to slow due to an accelerated shift to electric vehicles, we believe that legacy GAs in UP and newer GAs will help IGL continue to deliver healthy growth over the next decade. In our view, CNG vehicles and EVs will co-exist in India over the medium term until battery technology and grid infrastructure mature. Further, IGL's recent foray into long-haul LNG vehicles as well as new category of two-wheelers open new growth avenues.

Key assumptions for our DCF-based fair value are cost of equity of 11%, terminal growth of 4%, volume CAGR of 7.5% (from ~6.8%) and average EBITDA margin of Rs 8.0/scm (from 7.8/scm) over our explicit and semi-explicit forecast period of FY24-FY33.

Our DCF-based TP implies an FY25E/FY26E P/E of 20.3x/18.8x, which compares with the stock's five-year mean P/E of 18.1x on Bloomberg consensus earnings. This is higher than the target multiple for MAHGL (FY25E/ FY26E P/E of 16.3x/15.5x) as we assume higher terminal growth rate of 4% vs 2.5% for MAHGL, due to its larger footprint.

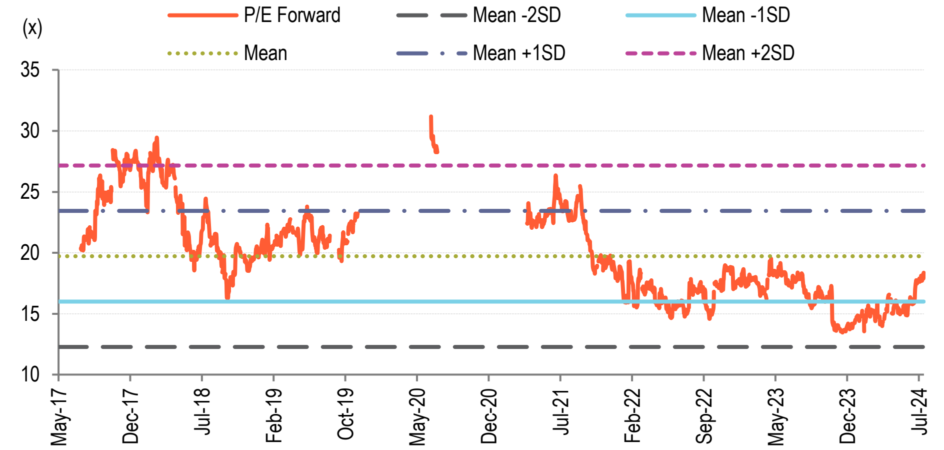
Fig 10 – DCF-based fair value

Valuation parameters	Value (Rs mn)
PV of FCF FY25E-FY33E	89,561
PV of terminal value	1,95,174
Enterprise Value	2,84,735
Less: Net Debt FY24P	(33,069)
Equity value	**3,17,804**
NPV – IGL share (Rs)	454
NPV – MNGL (Rs)	47
NPV – CUPGL (Rs)	13
Consolidated NPV Mar'24 (Rs)	**514**
Consolidated NPV Sep'25 (Rs)	**602**
Target price in rupees as on Sep'25 (rounded off to nearest Rs 5)	**600**

Source: BOBCAPS Research | MNGL: Maharashtra Natural Gas, CUPGL: Central UP Gas

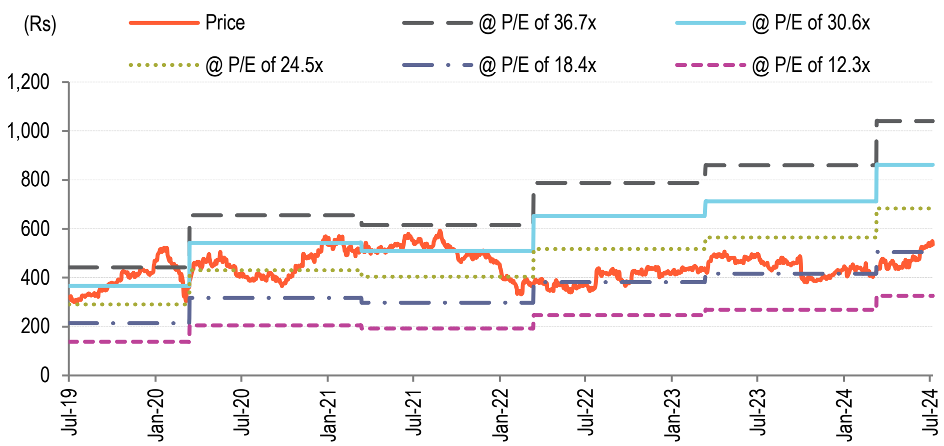
Over the past five years, IGL has traded at an average one-year forward P/E of 18.1x with a one standard deviation range of 15.0x-21.3x on Bloomberg consensus. Similarly, it has traded at an average TTM P/E of 24.5x with a one standard deviation range of 18.4-30.6x based on actual earnings.

Fig 11 – IGL has traded at an average 1Y fwd PE of 18.1x/19.7x over past 5/10Y



Source: Bloomberg, BOBCAPS Research

Fig 12 – Trailing P/E of 24.5x over past 5Y



Source: Bloomberg, BOBCAPS Research

Key risks

Key upside risks to our estimates are:

- Higher-than-expected margins arising from not passing on benefit of lower gas purchase costs to consumers, or lower competitive intensity with alternative fuels.
- Faster volume growth than our assumptions due to faster penetration into commercial vehicle, development of long-haul LNG segment, or development of new two-wheeler segment.
- Reduction in excise duty, enabling the company to earn higher margin and/or higher volume growth than our forecasts.

Key downside risks to our estimates are:

- Slower volume growth than our assumptions owing to faster-than-expected penetration of EVs.

- Lower-than-expected margins arising from an inability to pass on higher gas purchase cost to consumers, or increased competitive intensity with alternative fuels.
- Adverse PNGRB (Petroleum and Natural Gas Regulatory Board) or government regulations that could impact our margin or volume outlook.

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24P	FY25E	FY26E	FY27E
Total revenue	**1,41,326**	**1,40,000**	**1,46,974**	**1,60,276**	**1,75,414**
EBITDA	20,255	23,637	25,577	27,905	30,128
Depreciation	(3,634)	(4,140)	(4,741)	(5,387)	(5,796)
EBIT	16,621	19,497	20,836	22,519	24,331
Net interest inc./(exp.)	(106)	(92)	(100)	(100)	(100)
Other inc./(exp.)	2,172	2,610	2,345	2,308	2,163
Exceptional items	0	0	0	0	0
EBT	18,687	22,015	23,081	24,727	26,394
Income taxes	(4,827)	(5,591)	(5,816)	(6,231)	(6,651)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	2,536	3,410	3,471	3,849	4,226
Reported net profit	**16,397**	**19,834**	**20,736**	**22,345**	**23,969**
Adjustments	0	0	0	0	0
Adjusted net profit	**16,397**	**19,834**	**20,736**	**22,345**	**23,969**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24P	FY25E	FY26E	FY27E
Accounts payables	9,013	9,843	8,590	9,363	10,280
Other current liabilities	17,000	11,388	11,376	11,376	11,376
Provisions	5,438	6,324	6,324	6,324	6,324
Debt funds	0	0	0	0	0
Other liabilities	15,469	18,146	20,854	23,598	25,679
Equity capital	1,400	1,400	1,400	1,400	1,400
Reserves & surplus	77,912	95,098	1,09,360	1,25,231	1,42,290
Shareholders' fund	79,312	96,498	1,10,760	1,26,631	1,43,690
Total liab. and equities	**1,26,233**	**1,42,200**	**1,57,903**	**1,77,292**	**1,97,349**
Cash and cash eq.	21,322	21,555	27,209	36,467	47,883
Accounts receivables	9,034	10,186	10,693	11,660	12,762
Inventories	492	522	548	598	654
Other current assets	8,494	7,718	7,476	7,476	7,476
Investments	15,219	22,221	22,221	22,221	22,221
Net fixed assets	57,205	65,903	82,376	91,490	99,583
CWIP	14,337	13,964	7,250	7,250	6,640
Intangible assets	130	130	130	130	130
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	**1,26,233**	**1,42,199**	**1,57,903**	**1,77,292**	**1,97,348**

Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24P	FY25E	FY26E	FY27E
Cash flow from operations	**18,420**	**19,746**	**24,284**	**27,923**	**29,442**
Capital expenditures	(10,973)	(12,462)	(14,500)	(14,500)	(13,280)
Change in investments	11,038	(7,002)	0	0	0
Other investing cash flows	2,172	2,610	2,345	2,308	2,163
Cash flow from investing	**2,237**	**(16,854)**	**(12,155)**	**(12,192)**	**(11,117)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(9,100)	(6,300)	(6,474)	(6,474)	(6,910)
Other financing cash flows	(3,852)	3,642	0	0	0
Cash flow from financing	**(12,952)**	**(2,658)**	**(6,474)**	**(6,474)**	**(6,910)**
Chg in cash & cash eq.	**7,705**	**234**	**5,654**	**9,258**	**11,415**
Closing cash & cash eq.	**21,322**	**21,555**	**27,209**	**36,467**	**47,883**

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24P	FY25E	FY26E	FY27E
Reported EPS	23.4	28.3	29.6	31.9	34.2
Adjusted EPS	23.4	28.3	29.6	31.9	34.2
Dividend per share	13.0	9.0	9.2	9.2	9.9
Book value per share	113.3	137.9	158.2	180.9	205.3

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24P	FY25E	FY26E	FY27E
EV/Sales	2.6	2.6	2.4	2.2	2.0
EV/EBITDA	18.1	15.3	14.0	12.7	11.5
Adjusted P/E	23.1	19.1	18.2	16.9	15.8
P/BV	4.8	3.9	3.4	3.0	2.6

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24P	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	87.7	90.1	89.8	90.4	90.8
Interest burden (PBT/EBIT)	112.4	112.9	110.8	109.8	108.5
EBIT margin (EBIT/Revenue)	11.8	13.9	14.2	14.0	13.9
Asset turnover (Rev./Avg TA)	119.1	104.3	97.9	95.6	93.6
Leverage (Avg TA/Avg Equity)	1.5	1.5	1.4	1.4	1.4
Adjusted ROAE	21.1	22.6	20.0	18.8	17.7

Ratio Analysis

Y/E 31 Mar	FY23A	FY24P	FY25E	FY26E	FY27E
YoY growth (%)					
Revenue	83.3	(0.9)	5.0	9.1	9.4
EBITDA	7.7	16.7	8.2	9.1	8.0
Adjusted EPS	9.1	21.0	4.5	7.8	7.3
Profitability & Return ratios (%)					
EBITDA margin	14.3	16.9	17.4	17.4	17.2
EBIT margin	11.8	13.9	14.2	14.0	13.9
Adjusted profit margin	11.6	14.2	14.1	13.9	13.7
Adjusted ROAE	21.1	22.6	20.0	18.8	17.7
ROCE	15.9	16.5	15.0	14.2	13.5
Working capital days (days)					
Receivables	18	25	26	25	25
Inventory	2	2	2	2	2
Payables	25	30	28	25	25
Ratios (x)					
Gross asset turnover	2.1	1.8	1.5	1.4	1.4
Current ratio	1.3	1.5	1.7	2.1	2.5
Net interest coverage ratio	156.9	212.6	208.4	225.2	243.3
Adjusted debt/equity	(0.3)	(0.2)	(0.2)	(0.3)	(0.3)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**
Brand Name: **BOBCAPS**
Trade Name: **www.barodaetrade.com**
CIN: **U65999MH1996GOI098009**

Logo:

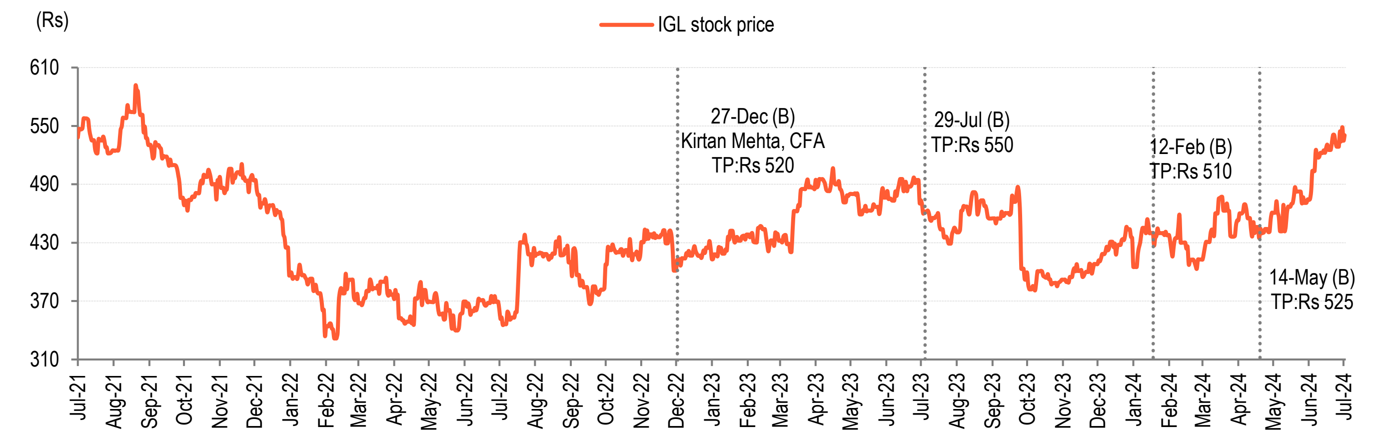
Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%
HOLD – Expected return from -6% to +15%
SELL – Expected return <-6%
Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): INDRAPRASTHA GAS (IGL IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have “long” or “short” positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS’s prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS’s associates may have financial interest in the subject company. BOBCAPS’s associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an “as is” basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS’s judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the “Losses”) which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom (“UK”):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd) (“**MSL**”) who is authorised and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom (MSL and its affiliates are collectively referred to as **“MAYBANK**”). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK’s legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the “Order”), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as “relevant persons”).

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.