



About the Company

Incorporated in 1998, IGL took over Delhi City Gas Distribution Project in 1999 from GAIL (India) Limited (Formerly Gas Authority of India Limited). The project was started to lay the network for the distribution of natural gas in the National Capital Territory of Delhi to consumers in the domestic, transport, and commercial sectors. With the backing of strong promoters – GAIL (India) Ltd. and Bharat Petroleum Corporation Ltd. (BPCL) – IGL plans to provide natural gas in the entire capital region.

The two main business objectives of the company are -

- To provide safe, convenient and reliable natural gas supply to its customers in the domestic and commercial sectors.
- To provide a cleaner, environment-friendly alternative as auto fuel to residents of the areas of NCT of Delhi; districts Gautam Budh Nagar, Ghaziabad, Hapur, Muzaffarnagar, Shamli, uncovered parts of Meerut & Kanpur, Fatehpur, Hamirpur, Banda, Mahoba and Chitakoot in Uttar Pradesh; districts Rewari, Gurugram, Karnal and Kaithal in Haryana; and, district Ajmer, Pali & Rajsamand in Rajasthan. This will considerably bring down the alarmingly high levels of pollution.

The transport sector uses natural gas as Compressed Natural Gas (CNG), the domestic and commercial sectors use it as Piped Natural Gas (PNG) and R-LNG is being supplied to industrial establishments.

Recent Quarter Highlights

- Sales volume stood at 8.3 MMSCMD with yearly growth of 3%, EBITDA of INR656 crores with a growth of 24% year-on-year, PBT of INR686 crores with a growth of 26% year-on-year. A
- The blended volume was 8.3 mmscmd (+1 % QoQ and + 3% YoY). The volumes of CNG and domestic PNG were 6.25 mm SCMD (+3% YoY, +1% QoQ), 0.58 mm SCMD (+15% YoY, flat QoQ), 0.98 mm SCMD (-2% YoY, +2% QoQ), and 0.5 mm SCMD (flat YoY, +1% QoQ), respectively. PNG volume was 2.06 mmscmd overall (+3% YoY, +1% QoQ). We anticipate that the development of new and existing infrastructure will support our projection of about 12% CAGR in volume growth over FY24–26E. For FY24, FY25, and FY26E, we project a volume of 8.4/9.4/10.5 mmscmd.
- Margins: Despite the slowdown in volume growth, IGL's margins remained robust. The per-unit EBITDA margin was INR 8.6/scm (+21% YoY, unchanged QoQ), while the per-unit gross margin was INR 14.1/scm (+11% YoY, -2% QoQ). above our estimate due to higher-than-expected realisation of INR 45.3/scm (-5% YoY, -1% QoQ) and lower operating expenses of INR 5.5/scm (-2% YoY, -4% QoQ). We estimate per unit EBITDA margin of INR 8.2/8/8 per scm over FY24/25/26E.
- The management anticipates that the new EV regulation in Delhi will have an impact on the volume from its cab aggregator segment, which accounts for about 15% of its overall sales volume. • IGL added almost 70,000 new domestic CNG connections and put eight CNG stations into service during the quarter. Additionally, it has 30 charging stations in operation and intends to install 15 more by the conclusion of the fiscal year.




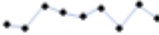
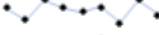














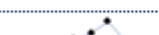


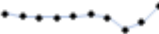






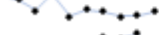


Historical Financial Statement - INDRAPRASTHA GAS LTD

Years	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Sep-23
Income Statement						
Sales	₹ 5,764.8	₹ 6,485.3	₹ 4,940.8	₹ 7,710.0	₹ 14,145.9	₹ 14,263.5
Sales Growth	27.11%	12.50%	-23.82%	56.05%	83.48%	0.83%
COGS	₹ 4,206.0	₹ 4,599.3	₹ 3,113.7	₹ 5,452.6	₹ 11,698.6	₹ 12,069.4
COGS % Sales	72.96%	70.92%	63.02%	70.72%	82.70%	84.62%
Gross Profit	₹ 1,558.88	₹ 1,886.02	₹ 1,827.08	₹ 2,257.34	₹ 2,447.26	₹ 2,194.07
Gross Margins	27.04%	29.08%	36.98%	29.28%	17.30%	15.38%
Selling & General Expenses	₹ 299.86	₹ 349.70	₹ 332.48	₹ 363.09	₹ 389.35	
S&G Exp % Sales	5.20%	5.39%	6.73%	4.71%	2.75%	0.00%
EBITDA	₹ 1,259.02	₹ 1,536.32	₹ 1,494.60	₹ 1,894.25	₹ 2,057.91	₹ 2,494.88
EBITDA Margins	21.84%	23.69%	30.25%	24.57%	14.55%	17.49%
Interest	₹ 2.05	₹ 20.31	₹ 22.02	₹ 24.76	₹ 26.84	₹ 9.99
Interest % Sales	0.04%	0.31%	0.45%	0.32%	0.19%	0.07%
Depreciation	₹ 201.07	₹ 252.25	₹ 290.39	₹ 317.06	₹ 363.36	₹ 387.42
Depreciation%Sales	3.49%	3.89%	5.88%	4.11%	2.57%	2.72%
Earnings Before Tax	₹ 1,055.90	₹ 1,263.8	₹ 1,182.2	₹ 1,552.4	₹ 1,667.7	₹ 2,097.5
EBT % Sales	18.32%	19.49%	23.93%	20.14%	11.79%	14.71%
Tax	₹ 413.3	₹ 279.1	₹ 325.8	₹ 450.9	₹ 482.7	₹ 516.3
Effective Tax Rate	39.15%	22.09%	27.56%	29.05%	28.95%	24.61%
Net Profit	₹ 642.6	₹ 984.7	₹ 856.4	₹ 1,101.5	₹ 1,185.0	₹ 1,581.2
Net Margins	11.15%	15.18%	17.33%	14.29%	8.38%	11.09%
No of Equity Shares	70	70	70	70	70	70
Earnings per Share	₹ 9.18	₹ 14.07	₹ 12.23	₹ 15.74	₹ 16.93	₹ 22.59
EPS Growth %	10.72%	53.24%	-13.03%	28.63%	7.58%	33.44%
Dividend per Share	₹ 2.4	₹ 2.8	₹ 3.6	₹ 5.5	₹ 13.0	-
Dividend payout ratio	26.15%	19.91%	29.43%	34.95%	76.79%	0.00%
Retained Earnings	73.85%	80.09%	70.57%	65.05%	23.21%	100.00%



PARTICULAR	Historical Financial Statement - INDRAPRASTHA GAS LTD				
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Equity Share Capital	₹ 140.0	₹ 140.0	₹ 140.0	₹ 140.0	₹ 140.0
Reserves	₹ 3,989.9	₹ 4,922.4	₹ 5,731.9	₹ 6,796.2	₹ 6,946.6
Borrowings	-	₹ 96.2	₹ 113.0	₹ 107.6	₹ 82.8
Other Liabilities	₹ 1,823.1	₹ 2,017.1	₹ 2,606.5	₹ 3,412.9	₹ 4,611.3
Total Liabilities	₹ 5,953.0	₹ 7,175.6	₹ 8,591.3	₹ 10,456.7	₹ 11,780.6
Fixed Assets Net Block	₹ 2,876.9	₹ 3,556.9	₹ 4,320.9	₹ 5,001.7	₹ 5,733.5
Capital Work in Progress	₹ 478.1	₹ 776.7	₹ 846.9	₹ 1,378.6	₹ 1,433.7
Investments	₹ 1,544.0	₹ 258.1	₹ 1,825.8	₹ 1,975.8	₹ 677.3
Other Assets	₹ 170.9	₹ 179.1	₹ 155.2	₹ 168.5	₹ 345.6
Total Non Current Assets	₹ 5,069.8	₹ 4,770.8	₹ 7,148.9	₹ 8,524.6	₹ 8,190.2
Receivables	₹ 221.5	₹ 170.4	₹ 260.7	₹ 520.6	₹ 903.4
Inventory	₹ 54.6	₹ 54.5	₹ 49.5	₹ 49.9	₹ 53.8
Cash & Bank	₹ 607.1	₹ 2,179.9	₹ 1,132.3	₹ 1,361.6	₹ 2,633.2
Total Current Assets	₹ 883.2	₹ 2,404.8	₹ 1,442.5	₹ 1,932.1	₹ 3,590.4
Total Assets	₹ 5,953.0	₹ 7,175.6	₹ 8,591.3	₹ 10,456.7	₹ 11,780.6

PARTICULAR	Historical Financial Statement - INDRAPRASTHA GAS LTD				
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Profit from operations	1,200.01	1,415.65	1,331.49	1,765.88	1,928.26
Adjustment	61.75	117.24	156.66	130.17	138.75
Changes in Assets & Liabilities	264.17	172.04	347.27	377.72	646.87
Tax Paid	-368.78	-344.18	-289.45	-375.87	-483.29
Operating Cash Flow	1,157.15	1,360.75	1,545.97	1,897.90	2,230.59
Investing Cash Flow	-1,120.84	-520.72	-1,826.38	-1,584.76	-841.36
Financing Cash Flow	-168.83	-243.48	-296.98	-328.46	-1,358.62
Net Cash Flow	-132.52	596.55	-577.39	-15.32	30.61

PARTICULAR	Historical Financial Statement - INDRAPRASTHA GAS LTD						Trend	Mean	Median
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23				
SalesGrowth	27.11%	12.50%	-23.82%	56.05%	83.48%		19.10%	12.50%	
EBITDA Growth	11.91%	22.03%	-2.72%	26.74%	8.64%		11.85%	11.91%	
EBIT Growth	12.09%	19.69%	-6.45%	31.32%	7.43%		14.52%	18.39%	
Net Profit Growth	10.72%	53.24%	-13.03%	28.63%	7.58%		16.35%	14.67%	
Dividend Growth	20.00%	16.67%	28.57%	52.78%	136.36%		35.86%	20.00%	
Gross Margin	27.04%	29.08%	36.98%	29.28%	17.30%		27.20%	28.06%	
EBITDA Margin	21.84%	23.69%	30.25%	24.57%	14.55%		22.76%	22.76%	
EBIT Margin	3.52%	4.20%	6.32%	4.43%	2.76%		4.58%	4.42%	
EBT Margin	18.32%	19.49%	23.93%	20.14%	11.79%		18.18%	18.90%	
Net Profit Margin	11.15%	15.18%	17.33%	14.29%	8.38%		12.26%	11.97%	
SalesExpenses%Sales	5.20%	5.39%	6.73%	4.71%	2.75%		4.44%	4.96%	
Depreciation%Sales	3.49%	3.89%	5.88%	4.11%	2.57%		4.22%	4.08%	
OperatingIncome%Sales	3.52%	4.20%	6.32%	4.43%	2.76%		4.58%	4.42%	
Return on Capital Employed	25.62%	24.89%	20.12%	22.39%	23.64%		25.07%	25.25%	
Retained Earnings%	73.85%	80.09%	70.57%	65.05%	23.21%		70.01%	76.18%	
Return on Equity%	15.56%	19.45%	14.58%	15.88%	16.72%		17.00%	16.62%	
Self Sustained Growth Rate	11.49%	15.58%	10.29%	10.33%	3.88%		11.96%	12.34%	
Interest Coverage Ratio	516.07x	63.22x	54.69x	63.70x	63.14x		207.40x	63.18x	
Debtor Turnover Ratio	26.03x	38.06x	18.95x	14.81x	15.66x		20.07x	18.38x	
Creditor Turnover Ratio	3.16x	3.22x	1.90x	2.26x	3.07x		3.40x	3.21x	
Inventory Turnover	105.60x	119.02x	99.83x	154.48x	262.74x		113.44x	99.35x	
Fixed Asset Turnover	2.00x	1.82x	1.14x	1.54x	2.47x		1.84x	1.85x	
Capital Turnover Ratio	1.40x	1.28x	0.84x	1.11x	2.00x		1.47x	1.35x	
Debtor Days	14	10	19	25	23		20	20	
Payable Days	115	114	193	162	119		117	114	
Inventory Days	3	3	4	2	1		4	4	
Cash Conversion Cycle (in days)	-98	-101	-170	-135	-94		-93	-93	
CFO/Sales	8.18%	6.26%	10.20%	11.61%	5.13%		11.20%	11.40%	
CFO/Total Assets	19.44%	18.96%	17.99%	18.15%	18.93%		19.80%	19.14%	
CFO/Total Debt	0.00%	1414.65%	1367.63%	1763.19%	9.75%		519.57%	96.73%	

Company Outlook

Since the introduction of the EV policy in Delhi is anticipated to raise uncertainty over long-term growth, we have set our target price at INR 470/sh, accounting for reduced terminal growth. since it would require the LG of Delhi's consent prior to being gradually implemented. Clarity is also required regarding the cost of conversions and the development of EV infrastructure. In the medium run, volume growth may also moderate, but this could be countered by growing demand for CNG because of its cheaper cost and notable improvements in other GAs.

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