

Industry
Bloomberg
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Oil & Gas
IGL IN
532514

Covid'19 led lockdown significantly impacted CNG volumes.

RATING	BUY
CMP	474
Price Target	550
Potential Upside	16%

Rating Change	↔
Estimate Change	↑
Target Change	↔

STOCK INFO	
52wk Range H/L	534/285
Mkt Capital (Rs Cr)	31647
Free float (%)	55%
Avg. Vol 1M (,000)	4348
No. of Shares (Cr)	70
Promoters Pledged %	NA

4QFY20 Result update

- The total revenue for 4QFY20 stayed flat YoY at Rs.1711 crs with total volume being flat YoY at 567 MMSCM majorly impacted by the Covid'19 driven lockdown.
- The revenue from the CNG & PNG stayed flat YoY at Rs.1264 crs & Rs.431 crs respectively, with volumes being flat YoY at 408 MMSCM for the CNG segment while the PNG segment grew by 7% to 159 MMSCM.
- The gross margin for the quarter grew by 550 bps YoY to 46.8% on account of reduced cost of domestic gas from US\$ 3.36 MMBTU in 4QFY19 to US\$ 3.23 MMBTU in 4QFY20, while EBITDA margin 280 bps YoY to 24.3%.
- PAT for the quarter grew by 19.3% YoY to Rs. 253 crs, while the PAT margin grew by 256 bps YoY on account of improvement in the gross margin.

View and Valuation

The Covid'19 led lockdown significantly impacted the revenues in 4QFY20. With 76% of the total revenue being contributed by the CNG segment, the restricted movement of the vehicles dragged down the revenue growth in this segment. The revenues from PNG domestic was least impacted though there was some impact in the PNG-commercial/industrial segment.

Going forward, 1QFY21 will continue to be weak on account of extended lockdown in the month of April & May, though June month has seen some improvement with partial relaxation in the lockdown. The PNG industrial segment has re-gained the momentum but the PNG commercial segment is still facing challenges in terms of social distancing norms. We expect the business to normalize post 1QFY20 with the easing of the lockdown.

Therefore, we maintain our target price at Rs. 550 with BUY rating.

Key Risks to our rating and target

- Delay in Vehicular movements in Maharashtra as its worst affected state due to the Pandemic impacting the CNG volumes.
- Delay in the opening of commercial establishments impacting PNG volumes.

RESEARCH ANALYST

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Fig in Rs Cr

KEY FINANCIAL/VALUATIONS	FY17	FY18	FY19	FY20	FY21E
Net Sales	3815	4592	5765	6485	6513
EBITDA	964	1113	1257	1520	1441
EBIT	797	932	1056	1267	1161
PAT	571	671	787	1137	989
EPS (Rs)	8	10	11	16	14
EPS growth (%)	36%	17%	17%	44%	-13%
ROE (%)	19.5%	19.1%	19.0%	22.5%	16.7%
ROCE (%)	27.2%	26.5%	25.6%	25.0%	19.6%
BV	42	50	59	72	85
P/B (X)	4.9	5.8	5.1	6.3	5.6
P/E (x)	25.2	30.6	26.9	28.3	33.6

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4QFY20 Results

Fig in Rs Cr

FINANCIALS	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	YoY%	QoQ%	FY19	FY20	YoY%
Net Sales	1,543	1,576	1,692	1,664	1,553	0.6%	-6.7%	5,765	6,485	12.5%
Other Income	38	35	39	38	31	-18.0%	-16.8%	146	156	7.0%
COGS	906	922	991	941	826	-8.8%	-12.2%	3,397	3,679	8.3%
Gross Margin	41.3%	41.5%	41.5%	43.5%	46.8%	5.5%	3.3%	41.1%	43.3%	2.2%
Employee Cost	47	37	36	44	35	-24.9%	-19.8%	143	152	6.4%
Other Expen.	259	259	273	288	315	21.5%	9.3%	968	1,135	17.2%
EBITDA	331	358	393	392	377	13.8%	-3.8%	1,257	1,520	20.9%
EBITDA Mar.	21.5%	22.7%	23.2%	23.5%	24.3%	2.8%	0.7%	21.8%	23.4%	1.6%
Depreciation	52	60	62	64	66	25.4%	2.2%	201	252	25.5%
EBIT	279	298	331	328	311	12%	-5.0%	1,056	1,267	20.0%
Interest	0	2	2	2	3	13250%	32.8%	2	8	296%
PBT	317	332	368	363	340	7.2%	-6.4%	1,200	1,416	18%
Exceptional Item	-	-	-	-	-	-	-	-	-	-
Tax	105	113	(13)	95	86	-17.5%	-9.3%	413	279	-32%
PAT	212	218	381	268	253	19.3%	-5.4%	787	1,137	44%
PAT Margin	13.8%	13.9%	22.5%	16.1%	16.3%	2.6%	0.2%	13.6%	17.5%	4%

Operating Matrix

SALES VOLUME (SCM MN)	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20
CNG	376	407	405	412	425	453	450	408
PNG-Domestic	129	136	138	149	144	152	164	159
PNG-Industry/Commercial	27	27	31	35	31	33	36	41
Natural gas	58	64	61	69	68	73	82	75
Total	44	45	46	45	46	46	46	42

SEGEMENT SALES	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20
CNG	1076	1172	1248	1263	1340	1438	1382	1264
PNG	342	390	413	431	398	428	449	431

Exhibit: CNG volume & growth

The CNG volume stayed flat YoY at 408 MMSCM on account of nation-wide lockdown restricting vehicular movements.

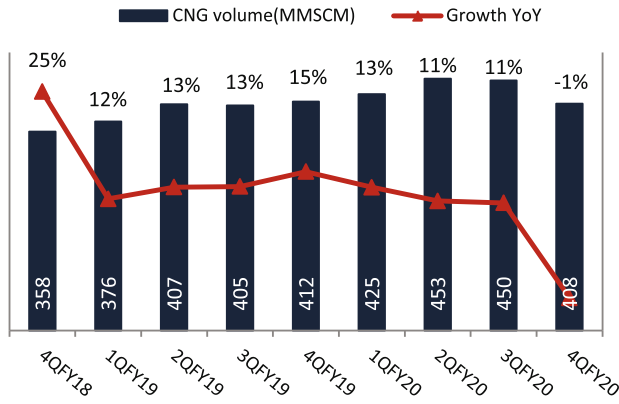


Exhibit: CNG realisation & growth

The CNG realisation stayed flat YoY to Rs.31/SCM in 4QFY20.

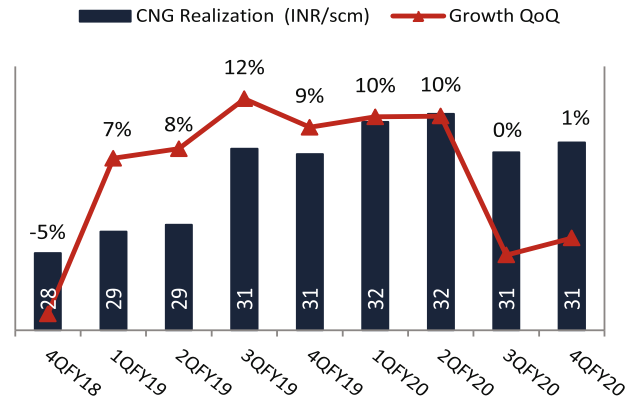


Exhibit: PNG volume & growth

The volumes in PNG domestic grew by 17% YoY while PNG commercial/industrial segment also grew by 9% YoY.

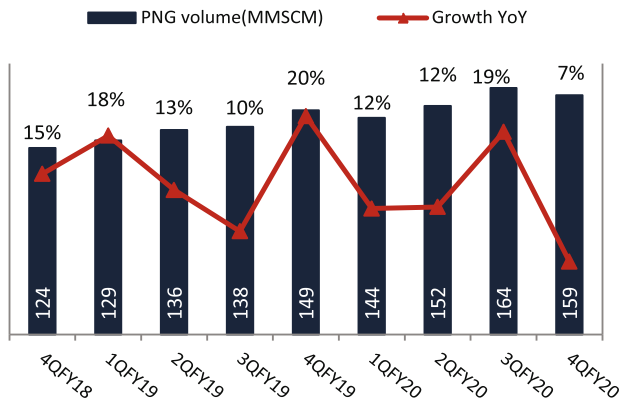


Exhibit: PNG realisation & growth

The PNG realisation de-grew by 6% YoY to Rs.27/SCM in 4QFY20.

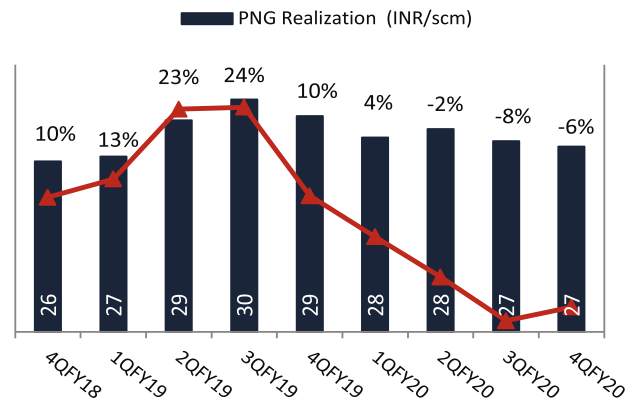


Exhibit: Sales & Gross margin

The gross margin for the quarter grew by 550 bps YoY to 46.8% on account of reduced cost of domestic gas.

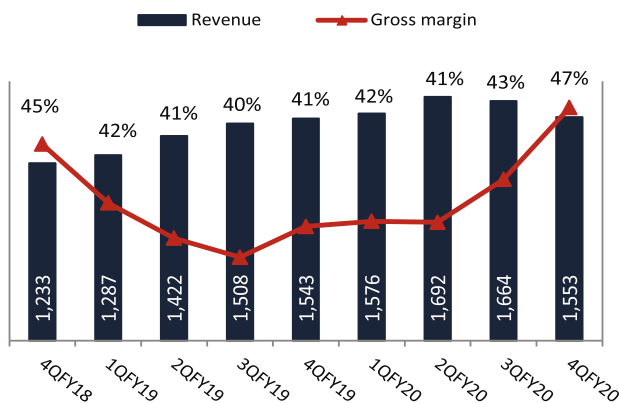
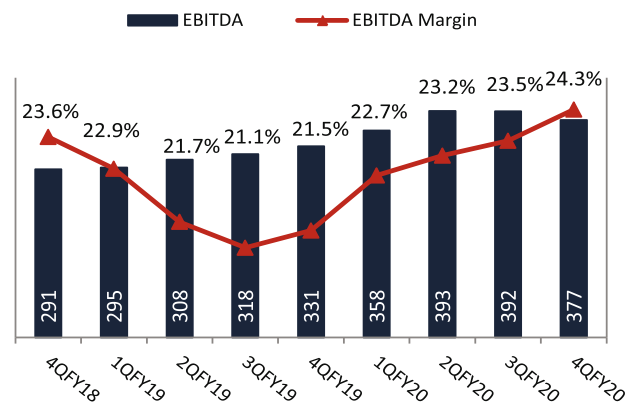


Exhibit: EBITDA & EBITDA margin

EBITDA margin grew by 280 bps YoY to 24.3% in 4QFY20.



Financial Details

Balance Sheet

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E
Share Capital	140	140	140	140	140	140	140	140
Reserves	1,623	1,958	2,376	2,787	3,373	3,990	4,922	5,793
Networth	1,763	2,098	2,516	2,927	3,513	4,130	5,062	5,933
Debt	321	145	-	-	-	-	-	-
Other Non Current Liab	104	138	180	201	239	289	314	314
Total Capital Employed	3,848	4,342	5,033	5,853	7,026	8,260	10,125	11,865
Net Fixed Assets (incl CWIP)	2,158	2,210	2,286	2,469	2,818	3,355	4,334	4,544
Non Current Investments	69	250	259	259	258	258	258	258
Other Non Current Assets	-	-	11	18	46	67	47	47
Non Current Assets	2,238	2,472	2,570	2,756	3,146	3,707	4,675	4,885
Inventory	37	41	58	52	52	51	51	51
Debtors	220	235	251	201	226	221	170	171
Cash & Bank	251	231	453	126	204	71	668	880
Other Current Assets	106	94	49	951	1,300	1,899	1,608	1,648
Current Assets	614	601	811	1,330	1,783	2,242	2,498	2,751
Creditors	184	189	161	274	339	326	225	226
Provisions	92	105	-	-	-	163	257	257
Other Current Liabilities	387	397	524	685	838	1,041	1,313	906
Curr Liabilities	663	692	685	959	1,176	1,531	1,795	1,389
Net Current Assets	(49)	(90)	126	371	606	712	702	1,362
Total Assets	2,852	3,073	3,381	4,086	4,928	5,949	7,172	7,636

Income Statement

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E
Revenue from Operation	3,914	3,681	3,686	3,815	4,592	5,765	6,485	6,513
Change (%)	16%	-6%	0%	3%	20%	26%	12%	0%
EBITDA	782	793	775	964	1113	1257	1520	1441
Change (%)	3%	1%	-2%	24%	16%	13%	21%	-5%
Margin (%)	20.0%	21.5%	21.0%	25.3%	24.2%	21.8%	23.4%	22.1%
Depr & Amor.	220	149	156	167	181	201	252	280
EBIT	563	644	619	797	932	1056	1267	1161
Int. & other fin. Cost	44	30	10	1	2	2	8	11
Other Income	21	35	30	65	102	146	156	171
EBT	540	649	639	861	1032	1200	1416	1321
Exp Item	0	0	0	0	0	0	0	0
Tax	180	211	219	290	362	413	279	333
Minority Int & P/L share of Ass.	-	-	-	-	-	-	-	-
Reported PAT	360	438	419	571	671	787	1,137	989
Adjusted PAT	360	438	419	571	671	787	1,137	989
Change (%)	2%	22%	-4%	36%	17%	17%	44%	-13%
Margin(%)	9.2%	11.9%	11.4%	15.0%	14.6%	13.6%	17.5%	15.2%

Financial Details

Key Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E
ROE	20.4%	20.9%	16.7%	19.5%	19.1%	19.0%	22.5%	16.7%
ROCE	27.4%	28.7%	24.6%	27.2%	26.5%	25.6%	25.0%	19.6%
Asset Turnover	1.8	1.7	1.6	1.5	1.6	1.7	1.5	1.4
Debtor Days	20	23	25	19	18	14	10	10
Inv Days	3	4	6	5	4	3	3	3
Payable Days	17	19	16	26	27	21	13	13
Int Coverage	13	22	62	658	552	515	156	109
P/E	11.6	13.4	19.0	25.2	30.6	26.9	28.3	33.6
Price / Book Value	2.4	2.8	3.2	4.9	5.8	5.1	6.3	5.6
EV/EBITDA	5	7	10	15	18	17	21	22
FCF per Share	6	6	6	10	6	7	6	5
Div Yield	9.2%	6.6%	5.3%	4.6%	1.7%	0.7%	0.5%	0.5%

Cash Flow Statement

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E
PBT	540	649	638	861	1,032	1,200	1,416	1,321
(inc)/Dec in Working Capital	31	41	60	245	84	264	172	(404)
Non Cash Op Exp	220	149	156	167	181	201	252	280
Int Paid (+)	44	30	10	1	0	1	7	-
Tax Paid	(170)	(177)	(187)	(269)	(330)	(369)	(344)	(333)
others	(17)	(28)	(24)	(57)	(88)	(140)	(142)	-
CF from Op. Activities	648	664	653	948	879	1,157	1,361	865
(inc)/Dec in FA & CWIP	(248)	(214)	(232)	(271)	(470)	(681)	(963)	(490)
Free Cashflow	399	449	422	677	409	476	398	374
(Pur)/Sale of Inv	(69)	(181)	(10)	(482)	132	(178)	(972)	-
others	17	31	67	(361)	(380)	(262)	1,415	-
CF from Inv. Activities	(300)	(364)	(175)	(1,114)	(717)	(1,121)	(521)	(490)
inc/(dec) in NW	-	-	-	-	-	-	-	-
inc/(dec) in Debt	(106)	(207)	(145)	-	-	-	-	-
Int. Paid	(45)	(30)	(10)	(1)	-	(0)	(0)	-
Div Paid (inc tax)	(90)	(90)	(101)	(160)	(84)	(168)	(203)	(119)
others	(106)	(207)	(145)	-	-	-	(41)	-
CF from Fin. Activities	(347)	(534)	(402)	(161)	(84)	(169)	(243)	(119)
Inc(Dec) in Cash	(0)	(234)	77	(328)	78	(132)	597	256
Add: Opening Balance	193	299	231	453	126	204	71	2,180
Closing Balance	193	65	308	126	204	71	668	2,436

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