

Indraprastha Gas Ltd

Indraprastha Gas Limited (IGL), processes and distributes CNG and LPG. IGL had received permission from the Haryana government to lay a city gas distribution network in a part of Gurugram district. The company's performance has remained stable since its establishment. It has reported a topline growth of 8.1% CAGR and bottomline of 15.5% CAGR over FY2015-19. In 3QFY20 also its sales revenue increased by 10.2% to ₹1,664 cr driven by a 13.4% yoy rise in volumes. Volume growth was led by CNG volume increase of 11.6% to 4.9 mmscmd.

The company is expected to have made a capex investment of ₹1000 cr of which ₹700 cr will be for its existing areas ₹300 cr is for expansion of new Gas stations. Further in FY21 IGL plans a capex will rise to ₹1300 cr, of which ₹600 cr will be incurred in new places. Further, the company is virtually debt free and fixed asset turnover has been improving steadily and stands at 2x in FY19 which was 1.3x in FY15. Also the cash flow has improved from ₹664cr in FY2015 to ₹1,157cr in FY2019. IGL's return on capital employed (ROCE) is 31.7% for FY19, pays an average dividend of 20% and is available at 6.3x of book value.

Hence Buy.

BUY

CMP ₹451

Stock Info

Sector	Utilities
Market Cap (₹ cr)	31,546
Beta	0.8
52 Week High / Low	534/285
Avg. Daily Volume	69,443
Face Value (₹)	2
BSE Sensex	30,673
Nifty	9,050
Reuters Code	IGAS.BO
Bloomberg Code	IGL IN

Shareholding Pattern (%)

Promoters	45.0
MF / Banks / Indian FIs	12.7
FII / NRIs / OCBs	22.8
Indian Public / Others	10.5

Abs. (%)	3m	1yr	3yr
Sensex	(24.0)	(21.6)	0.3
Indraprastha Gas	(0.5)	47.5	128.9

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Disclosure of Interest Statement

Indraprastha Gas

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

Ratings (Based on expected returns over 12 months investment period):

Buy (> 15%)

Accumulate (5% to 15%)
Reduce (-5% to -15%)

Neutral (-5 to 5%)
Sell (< -15)