

I G Petrochemicals Limited

Slowdown in PAN's demand impacted sales

In Q1 FY26, IGPL reported a volume de-growth of ~15% on a YoY basis; primarily due to slowdown in demand. The PAN-Ox spread fell down from ~\$150-200 per ton to ~\$100-120 per ton, which impacted gross margin correcting from 22.6% to 19.4% on a YoY basis. Looking ahead, management has guided for an improvement in volume sales starting Q2 FY26. Furthermore, the upcoming advanced plasticizer plant is expected to be completed by Q3 FY26 which is expected to lead a strong sales growth in FY27E.

Impact of planned & unplanned shutdown

In addition to demand slowdown, sales volumes were also impacted by both planned and unplanned plant shutdowns. The downtime, lasting 20–22 days, was primarily due to the ongoing integration of natural gas as a replacement for diesel and Low Sulphur Fuel Oil (LSFO). This transition is expected to reduce energy costs by ~10% on a sustained basis.

Converting Euro denominated loans to mitigate losses due to M2M

The Company has EUR-denominated borrowings amounting to Rs. 1,880 Mn, which resulted in M2M losses of ~Rs. 154 Mn during the quarter. Management has indicated plans to convert Rs. 1,300–1,400 Mn of this exposure into Indian rupees over the next couple of quarters, aiming to mitigate further currency-related volatility.

View & Valuation

We have revised our estimates and maintained a BUY rating on IGPL, valuing it at PE of 11x on FY27E EPS, giving a target price of ~Rs. 524, implying an upside of ~23.4%. The new capacity addition of 53,000 MTPA of PAN and addition of plasticizer plant will lead to sales growth and improvement in EBITDA margin, leading to strong growth in PAT.

18th August 2025

BUY

CMP Rs. 424

TARGET Rs. 524 (+23.4%)

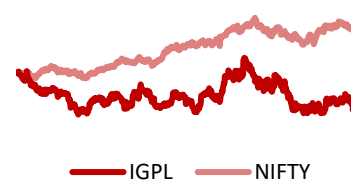
Company Data

Bloomberg Code	IGPL IN
MCAP (Rs. Mn)	13,012
O/S Shares (Mn)	31
52w High/Low	727/361
Face Value (in Rs.)	10
Liquidity (3M) (Rs. Mn)	22

Shareholding Pattern %

	Jun 25	Mar 25	Dec 24
Promoters	68.7	68.7	68.7
FIIIs	3.1	3.1	2.8
DIIIs	1.0	1.4	2.6
Non-Institutional	27.2	26.7	25.8

IGPL vs NIFTY



Aug, 22 Aug, 23 Aug, 24 Aug, 25

Source: Keynote Capitals Ltd.

Key Financial Data

(Rs Mn)	FY25	FY26E	FY27E
Revenue	22,062	20,959	26,199
EBITDA	2,190	1,404	2,777
Net Profit	1,087	488	1,466
Total Assets	22,109	21,875	24,265
ROCE (%)	11%	5%	11%
ROE (%)	8%	4%	10%

Source: Company, Keynote Capitals Ltd Estimates

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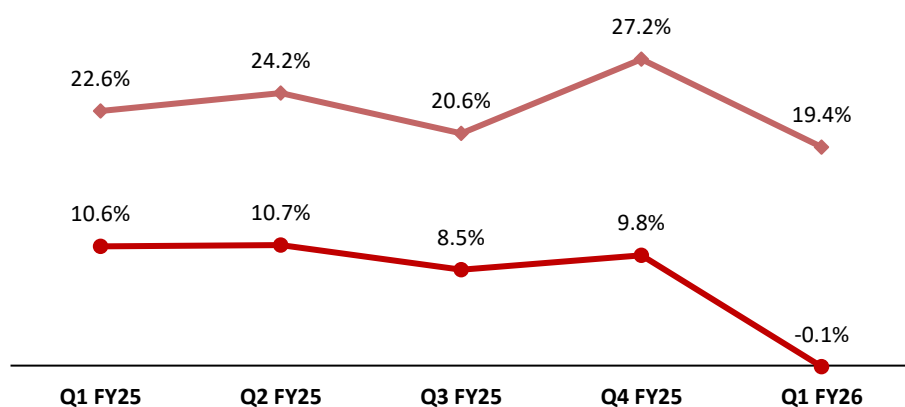
Q1 FY26 Result Update

Result Highlights (Rs. Mn)

Particulars	Q1 FY26	Q1 FY25	Change % (Y-o-Y)	Q4 FY25	Change % (Q-o-Q)	FY25
Revenue from Operation	4,700	5,851	-20%	4,801	-2%	22,062
Gross Profit	913	1,322	-31%	1,308	-30%	5,188
Gross Profit %	19.4%	22.6%	-317 Bps	27.2%	-783 Bps	23.5%
Employee Cost	238	229	4%	257	-7%	959
Other Expenses	682	474	44%	579	18%	2,039
EBITDA	-7	618	-101%	472	-101%	2,190
EBITDA %	-0.1%	10.6%	-1070 Bps	9.8%	-999 Bps	9.9%
Depreciation	163	162	0%	164	-1%	653
EBIT	-169	455	-137%	309	-155%	1,537
EBIT %	-3.6%	7.8%	-1139 Bps	6.4%	-1004 Bps	7.0%
Finance Cost	87	94	-8%	107	-19%	388
Other Income	100	92	9%	46	120%	256
PBT	-156	453	-134%	247	-163%	1,406
Tax Expenses	-26	103	-125%	58	-145%	319
PAT	-130	350	-137%	190	-169%	1,087
EPS	-4.22	11.37		6.16		35.29

Source: Company, Keynote Capitals Ltd.

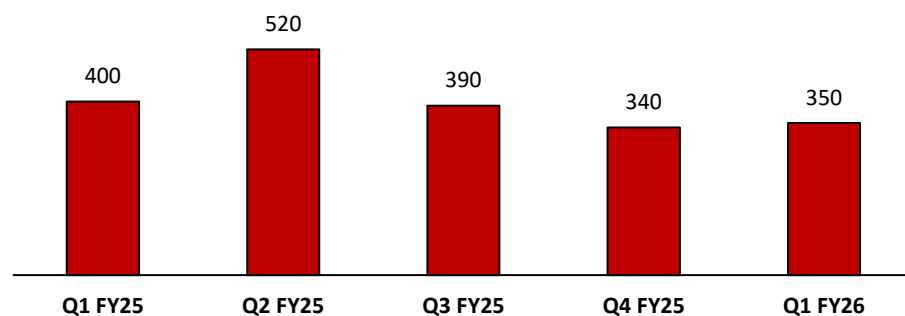
Quarterly Business Progression



Demand slowdown in PAN impacted PAN-Ox spreads + M2M losses further impacted EBITDA M%

Source: Company, Keynote Capitals Ltd.

Revenue from Non-PAN (Rs. In Mn)



Source: Company, Keynote Capitals Ltd.

Q1 FY26 Conference Call Takeaways

General highlights

- The Company has EUR-denominated borrowings amounting to Rs. 1,880 Mn, which resulted in M2M losses of ~Rs. 154 Mn during the quarter.
- As of June 2025, total outstanding debt stood at Rs. 2,770 Mn.

PAN

- The Company's target sales mix comprises 20–25% to the paints segment, 20–25% to plasticizers and EPR applications, 20–25% to CPC pigments, with the remainder catered to other industrial end-uses.
- Imported PAN prices are broadly aligned with domestic levels, with a differential of only 2–3%.
- In Q1 FY26, PAN–Ox spreads stood at ~\$100–120/ton, impacted by muted international demand amid geopolitical tensions and broader global economic uncertainty. At present, spreads are trending at ~120–150/ton.

Management guidance

- Following the commissioning of the plasticizer plant, the Company's full-capacity revenue potential is estimated at ~Rs. 32 Bn, assuming optimal utilization levels.
- Management guided that the Company is expected to do a sales volume of 205,000-210,000 T for PAN in FY26.

Capex

- Plasticizer plant's construction is on track for completion by December 2025, with trial production scheduled for Q4 FY26.
- The Compressed Biogas (CBG) facility is progressing as planned and is expected to be completed by April 2026.

Financial Statement Analysis

Income Statement

Y/E Mar, Rs. Mn	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	20,991	22,062	20,959	26,199	30,129
Growth %		5%	-5%	25%	15%
Raw Material Expenses	17,338	16,874	16,558	20,042	22,898
Employee Expenses	812	959	1,006	1,153	1,265
Other Expenses	1,787	2,039	1,991	2,227	2,561
EBITDA	1,054	2,190	1,404	2,777	3,405
Growth %		108%	-36%	98%	23%
Margin%	5%	10%	7%	11%	11%
Depreciation	521	653	701	770	797
EBIT	533	1,537	704	2,007	2,607
Growth %		189%	-54%	185%	30%
Margin%	3%	7%	3%	8%	9%
Interest Paid	304	388	353	353	353
Other Income & exceptional	306	256	300	300	300
PBT	534	1,406	651	1,955	2,555
Tax	139	319	163	489	639
PAT	395	1,087	488	1,466	1,916
Others (Minorities, Associates)	0	0	0	0	0
Net Profit	395	1,087	488	1,466	1,916
Growth %		175%	-55%	200%	31%
Shares (Mn)	30.8	30.8	30.8	30.8	30.8
EPS	12.8	35.3	15.9	47.6	62.2

Balance Sheet

Y/E Mar, Rs. Mn	FY24	FY25	FY26E	FY27E	FY28E
Cash, Cash equivalents & Bank	1,836	1,839	1,469	2,620	4,087
Current Investments	886	830	830	830	830
Debtors	3,367	2,853	3,144	3,930	4,519
Inventory	1,996	2,938	2,484	3,006	3,435
Short Term Loans & Advances	222	205	205	205	205
Other Current Assets	136	86	86	86	86
Total Current Assets	8,443	8,751	8,218	10,678	13,162
Net Block & CWIP	11,878	12,504	12,803	12,733	12,636
Long Term Investments	555	512	512	512	512
Other Non-current Assets	473	343	343	343	343
Total Assets	21,350	22,109	21,875	24,265	26,652
Creditors	3,772	4,528	3,865	4,936	5,598
Provision	9	15	15	15	15
Short Term Borrowings	875	412	412	412	412
Other Current Liabilities	939	1,052	1,052	1,052	1,052
Total Current Liabilities	5,594	6,007	5,343	6,414	7,076
Long Term Debt	2,261	1,616	1,616	1,616	1,616
Deferred Tax Liabilities	952	989	989	989	989
Other Long Term Liabilities	75	110	110	110	110
Total Non Current Liabilities	3,287	2,714	2,714	2,714	2,714
Paid-up Capital	308	308	308	308	308
Reserves & Surplus	12,161	13,080	13,510	14,829	16,553
Shareholders' Equity	12,469	13,388	13,818	15,137	16,861
Non Controlling Interest	0	0	0	0	0
Total Equity & Liabilities	21,350	22,109	21,875	24,265	26,652

Cash Flow

Y/E Mar, Rs. Mn	FY24	FY25	FY26E	FY27E	FY28E
Pre-tax profit	534	1,406	651	1,955	2,555
Adjustments	546	871	753	822	850
Change in Working Capital	-624	485	-500	-238	-355
Total Tax Paid	-84	-152	-163	-489	-639
Cash flow from operating Activities	372	2,610	742	2,051	2,411
Net Capital Expenditure	-1,733	-1,362	-1,000	-700	-700
Change in investments	386	235	0	0	0
Other investing activities	202	206	300	300	300
Cash flow from investing activities	-1,146	-920	-700	-400	-400
Equity raised / (repaid)	0	0	0	0	0
Debt raised / (repaid)	980	-796	0	0	0
Dividend (incl. tax)	-308	-231	-59	-147	-192
Other financing activities	-193	-350	-353	-353	-353
Cash flow from financing activities	479	-1,377	-411	-499	-544
Net Change in cash	-295	312	-370	1,151	1,467

Valuation Ratios

	FY24	FY25	FY26E	FY27E	FY28E
Per Share Data					
EPS	13	35	16	48	62
Growth %		175%	-55%	200%	31%
Book Value Per Share	405	435	449	492	548
Return Ratios					
Return on Assets (%)	2%	5%	2%	6%	8%
Return on Equity (%)	3%	8%	4%	10%	12%
Return on Capital Employed (%)	5%	11%	5%	11%	13%
Turnover Ratios					
Asset Turnover (x)	1.0	1.0	1.0	1.1	1.2
Sales / Gross Block (x)	1.4	1.3	1.2	1.3	1.5
Working Capital / Sales (x)	14%	13%	13%	14%	17%
Receivable Days	57	51	52	49	51
Inventory Days	38	53	60	50	51
Payable Days	77	85	95	78	82
Working Capital Days	19	20	17	21	20
Liquidity Ratios					
Current Ratio (x)	1.5	1.5	1.5	1.7	1.9
Interest Coverage Ratio (x)	2.8	4.6	2.8	6.5	8.2
Total Debt to Equity	0.3	0.2	0.1	0.1	0.1
Net Debt to Equity	0.1	0.0	0.0	0.0	-0.1
Valuation					
PE (x)	35.4	12.0	26.8	8.9	6.8
Earnings Yield (%)	3%	8%	4%	11%	15%
Price to Sales (x)	0.7	0.6	0.6	0.5	0.4
Price to Book (x)	1.1	1.0	0.9	0.9	0.8
EV/EBITDA (x)	13.3	6.0	9.4	4.8	3.9
EV/Sales (x)	0.7	0.6	0.6	0.5	0.4

Source: Company, Keynote Capitals Ltd. Estimate

KEYNOTE Rating History

Date	Rating	Market Price at Recommendation	Upside/Downside
2 nd January 2024	BUY	500	+64.0%
16 th February 2024	BUY	459	+73.0%
27 th May 2024	BUY	496	+52.0%
29 th July 2024	BUY	629	+20.7%
18 th November 2024	BUY	538	+31.4%
17 th February 2025	BUY	436	+40.2%
26 th May 2025	BUY	462	+23.8%
18 th August 2025	BUY	424	+23.4%

Rating Methodology

Rating	Criteria
BUY	Expected positive return of > 10% over 1-year horizon
NEUTRAL	Expected positive return of > 0% to < 10% over 1-year horizon
REDUCE	Expected return of < 0% to -10% over 1-year horizon
SELL	Expected to fall by >10% over 1-year horizon
NOT RATED (NR)/UNDER REVIEW (UR)/COVERAGE SUSPENDED (CS)	Not covered by Keynote Capitals Ltd./Rating & Fair value under Review/Keynote Capitals Ltd. has suspended coverage

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