

IG Petrochemicals Limited

Lower than expected sales volume

26th May 2025

In Q4 FY25, IGPL reported a volume growth de-growth of ~20% on a QoQ basis; primarily due to scheduled maintenance, catalyst change, regulatory changes, and boiler inspections. The PAN-Ox spread stayed stable at ~\$150-200 per ton, however decreasing Ox prices due to declining crude price led to gross margin expansion from 20.6% to 27.2% on a QoQ basis. Looking ahead, management has guided for an improvement in capacity utilization from the current levels of 75-80% to over 90% starting Q1 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. Management has guided for 10% sales volume growth in PAN for FY26.

Board approved the capex of pyrolysis oil

The Board has approved a Rs. 160 Mn project for the production of pyrolysis oil through sustainable plastic waste chemical recycling. The plant will convert waste plastic into fuel-based pyrolysis oil, positioning the Company in the circular economy space. Waste plastic will be used as the primary raw material, supporting both sustainability and cost efficiency. The project is expected to deliver an IRR in the range of 15–20%.

View & Valuation

We have revised our estimates and maintained a BUY rating on IGPL, valuing it at PE of 10x on FY26E EPS, giving a target price of ~Rs. 572, implying an upside of ~24%. The new capacity addition of 53,000 MTPA of PAN and better spreads of PAN and Ox will lead to sales growth and improvement in EBITDA margin, leading to strong growth in PAT.

BUY

CMP Rs. 462

TARGET Rs. 572 (+23.8%)

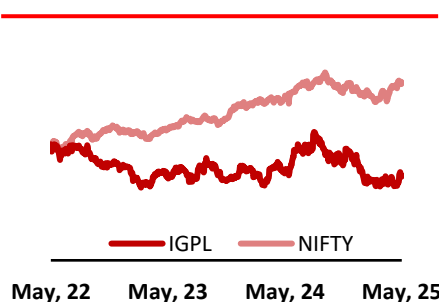
Company Data

Bloomberg Code	IGPL IN
MCAP (Rs. Mn)	14,247
O/S Shares (Mn)	31
52w High/Low	727/361
Face Value (in Rs.)	10
Liquidity (3M) (Rs. Mn)	22

Shareholding Pattern %

	Mar 25	Dec 24	Sep 24
Promoters	68.7	68.7	68.7
FIIIs	3.1	2.8	2.7
DIIIs	1.4	2.6	2.7
Non-Institutional	26.7	25.8	25.8

IGPL vs NIFTY



Source: Keynote Capitals Ltd.

Key Financial Data

(Rs Mn)	FY24	FY25	FY26E
Revenue	20,991	22,062	23,607
EBITDA	1,054	2,190	3,140
Net Profit	395	1,087	1,762
Total Assets	21,350	22,109	23,247
ROCE (%)	5%	10%	12%
ROE (%)	3%	8%	12%

Source: Company, Keynote Capitals Ltd Estimates

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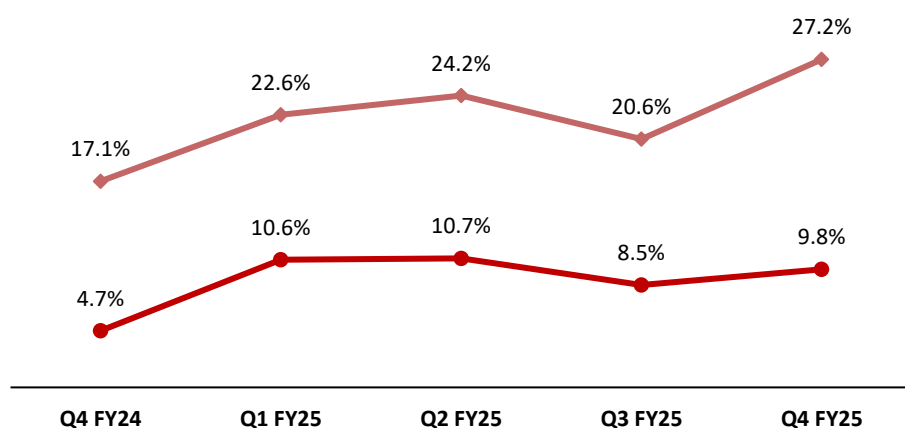
Q4 FY25 Result Update

Result Highlights (Rs. Mn)

Particulars	Q4 FY25	Q4 FY24	Change % (Y-o-Y)	Q3 FY25	Change % (Q-o-Q)	FY25	FY24	Change % (Y-o-Y)
Revenue from Operation	4,801	5,540	-13%	5,581	-14%	22,062	20,991	5%
Gross Profit	1,308	947	38%	1,148	14%	5,188	3,653	42%
Gross Profit %	27.2%	17.1%	1015 Bps	20.6%	667 Bps	23.5%	17.4%	611 Bps
Employee Cost	257	212	21%	240	7%	959	812	18%
Other Expenses	579	473	22%	434	33%	2,039	1,787	14%
EBITDA	472	262	81%	474	0%	2,190	1,054	108%
EBITDA %	9.8%	4.7%	512 Bps	8.5%	135 Bps	9.9%	5.0%	491 Bps
Depreciation	164	147	11%	164	0%	653	521	25%
EBIT	309	115	169%	310	0%	1,537	533	189%
EBIT %	6.4%	2.1%	436 Bps	5.6%	88 Bps	7.0%	2.5%	443 Bps
Finance Cost	107	95	13%	26	320%	388	304	28%
Other Income	46	93	-51%	78	-41%	256	306	-16%
PBT	247	112	120%	362	-32%	1,406	534	163%
Tax Expenses	58	22	161%	77	-25%	319	139	129%
PAT	190	90	110%	285	-34%	1,087	395	175%
EPS	6.16	2.93		9.27		35.29	12.83	

Source: Company, Keynote Capitals Ltd.

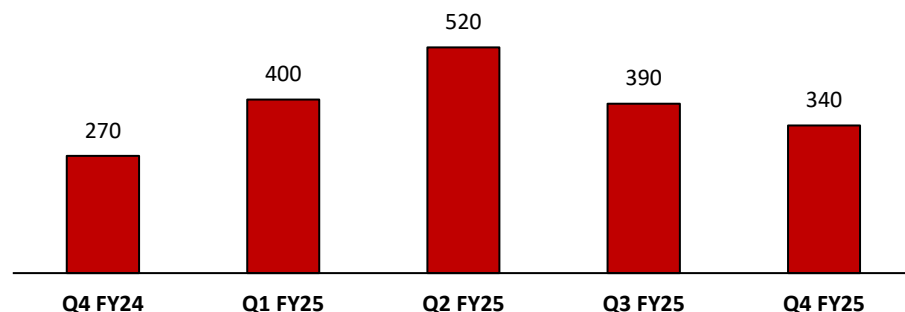
Quarterly Business Progression



Source: Company, Keynote Capitals Ltd.

A fall in crude prices has a lag effect on O-xylene.

Revenue from Non-PAN (Rs. In Mn)



Due to a change in catalyst, boiler maintenance and regulatory issues, PAN production was 20% lower on a QoQ basis, which led to a decrease in sales of Non-PAN products too.

Source: Company, Keynote Capitals Ltd.

Q4 FY25 Conference Call Takeaways

General highlights

- Demand from key end-use sectors such as Paints, Polymers, Pigments, and UPR remains steady, indicating a stable operating environment for the Company.
- With crude prices down ~20–30%, input cost pressures may ease, as orthoxylene prices typically follow with a lag of ~1–1.5 months.
- A one-time maintenance expense of Rs. 50–70 Mn incurred during the quarter which impacted margins.
- Finance cost rose by Rs. 40 Mn in Q4 FY25, driven by mark-to-market changes on Euro-denominated bonds. This is a non-operational impact and may reverse with currency movement.

However, we also believe that the Company has to pass on this cost to clients leading to decrease in PAN prices

PAN

- Management guided that the volume sales for FY26E would be ~220,000 T.
- In Q4 FY25, PAN-Ox spreads stood at \$150-200 per Ton.
- The Company reported a ~20% de-growth on a QoQ basis in PAN volumes, primarily due to scheduled maintenance, catalyst change, regulatory changes, and boiler inspections.
- Indian industry demand for PAN in FY25 was ~500,000–550,000 tons, with an expected growth rate of 5–6%.
- ~55% of PAN produced in India is consumed by the CPC, plasticizer, and paint (alkyl resin) industries.

Non PAN

- In Q4 FY25, revenue from non-PAN products stood at Rs. 340 Mn.
- Although DEP and MAN prices remained stable, lower PAN production resulted in reduced overall sales volumes.
- MAN prices are currently ~20% lower than PAN; historically, MAN used to trade at a ~20% premium to PAN.

Financial Statement Analysis

Income Statement

Y/E Mar, Rs. Mn	FY23	FY24	FY25	FY26E	FY27E
Net Sales	23,523	20,991	22,062	23,607	28,328
Growth %		-11%	5%	7%	20%
Raw Material Expenses	17,817	17,338	16,874	17,469	21,529
Employee Expenses	817	812	959	991	1,133
Other Expenses	1,712	1,787	2,039	2,007	2,266
EBITDA	3,177	1,054	2,190	3,140	3,399
Growth %		-67%	108%	43%	8%
Margin%	14%	5%	10%	13%	12%
Depreciation	474	521	653	709	778
EBIT	2,703	533	1,537	2,430	2,621
Growth %		-80%	189%	58%	8%
Margin%	11%	3%	7%	10%	9%
Interest Paid	239	304	388	281	281
Other Income & exceptional	219	306	256	200	220
PBT	2,683	534	1,406	2,349	2,560
Tax	683	139	319	587	640
PAT	2,000	395	1,087	1,762	1,920
Others (Minorities, Associates)	0	0	0	0	0
Net Profit	2,000	395	1,087	1,762	1,920
Growth %		-80%	175%	62%	9%
Shares (Mn)	30.8	30.8	30.8	30.8	30.8
EPS	65.0	12.8	35.3	57.2	62.3

Balance Sheet

Y/E Mar, Rs. Mn	FY23	FY24	FY25	FY26E	FY27E
Cash, Cash equivalents & Bank	1,916	1,836	1,839	2,316	4,002
Current Investments	1,065	886	830	830	830
Debtors	3,245	3,367	2,853	3,541	4,249
Inventory	1,649	1,996	2,938	2,620	3,229
Short Term Loans & Advances	111	222	225	225	225
Other Current Assets	123	136	65	65	65
Total Current Assets	8,111	8,443	8,751	9,599	12,602
Net Block & CWIP	10,658	11,878	12,504	12,794	12,716
Long Term Investments	750	555	512	512	512
Other Non-current Assets	400	473	343	343	343
Total Assets	19,919	21,350	22,109	23,247	26,172
Creditors	3,709	3,772	4,528	4,116	5,313
Provision	9	9	15	15	15
Short Term Borrowings	545	875	1,058	1,058	1,058
Other Current Liabilities	677	939	406	406	406
Total Current Liabilities	4,940	5,594	6,007	5,594	6,791
Long Term Debt	1,692	2,261	1,616	1,616	1,616
Deferred Tax Liabilities	853	952	989	989	989
Other Long Term Liabilities	85	75	110	110	110
Total Non Current Liabilities	2,630	3,287	2,714	2,714	2,714
Paid-up Capital	308	308	308	308	308
Reserves & Surplus	12,041	12,161	13,080	14,631	16,358
Shareholders' Equity	12,349	12,469	13,388	14,939	16,666
Non Controlling Interest	0	0	0	0	0
Total Equity & Liabilities	19,919	21,350	22,109	23,247	26,172

Cash Flow

Y/E Mar, Rs. Mn	FY23	FY24	FY25	FY26E	FY27E
Pre-tax profit	2,683	534	1,406	2,349	2,560
Adjustments	537	546	871	790	839
Change in Working Capital	-282	-624	48	-782	-120
Total Tax Paid	-613	-84	-152	-587	-640
Cash flow from operating Activities	2,325	372	2,173	1,770	2,639
Net Capital Expenditure	-2,395	-1,733	-1,362	-1,000	-700
Change in investments	-284	386	159	0	0
Other investing activities	125	202	282	200	220
Cash flow from investing activities	-2,554	-1,146	-920	-800	-480
Equity raised / (repaid)	0	0	0	0	0
Debt raised / (repaid)	747	980	-796	0	0
Dividend (incl. tax)	-303	-308	-231	-211	-192
Other financing activities	-237	-193	-350	-281	-281
Cash flow from financing activities	206	479	-1,377	-492	-473
Net Change in cash	-23	-295	-125	478	1,686

Valuation Ratios

	FY23	FY24	FY25	FY26E	FY27E
Per Share Data					
EPS	65	13	35	57	62
Growth %		-80%	175%	62%	9%
Book Value Per Share	401	405	435	485	541
Return Ratios					
Return on Assets (%)	11%	2%	5%	8%	8%
Return on Equity (%)	17%	3%	8%	12%	12%
Return on Capital Employed (%)	17%	5%	10%	12%	12%
Turnover Ratios					
Asset Turnover (x)	1.3	1.0	1.0	1.0	1.1
Sales / Gross Block (x)	1.8	1.4	1.3	1.3	1.4
Working Capital / Sales (x)	14%	14%	13%	14%	17%
Receivable Days	52	57	51	49	50
Inventory Days	32	38	53	58	50
Payable Days	68	77	85	92	78
Working Capital Days	17	19	20	16	22
Liquidity Ratios					
Current Ratio (x)	1.6	1.5	1.5	1.7	1.9
Interest Coverage Ratio (x)	12.2	2.8	4.6	9.4	10.1
Total Debt to Equity	0.2	0.3	0.2	0.2	0.2
Net Debt to Equity	0.0	0.1	0.1	0.0	-0.1
Valuation					
PE (x)	6.4	35.4	12.0	8.1	7.4
Earnings Yield (%)	16%	3%	8%	12%	13%
Price to Sales (x)	0.5	0.7	0.6	0.6	0.5
Price to Book (x)	1.0	1.1	1.0	1.0	0.9
EV/EBITDA (x)	4.2	13.3	6.4	4.8	4.4
EV/Sales (x)	0.6	0.7	0.6	0.6	0.5

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%

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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