

I G Petrochemicals Limited

Slowdown in PAN's demand impacted sales

In Q3 FY26, IGPL reported a volume de-growth of ~8% on a YoY basis, primarily due to a slowdown in demand. During the quarter, production volume was impacted by shutdown at one of the plant owing to technical issue. The PAN-Ox spread compressed from ~\$100-150 per ton to ~\$50-100 per ton, which adversely affected gross margins, resulting in contraction from 21% to 17% on a YoY basis. We expect spread to improve sequentially, as the PAN-Ox spread has recovered to ~\$100-120 per ton. Furthermore, the upcoming Advanced Plasticiser plant is expected to achieve mechanical completion by the end of March 2026.

Demand was impacted indirectly due to US tariff issues

Although IGPL does not directly export to the U.S. market, certain downstream customers cater to the U.S. and were impacted by tariff-related uncertainties. Following the announcement of the U.S.–India trade agreement, these uncertainties have moderated which is expected to lead to improvement in demand.

Advanced Plasticiser capacity expansion

The Advanced Plasticiser plant is expected to achieve mechanical completion by the end-March 2026. The project entails a total capex of ~Rs. 1,600–1,700 Mn, of which ~Rs. 1,300 Mn has already been incurred and Rs. 300–400 Mn remains pending. The plant will have an initial capacity of 75,000 MTPA, scalable to 100,000 MTPA over time. Revenue contribution is expected to commence from Q1 FY27, with a gradual ramp-up from Q2 FY27 onwards. At optimum utilization, the plasticizer business is expected to contribute ~Rs. 9–10 Bn in non-PAN revenue. The business is guided to generate an EBITDA margin of 10–12%, translating into an estimated PAT margin of 4–5%. At 75,000 ton capacity, the plant would consume ~30,000–35,000 MTPA of PAN, thereby enhancing integration benefits. Management expects initial utilization at 30–35%, with gradual scaling toward optimal levels over time.

View & Valuation

We have revised our estimates and maintained a BUY rating on IGPL, valuing it at EV/EBITDA multiple of 7x on FY27E, giving a target price of ~Rs. 419, implying an upside of ~18.7%. The new capacity addition of 53,000 MTPA of PAN and addition of Plasticiser plant will lead to sales growth and improvement in EBITDA margin, leading to strong growth in PAT.

19th February 2026

BUY

CMP Rs. 353

TARGET Rs. 419 (+18.7%)

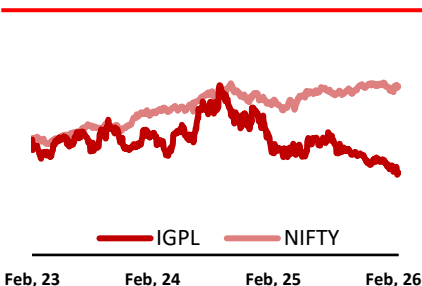
Company Data

Bloomberg Code	IGPL IN
MCAP (Rs. Mn)	10980
O/S Shares (Mn)	31
52w High/Low	520/323
Face Value (in Rs.)	10
Liquidity (3M) (Rs. Mn)	6.6

Shareholding Pattern %

	Dec 25	Sep 25	Jun 25
Promoters	68.74	68.74	68.74
FIs	2.88	2.96	3.12
DIs	1.20	0.96	0.96
Non-Institutional	27.18	27.35	27.19

IGPL vs NIFTY



Source: Keynote Capitals Ltd.

Key Financial Data

(Rs Mn)	FY25	FY26E	FY27E
Revenue	22,062	18,974	24,666
EBITDA	2,190	645	1,899
Net Profit	1,087	-114	775
Total Assets	22,109	20,912	22,913
ROCE (%)	11%	2%	7%
ROE (%)	8%	-1%	6%

Source: Company, Keynote Capitals Ltd Estimates

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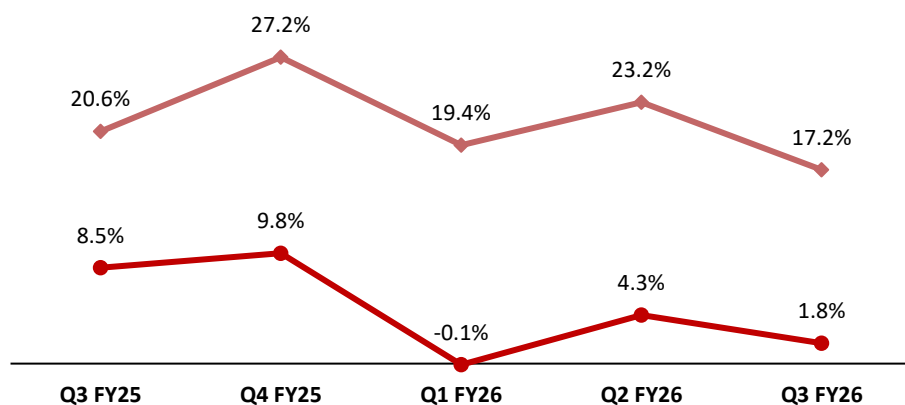
Q3 FY26 Result Update

Result Highlights (Rs. Mn)

Particulars	Q3 FY26	Q3 FY25	Change % (Y-o-Y)	Q2 FY26	Change % (Q-o-Q)	9M FY26	9M FY25	Change % (Y-o-Y)	FY25
Revenue from Operation	4,653	5,581	-17%	4,653	0%	14,007	17,262	-19%	22,062
Gross Profit	802	1,148	-30%	1,079	-26%	2,794	3,880	-28%	5,188
Gross Profit %	17%	21%	-334 Bps	23%	-597 Bps	20%	22%	-253 Bps	24%
Employee Cost	236	240	-1%	240	-1%	714	702	2%	959
Other Expenses	481	434	11%	638	-25%	1,800	1,460	23%	2,039
EBITDA	85	474	-82%	202	-58%	280.2	1717.7	-84%	2,190
EBITDA %	2%	8%	-667 Bps	4%	-252 Bps	2%	10%	-795 Bps	10%
Depreciation	164	164	0%	160	2%	487	489	0%	653
EBIT	-79	310	-126%	42	-289%	-207	1229	-117%	1,537
EBIT %	-2%	6%	-726 Bps	1%	-260 Bps	-1%	7%	-859 Bps	7%
Finance Cost	104	26	307%	112	-7%	302	281	8%	388
Other Income	54	78	-31%	56	-4%	209	211	0%	256
PBT	-129	362	-136%	-14	-	-299	1158	-126%	1,406
Tax Expenses	-21	77	-127%	6	-455%	-41	261	-116%	319
PAT	-109	285	-138%	-20	-	-258	897	-129%	1,087
EPS	-3.5	9.3	-138%	-0.7	-	-8.4	29.1	-129%	35.3

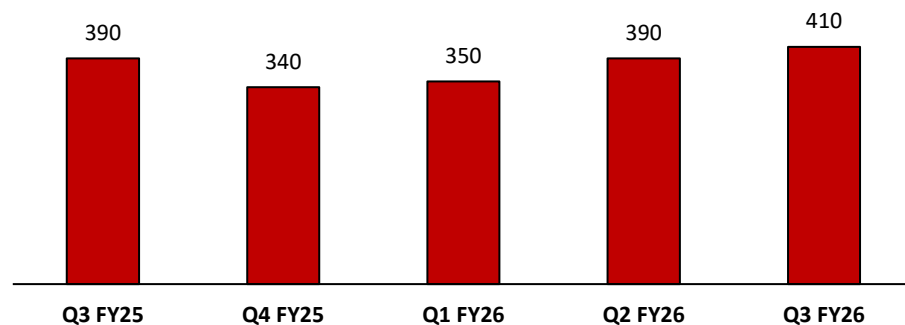
Source: Company, Keynote Capitals Ltd.

Quarterly Business Progression



Source: Company, Keynote Capitals Ltd.

Revenue from Non-PAN (Rs. In Mn)



Source: Company, Keynote Capitals Ltd.

Q3 FY26 Conference Call Takeaways

General highlights

- The Indian chemical industry continues to operate in a challenging environment due to geopolitical uncertainties, volatility in crude prices, elevated logistics costs and subdued demand from Western markets. Companies dependent on imported raw materials have faced relatively higher pressure. However, management indicated that January 2026 witnessed margin improvement and demand normalization appears underway.
- The EU FTA is expected to open medium to long-term opportunities, although management highlighted that 50–65% of PAN sold in Europe is in molten form, limiting export opportunity for Indian players.
- Majority of customers are located within a 200–300 km radius of the Company's facility, providing logistical efficiency and relative demand stability.
- Q3 FY26 performance was impacted by compressed spreads, lower PAN realizations, weak pricing in downstream products and high-cost inventory carried forward from earlier periods.
- Due to technical issues, one plant operated only for ~1.5 months in Q3 FY26.
- Market spreads were compressed to ~\$50–100 per ton during Q3 (worst phase in 9M). Currently, market spreads are ~\$100–120 per ton. Historically, IGPL earns an additional \$40–60 premium per ton over market spreads due to operating efficiency and byproduct advantage (MAN, benzoic acid).
- For 9M FY26, total impact from M2M and inventory losses were ~Rs. 400–500 Mn, of which M2M was Rs. 250–280 Mn and inventory losses were Rs. 100–150 Mn.
- Paint, pigment and plasticizer segments together accounts for ~50–65% of total volumes. Segments most affected by tariffs were UPR, resins and CTC, impacting sales by ~5–10%.

Management guidance

- Management expects quarterly volumes of more than 50,000 ton going forward. For FY27, production is guided at ~2,30,000–2,35,000 ton, of which 5,000–10,000 ton will be plasticizers and DEP, while 2,20,000–2,25,000 ton will be PAN pellets.

Capex

- Currently, the Company has ~8,000 MTPA capacity of DEP across two plants and is undertaking debottlenecking to increase capacity to 12,000 MTPA by March 2026. The required capex is minimal at Rs. 20–30 Mn. IGPL currently commands ~40% market share in DEP and expects further market share gains post expansion. DEP is positioned as a relatively stable and higher-margin segment.
- The CBG plant is expected to achieve mechanical completion by June 2026. The plant size is ~5 tons per day, operating for 330–350 days annually, translating to ~1,500 MTPA. The capex for the project is estimated at Rs. 300–350 Mn. The plant will use natural grass and agro-waste as feedstock.

Financial Statement Analysis

Income Statement

Y/E Mar, Rs. Mn	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	20,991	22,062	18,974	24,666	28,365
Growth %		5%	-14%	30%	15%
Raw Material Expenses	17,338	16,874	14,989	19,116	21,558
Employee Expenses	812	959	968	1,184	1,276
Other Expenses	1,787	2,039	2,372	2,467	2,553
EBITDA	1,054	2,190	645	1,899	2,978
Growth %		108%	-71%	194%	57%
Margin%	5%	10%	3%	8%	11%
Depreciation	521	653	701	770	797
EBIT	533	1,537	-56	1,129	2,181
Growth %		189%	-104%	-2131%	93%
Margin%	3%	7%	0%	5%	8%
Interest Paid	304	388	397	397	397
Other Income & exceptional	306	256	300	300	300
PBT	534	1,406	-152	1,033	2,085
Tax	139	319	-38	258	521
PAT	395	1,087	-114	775	1,563
Others (Minorities, Associates)	0	0	0	0	0
Net Profit	395	1,087	-114	775	1,563
Growth %		175%	-111%	-	102%
Shares (Mn)	30.8	30.8	30.8	30.8	30.8
EPS	12.8	35.3	-3.7	25.2	50.8

Balance Sheet

Y/E Mar, Rs. Mn	FY24	FY25	FY26E	FY27E	FY28E
Cash, Cash equivalents & Bank	1,836	1,839	1,039	1,638	2,746
Current Investments	886	830	830	830	830
Debtors	3,367	2,853	2,846	3,700	4,255
Inventory	1,996	2,938	2,248	2,867	3,234
Short Term Loans & Advances	222	205	205	205	205
Other Current Assets	136	86	86	86	86
Total Current Assets	8,443	8,751	7,255	9,326	11,356
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	20,912	22,913	24,846
Creditors	3,772	4,528	3,432	4,736	5,262
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	4,910	6,215	6,740
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	12,979	13,677	15,084
Shareholders' Equity	12,469	13,388	13,287	13,985	15,392
Non Controlling Interest	0	0	0	0	0
Total Equity & Liabilities	21,350	22,109	20,912	22,913	24,846

Cash Flow

Y/E Mar, Rs. Mn	FY24	FY25	FY26E	FY27E	FY28E
Pre-tax profit	534	1,406	-152	1,033	2,085
Adjustments	546	871	797	867	894
Change in Working Capital	-624	485	-400	-168	-396
Total Tax Paid	-84	-152	38	-258	-521
Cash flow from operating Activities	372	2,610	283	1,473	2,061
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	14	-77	-156
Other financing activities	-193	-350	-397	-397	-397
Cash flow from financing activities	479	-1,377	-383	-474	-553
Net Change in cash	-295	312	-800	599	1,108

Valuation Ratios

	FY24	FY25	FY26E	FY27E	FY28E
Per Share Data					
EPS	13	35	-4	25	51
Growth %		175%	-111%	-	102%
Book Value Per Share	405	435	431	454	500
Return Ratios					
Return on Assets (%)	2%	5%	-1%	4%	7%
Return on Equity (%)	3%	8%	-1%	6%	11%
Return on Capital Employed (%)	5%	11%	2%	7%	12%
Turnover Ratios					
Asset Turnover (x)	1.0	1.0	0.9	1.1	1.2
Sales / Gross Block (x)	1.4	1.3	1.1	1.2	1.4
Working Capital / Sales (x)	14%	13%	13%	11%	14%
Receivable Days	57	51	55	48	51
Inventory Days	38	53	63	49	52
Payable Days	77	85	102	76	83
Working Capital Days	19	20	16	22	20
Liquidity Ratios					
Current Ratio (x)	1.5	1.5	1.5	1.5	1.7
Interest Coverage Ratio (x)	2.8	4.6	0.6	3.6	6.3
Total Debt to Equity	0.3	0.2	0.2	0.1	0.1
Net Debt to Equity	0.1	0.0	0.1	0.0	0.0
Valuation					
PE (x)	35.4	12.0	-92.3	13.6	6.7
Earnings Yield (%)	3%	8%	-1%	7%	15%
Price to Sales (x)	0.7	0.6	0.6	0.4	0.4
Price to Book (x)	1.1	1.0	0.8	0.8	0.7
EV/EBITDA (x)	13.3	6.0	16.6	5.7	3.6
EV/Sales (x)	0.7	0.6	0.6	0.4	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%
10 th November 2025	BUY	399	+12.8%
19 th February 2026	BUY	353	+18.7%

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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