

Price: 1,375

Recommendation: Buy

Industry: Commodity Chemicals

Sector: Commodities

Report Date: 05-May-2025

India Glycols Limited (IGL) is a leading player in sustainable chemistry, specializing in green feedstocks, biofuels, specialty chemicals, and potable spirits. With robust growth across segments, IGL is restructuring into three entities—Chemicals, IGL Spirits, and Ennature Biopharma—to streamline operations, enhance focus, and unlock shareholder value. Its innovation-driven approach ensures long-term growth.

Sales		Profit & Loss		Profitability Matrix	
Current Year	3828 Cr	Operating Profit(Year)	468 Cr	Operating Profit Margin	12.2 %
Previous Year	2650 Cr	Operating Profit(Quarter)	124 Cr	EBITDA Margin	10.95 %
Current Quarter	975 Cr	PAT (Year)	149 Cr	Net Profit Margin	4.52 %
Previous Quarter	961 Cr	PAT (Quarter)	43.8 Cr	EPS	54.2
Revenue (QYoY)	904 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	25.4	Sales Growth	28.2 %	Sales Growth	1.46 %
PEG Ratio	423	PAT Growth	33.04 %	Sales Growth QYoY	7.85 %
EV/EBITDA	12.0	EPS Growth	10.61 %	PAT Growth	11.17 %
P/B	2.36	Dividend Yield	0.59	PAT Growth QYoY	15.87 %
Capital Allocation		Holdings		Leverage	
RoE	9.00 %	Promoter	61.0 %	Debt/Equity	0.93
RoA	3.03 %	FII	2.24 %	Debt	1655 Cr
RoCE	11.1 %	DII	0.91 %	Market Cap	4256 Cr
RoIC	7.08 %	Public	35.8 %	Enterprise value	5808 Cr
		No of Shares	3.10 Cr	Cash Equivalents	103 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

India Glycols Limited (IGL) showcased robust performance in Q3 and 9MFY25, driven by strategic initiatives and diversification across its business segments. The company reported a 22.7% increase in net turnover to 2,905 crores and a 19.9% rise in EBITDA to 376 crores, maintaining healthy margins of 12.9%. Key growth drivers included the Bio-Fuel segment, which saw a 135% increase in topline, and Potable Spirits, which grew by 25%. Ennature Biopharma also contributed positively, despite margin pressures. The Chemicals segment faced challenges but demonstrated resilience, with core business topline up 13% and gross margins improving by 58%. The company's focus on sustainable chemistry and value-added specialties has positioned it well for future growth, leveraging its expertise in green feedstocks and innovative product development.

A major highlight was the announcement of a restructuring scheme to demerge IGL into three distinct entities: Chemicals, IGL Spirits, and Ennature Biopharma. This move aims to provide focused management, unlock shareholder value, and attract targeted investments. The Chemicals business will concentrate on green and specialty products, while IGL Spirits will integrate the liquor and Bio-Fuel segments, capitalizing on synergies in ethanol production and distribution. Ennature Biopharma will focus on nutraceuticals and biopolymers, with plans to penetrate developed markets and enhance branded offerings. The demerger, effective from April 2026, is expected to streamline operations and drive independent growth across these verticals.

IGL's Potable Spirits segment demonstrated strong growth, supported by its leadership in country liquor and strategic investments in premium IMFL brands. The company's partnership with Amrut Distilleries and co-packing for Bacardi highlight its commitment to quality and brand-building. Initiatives like Amazing Vodka and Zumba Limon have gained traction, reflecting IGL's ability to innovate and cater to evolving consumer preferences. The IMFL business, with its focus on premiumization, is poised for significant growth, supported by demographic trends and increasing disposable incomes. The company's backward integration in ENA production ensures cost efficiency and quality consistency, further strengthening its competitive edge.

Looking ahead, IGL plans incremental CAPEX to support growth in IMFL and specialty chemicals, while leveraging its existing ethanol capacity for scalability. The Bio-Fuel segment remains promising, with government blending targets on track and favorable feedstock dynamics expected to improve margins. Ennature Biopharma's strategy to expand into developed markets and focus on innovation and branding is set to enhance its profitability. Overall, IGL's restructuring, strategic partnerships, and focus on sustainable growth position it as a diversified and resilient player across its business segments, with strong potential for long-term value creation.

INDIAGLYCO Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Allied Blenders	8824.91	73.81	1.93%	12.22%	8.82%	20.47%	26431.82%
Tilaknagar Inds.	5671.55	29.54	24.58%	-9.18%	-9.63%	-7.38%	23.21%
United Breweries	56424.08	128.52	10.06%	-5.50%	9.64%	-60.56%	-38.91%
Piccadily Agro	5239.62	49.60	30.61%	-1.42%	2.63%	0.53%	17.01%
India Glycols	4256.27	25.37	9.00%	1.44%	7.79%	11.13%	16.01%

Aspect	Commentary
Revenue	Revenue grew significantly YoY by 28.2%, driven by strong performance in Bio-Fuel and Potable Spirits segments. QoQ growth was modest at 1.46%, reflecting stable operations. The restructuring into three entities is expected to further enhance revenue streams across diversified verticals.
Profit & Loss	Operating profit margin stands at 12.2%, showcasing efficiency in cost management. PAT growth YoY at 33.04% highlights profitability improvement, while QoQ PAT growth of 11.17% reflects consistent earnings momentum. EPS growth of 10.61% underscores shareholder value creation.
Profitability Matrix	Operating profit margin of 12.2% and EBITDA margin of 10.95% indicate healthy operational efficiency. Net profit margin at 4.52% reflects profitability challenges in certain segments, but overall margins remain stable due to diversification and strategic initiatives.
Valuation Matrix	Trailing P/E of 25.4 suggests moderate valuation relative to earnings. EV/EBITDA at 12.0 indicates efficient enterprise value generation. PEG ratio of 423 highlights growth potential, while P/B of 2.36 reflects reasonable asset valuation. Dividend yield is modest at 0.59%.
Growth (YoY)	Sales growth YoY at 28.2% reflects robust topline expansion, driven by Bio-Fuel and Potable Spirits. PAT growth YoY at 33.04% indicates improved profitability. EPS growth of 10.61% highlights earnings enhancement, supported by strategic diversification and operational efficiency.
Growth (QoQ)	QoQ sales growth of 1.46% reflects stable revenue generation. PAT growth QoQ at 11.17% indicates consistent profitability improvement. Sales growth QYoY at 7.85% and PAT growth QYoY at 15.87% underscore resilience in quarterly performance across segments.
Capital Allocation	RoE at 9.00% and RoCE at 11.1% indicate efficient capital utilization. RoIC of 7.08% reflects strong returns on invested capital. Incremental CAPEX plans aim to support growth in IMFL and specialty chemicals, ensuring long-term scalability and profitability.
Holdings	Promoter holding at 61% reflects strong ownership confidence. FII and DII holdings are limited at 2.24% and 0.91%, respectively, indicating scope for institutional interest. Public holding at 35.8% ensures liquidity. Cash equivalents of Rs.103 Cr provide financial flexibility.
Leverage	Debt/Equity ratio of 0.93 indicates moderate leverage. Total debt of Rs.1655 Cr is manageable given the company's strong EBITDA generation. Market cap of Rs.4256 Cr and enterprise value of Rs.5808 Cr reflect robust valuation. Restructuring is expected to optimize debt utilization.

Analyst viewpoint: India Glycols Limited (IGL) presents a compelling investment opportunity in the short to mid-term, driven by its robust growth across key segments and strategic restructuring initiatives. The company reported a strong YoY revenue growth of 28.2%, supported by exceptional performance in the Bio-Fuel segment, which grew by 135%, and Potable Spirits, which expanded by 25%. QoQ revenue growth of 1.46% reflects stable operations, while PAT growth of 33.04% YoY and 11.17% QoQ underscores consistent profitability improvement. The restructuring into three distinct entities—Chemicals, IGL Spirits, and Ennature Biopharma—positions the company to unlock shareholder value, streamline operations, and attract targeted investments. With a trailing P/E of 25.4 and EV/EBITDA of 12.0, IGL offers a reasonable valuation relative to its growth potential, supported by incremental CAPEX plans and strategic partnerships in premium IMFL brands.

The company's focus on sustainable chemistry, innovation-driven product development, and backward integration in ENA production ensures cost efficiency and competitive advantage. Its leadership in country liquor and premiumization efforts in IMFL, coupled with demographic tailwinds, further strengthen its growth outlook. While net profit margins remain modest at 4.52%, reflecting challenges in certain segments, IGL's diversification and operational efficiency mitigate risks. Overall, the company's strategic initiatives, strong financial metrics, and resilience across segments make it a promising investment for value creation in the near to mid-term.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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