

# Opportune

Exclusively curated opportunities to re-enter fundamentally strong companies at attractive valuations!

## BUY - Indraprastha Gas (IGL)

CMP: **Rs-407** (Upside Potential: 26.5%) as on 23<sup>th</sup> Aug 2022

Fair Value (FV): **Rs-515** | Time Period: **12 months**

### Why Invest?

- Govt. has allocated additional 24 lakh mscmd of domestic gas to city gas distribution Cos'.
- Also, allowed CGDs to purchase gas from open market.
- CGDs' gas costs can decline from \$10.5/mmbtu up to \$6.6-7/mmbtu.
- We are confident on long term relief; expect ceiling price on APM gas.
- We expect earnings to grow by 18.9% in FY23E and 10.7% in FY24E.
- Robust volume growth despite price hikes; CGDs effectively monopolies.
- We value IGL stock at Rs515 using Discounted cash flow methodology.

Mmbtu: Metric million British thermal unit. Mscmd: Metric Standard Cubic Metres per Day. APM: Administered Pricing Mechanism

Upgrade to BUY with

**FV Rs-515**

**Read Full Report**

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