

HOLD

TP: Rs 231 | ▲ 9%

INDRAPRASTHA GAS

Oil & Gas

14 November 2025

Performance below expectations on higher gas cost

- Performance was weak on account of higher input gas cost, impacted by lower APM gas allocation
- Outlook remains positive on CNG volume growth, driven by CNG infra expansion and growth from new operating areas
- Assuming coverage with HOLD and TP of Rs231, based on 14.5x P/E on Sept'27 EPS

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Performance below expectations on higher gas cost: Revenue came at Rs40bn (+8.8%YoY, +2.8%QoQ) and was 2% below consensus estimates. EBITDA came at Rs4bn (-17.4%YoY, -13.5%QoQ), was 14% below consensus estimates. EBITDA spread was Rs5/scm for the quarter; lower by 16%YoY.

Volumes: Volumes came at 857mnscm, higher by 3.2%YoY and higher by 3.1%QoQ. CNG volumes growth was at 2.7%YoY; while PNG domestic (D-PNG) volume growth was 6.1%YoY. Excluding DTC business volumes, CNG volume growth was at 10%YoY. Management is positive on CNG growth and guided a growth of 6-7% for FY26E driven by growth in new geography areas.

Operational performance and outlook: EBITDA was impacted by the lower allocation of APM gas. APM allocation got reduced to 41% in Q2 vs 65% in Q2FY25. This increased the gas cost. As there are production constraints for gas from ONGC, we expect the allocation to gradually reduce for CGD companies. Positive is PNGRB's recommendation on the restoration of APM gas allocation for CGD, which if implemented, will likely improve the company's profitability. IGL guided a EBITDA spread of Rs7-8/scm over medium term. IGL plans to foray into Saudi Arabia market by developing gas market for 5 cities by December 2025.

Capex intensity: IGL incurred a capex of Rs7,366mn in H1FY26 and guided a capex of Rs12,000-14,000mn for FY26E.

Coverage with HOLD: We remain positive on volume growth, driven by new geographic areas Foray into Saudi Arabia market will be positive over medium term. We are assuming coverage with HOLD and TP of Rs231, based on 14.5x P/E on Sept'27 EPS.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	IGL IN/Rs 213
Market cap	US\$ 3.4bn
Free float	55%
3M ADV	US\$ 6.1mn
52wk high/low	Rs 229/Rs 153
Promoter/FPI/DII	45%/17%/24%

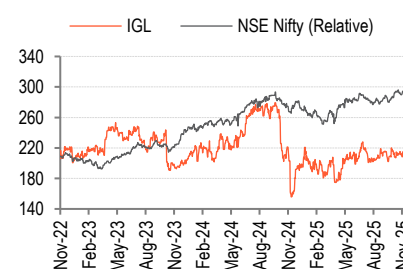
Source: NSE | Price as of 14 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	149,276	172,905	183,702
EBITDA (Rs mn)	19,787	21,306	25,960
Adj. net profit (Rs mn)	14,677	15,658	18,945
Adj. EPS (Rs)	10.5	11.2	13.5
Consensus EPS (Rs)	10.5	11.8	13.1
Adj. ROAE (%)	10.7	10.6	12.0
Adj. P/E (x)	20.3	19.0	15.7
EV/EBITDA (x)	13.4	12.3	9.9
Adj. EPS growth (%)	(58.0)	6.7	21.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance

(Rs mn)	Q2FY26	Q1FY26	QoQ (%)	Q2FY25	YoY (%)	H1FY26	H1FY25	YoY (%)
Revenue	40,233	39,138	2.8	36,973	8.8	79,371	72,139	10.0
EBITDA	4,428	5,117	(13.5)	5,359	(17.4)	9,545	11,138	(14.3)
EBITDA margin (%)	11.01	13.07	(15.8)	14.49	(24.1)	12.03	15.44	(22.1)
Depreciation	1,279	1,238	3.3	1,184	8.0	2,517	2,327	8.2
Interest	22	22	(4.0)	23	(7.3)	44	45	(3.1)
Other income	1,626	901	80.5	1,493	8.9	2,526	2,259	11.8
PBT	4,754	4,758	(0.1)	5,645	(15.8)	9,511	11,025	(13.7)
Tax	1,029	1,199	(14.2)	1,334	(22.9)	2,227	2,700	(17.5)
Reported PAT	3,725	3,559	4.7	4,311	(13.6)	7,284	8,325	(12.5)
Exceptional item	0	0	NA	0	NA	0	0	NA
Adjusted PAT	3,725	3,559	4.7	4,311	(13.6)	7,284	8,325	(12.5)
Adj. PATM (%)	9.26	9.09	1.8	11.66	(20.6)	9.18	11.54	(20.5)
EPS (Rs)	2.66	2.54	4.7	3.08	(13.6)	5.20	5.95	(12.5)

Source: Company

Fig 2 – Q2 Actual v/s consensus

Particulars	Q2 Actual	Consensus	VAR (%)
Revenue (Rs mn)	40,233	41,240	(2.4)
EBITDA (Rs mn)	4,428	5,186	(14.6)
EBITDA margin (%)	11.0	12.6	NA
PAT (Rs mn)	3,725	4,219	(11.7)
EPS (Rs)	2.7	3.0	(11.7)

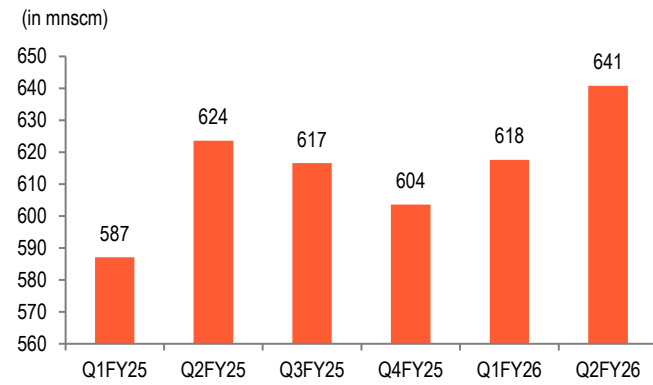
Source: Company, Bloomberg

Fig 3 – Business parameters

Particulars	Q2FY26	Q1FY26	QoQ (%)	Q2FY25	YoY (%)	H1FY26	H1FY25	YoY (%)
CNG Volumes (mnscm)	640.8	617.6	3.8	623.7	2.7	1,258.4	1,210.8	3.9
PNG Volumes (mnscm)	169.7	167.6	1.3	160.0	6.1	337.3	312.9	7.8
LNG Volumes (mnscm)	0.2	0.2	17.6	0.8	(74.0)	0.4	1.2	(68.6)
Natural Gas (mnscm)	46.0	45.5	1.1	46.0	0.0	91.5	91.5	0.0
Total Volumes (mnscm)	856.7	830.9	3.1	830.4	3.2	1,687.6	1,616.4	4.4
Realization/scm (Rs.)	47.0	47.1	(0.3)	44.5	5.5	47.0	44.6	5.4
EBITDA/scm (Rs.)	5.2	6.2	(16.1)	6.5	(19.9)	5.7	6.9	(17.9)

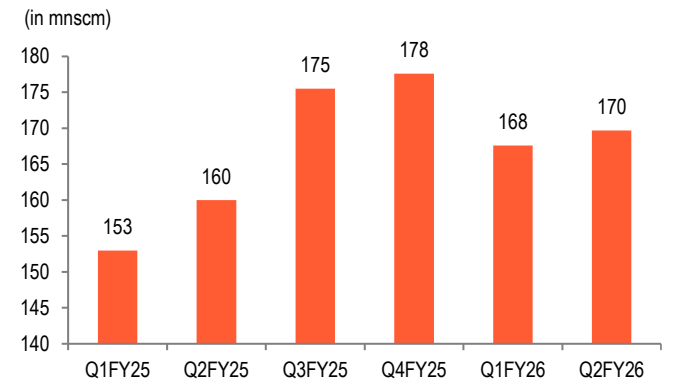
Source: Company

Fig 4 – CNG volumes



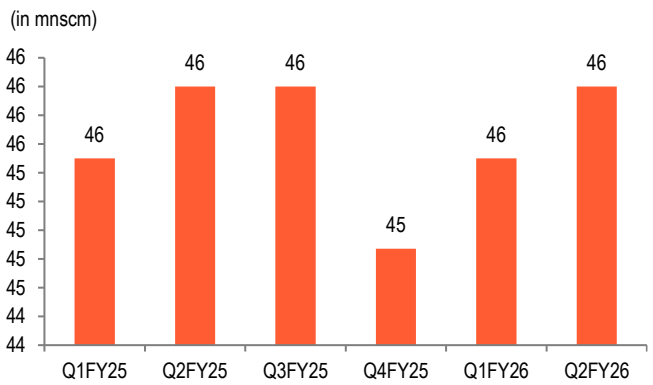
Source: Company

Fig 5 – PNG volumes



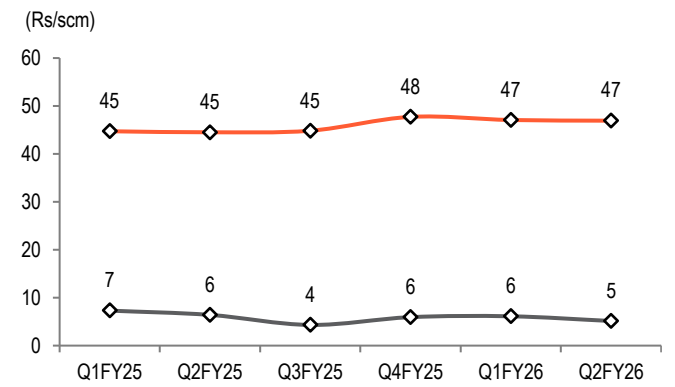
Source: Company

Fig 6 – Natural gas volumes



Source: Company

Fig 7 – Realisation & EBITDA trend



Source: Company

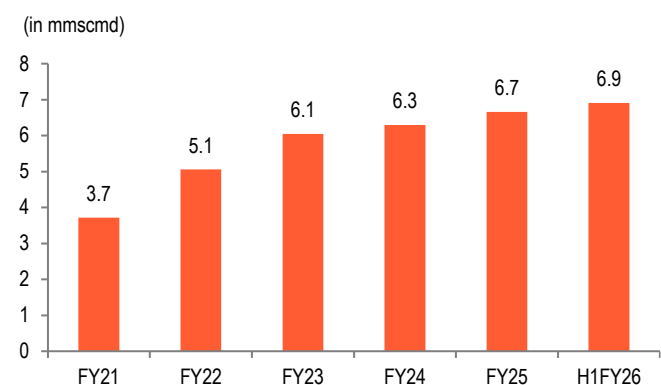
Call Highlights

- **Volumes performance:** Overall volume growth was 3.2%YoY: CNG growth of 2.7%YoY and PNG growth of 6.1%YoY. There has been a moderation in CNG volume growth from the reduction in CNG volumes by DTC buses. Majority of CNG buses have moved to EV buses. Excluding DTC buses, CNG volume growth was strong at 10%YoY. Management commented that are 226 buses remaining on CNG which will phase out in coming months
- **Vehicle CNG additions:** The average monthly addition of CNG vehicles was around 19,000, marking a 21% increase over Q2FY25. October saw 31,000 new CNG vehicle additions.
- **Guidance:** Management guided a volume growth of 6-7% for FY26E. We expect this to be challenging considering H1 growth was 4.4%.
- **Operational performance:** EBITDA falls by 17.4%YoY, due to the impact of lower APM gas allocation. APM allocation was 41% of volumes vs 65% in Q2FY25. It was 44% in Q1FY26. EBITDA spread was Rs5/scm. Management guided an EBITDA spread of Rs7.0-8.0//scm over medium term.
- **Gas sourcing:** APM supply was 41%, NWG was 10%, HP/HT was 10% and RLNG gas was 37%. RLNG gas component increased to 37% in Q2FY26 from 25% in Q1FY26. This led to increase in cost. With the latest recommendation of expert committee, we expect APM allocation to increase over time and benefit in terms of lower cost. IGL will also benefit through long-term contracts.
- **Capex:** The company incurred a capex of Rs7,366mn in H1FY26 and guided a capex of Rs12,000 -14,000mn for FY26E. This will be incurred on CNG infra-expansion and PNG pipelines.
- **Subsidiaries performance:** MNGL volume was 1.9mmscmd in Q2FY26. Revenue of associates increased by 10.5%YoY to Rs827mn in Q2FY26.
- **Foray into overseas market:** IGL plans to enter Saudi Arabia market. Saudi Arabia wants to transition to gas from propane and LPG for Industrial consumers. It has 36 industrial areas out of which 5 are awarded. Next round is for 5 cities. IGL is targeting the next five cities. In the 2nd phase, IGL will target 24 cities. Each industrial city has a potential volume of 1 to 1.5 MMSCMD. It will be through JV with a local partner. IGL will have 40% stake. Investment required will be less than that in India for a new area as in Saudi pipeline network is already there. Bidding deadline is end – Nov2025 and results expected in January 2026.

Business overview

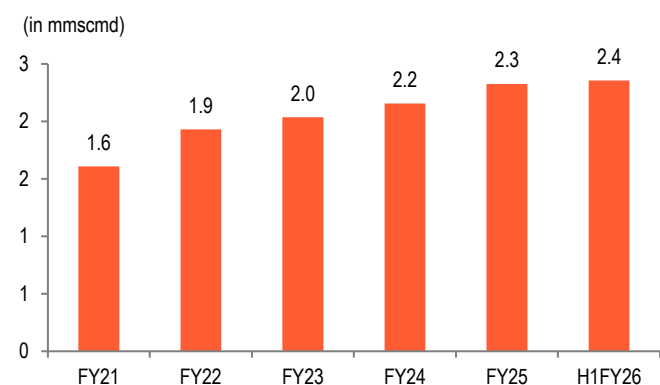
- Indraprastha Gas (IGL) is in the business of distributing CNG and PNG in National capital region (NCR), Rewari, Karnal, Kaithal, Kanpur, Muzaffarnagar, Ajmer and Banda (UP).
- IGL has 1) 50% stake in Central UP Gas Ltd – operates in Kanpur, Bareilly, Unnao and Jhansi (UP); 2) 50% stake in Maharashtra Natural Gas Ltd (MNGL) – operates in Pune & nearby areas
- IGL was incorporated in 1998 as a JV between GAIL and BPCL. Government of Delhi owns 5%. GAIL owns 22.50% stake and BPCL owns 22.50% stake.
- The company has a strong customer base of 31.7 lakh PNG connections, 12,500 commercial and Industrial connections.
- It has an infrastructure reach of 955 CNG stations.

Fig 8 – CNG volumes



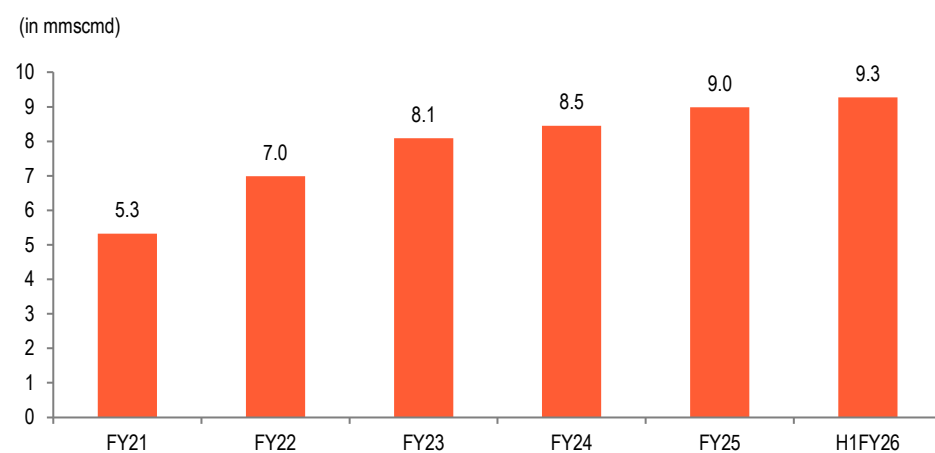
Source: Company

Fig 9 – PNG volumes



Source: Company

Fig 10 – Total volumes



Source: Company

- CNG/PNG offers benefits:
 - Price advantage – Natural gas provides economic benefits over most alternate liquid fuels
 - Fuel efficiency – CNG vehicles typically enjoy higher fuel efficiency
 - Payback period – Lower running costs result in lower CNG/PNG. MGL has been investing in infrastructure on a consistent basis:
- CNG running cost savings are to an extent of 41% vs Petrol and 16% vs Diesel.

Fig 11 – CNG running cost savings v/s petrol/diesel

Particulars	For Petrol/Diesel	Petrol	Diesel	For CNG	CNG
Cost	Rs/litre	95.0	88.0	Rs/kg	76.0
Mileage	Km/litre	16.0	18.0	km/kg	18.0
Cost per km	Rs/km	5.9	4.9	Rs/km	4.2
Savings	%	40.6	15.8		

Source: Company

- IGL gets allocation from GoI for domestic gas for the entire consumption of CNG and PNG domestic segment. However over last year, this allocation has come down due to production output constraints from ONGC, Oil India
- Tied up for long term contract for RLNG to meet PNG industrial and commercial demand
- Buys short term gas from the open market from Shell, IOC, GSPC and GAIL/BPCL.

Valuation Methodology

We are positive on business growth, driven by CNG infra expansion and volume growth.

- **CNG growth to continue:** We estimate growth to continue on the back of expansion in outlets and demand. We estimate CNG growth to be 5.0% in FY27E and 5.3% in FY28E.
- **PNG growth:** We estimate growth to continue for PNG with 10.0% in FY27E and 10.5% in FY28E.
- **EBITDA spread:** We expect EBITDA spread to improve with Rs7.0 in FY27E and Rs7.2 in FY28E.

Fig 12 – Key assumptions

Particular	FY24	FY25	FY26E	FY27E	FY28E
USD - INR	82.8	87.0	87.0	87.0	87.0
CNG Volumes (mscm)	2,298	2,431	2,540	2,667	2,808
PNG volumes (mscm)	786	850	927	1,019	1,126
Total volumes (mmscm)	3,084	3,281	3,467	3,686	3,935
Volumes (mmscmd)					
CNG	6.3	6.7	7.0	7.3	7.7
YoY%	4.0	5.8	4.5	5.0	5.3
PNG	2.2	2.3	2.5	2.8	3.1
YoY%	5.8	8.1	9.0	10.0	10.5
Total volumes (mmscmd)	8.5	9.0	9.5	10.1	10.8
YoY%	4.5	6.4	5.7	6.3	6.7

Source: Company, BOBCAPS Research

P/E based valuation rationale

We are assuming coverage with HOLD and TP of Rs231, based on 14.5x P/E on Sept'27 EPS. We have taken a multiple in line with its 10Y average P/E multiple

Fig 13 – Valuation summary

Particulars	Sept'27 EPS (Rs)	Multiple	Value (Rs/share)
IGL (Standalone)	14.0	14.5	203
Value of 50% stake in CUGL and MNGL			28
Target price (Rs)			231

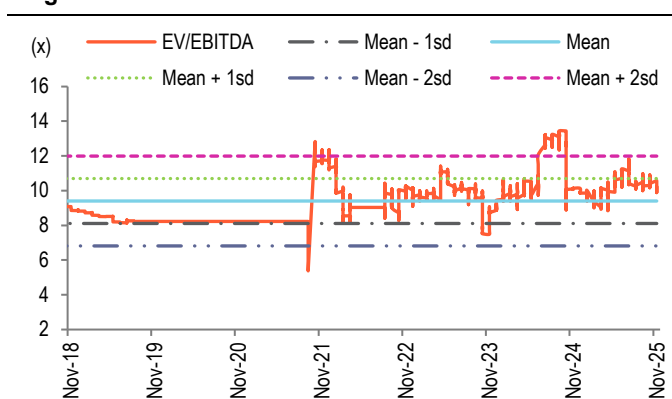
Source: BOBCAPS Research

Key Risks

Key downside risks to our estimates:

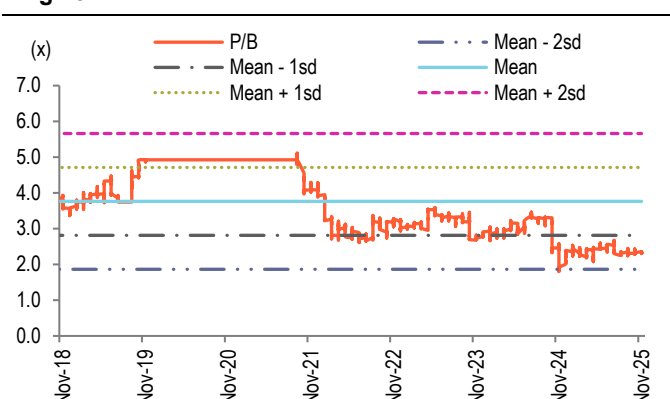
- **APM allocation reduction can increase gas cost:** Over the last 1 year, APM gas has been reduced for CGD companies due to production constraints from ONGC. This led IGL to procure imported gas at market prices. Any further reduction in APM can increase the cost for the company and reduce EBITDA spread.
- **Faster adoption of EV in NCR region:** EV mobility in DTC buses has impacted volumes for IGL. This will continue to impact volumes as there are currently 226 buses on CNG which will phase out in coming months. Adoption of EV in 3-wheelers and private CAB cars can further impact volume performance.

Fig 14 – EV/EBITDA 2YF



Source: Bloomberg

Fig 15 – P/B 1YF



Source: Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	140,000	149,276	172,905	183,702	198,494
EBITDA	23,669	19,787	21,306	25,960	28,496
Depreciation	(4,138)	(4,741)	(4,841)	(5,201)	(6,154)
EBIT	23,163	19,462	20,969	25,353	27,028
Net interest inc./(exp.)	(92)	(92)	(92)	(92)	(92)
Other inc./(exp.)	3,632	4,416	4,504	4,594	4,686
Exceptional items	0	0	0	0	0
EBT	23,072	19,370	20,877	25,261	26,936
Income taxes	(5,591)	(4,693)	(5,219)	(6,315)	(6,734)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	17,481	14,677	15,658	18,945	20,202
Adjustments	0	0	0	0	0
Adjusted net profit	17,481	14,677	15,658	18,945	20,202

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	9,847	9,346	10,825	11,501	12,427
Other current liabilities	24,947	26,183	26,183	26,183	26,183
Provisions	5,998	7,509	7,509	7,509	7,509
Debt funds	0	0	0	0	0
Other liabilities	4,896	6,009	6,009	6,009	6,009
Equity capital	1,400	2,800	2,800	2,800	2,800
Reserves & surplus	84,117	90,040	99,048	110,643	122,795
Shareholders' fund	85,517	92,840	101,848	113,443	125,595
Total liab. and equities	131,206	141,887	152,374	164,645	177,723
Cash and cash eq.	21,493	22,568	22,698	31,624	42,606
Accounts receivables	10,185	7,078	8,198	8,710	9,411
Inventories	522	488	565	600	648
Other current assets	2,546	2,825	2,825	2,825	2,825
Investments	2,770	2,926	2,926	2,926	2,926
Net fixed assets	63,763	69,518	78,677	81,476	82,822
CWIP	13,964	14,857	14,857	14,857	14,857
Intangible assets	2,226	2,191	2,191	2,191	2,191
Deferred tax assets, net	0	0	0	0	0
Other assets	7,700	9,072	9,072	9,072	9,072
Total assets	131,206	141,887	152,374	164,645	177,723

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	19,232	25,384	20,873	24,368	26,624
Capital expenditures	(12,418)	(11,353)	(14,000)	(8,000)	(7,500)
Change in investments	(4,804)	(4,640)	0	0	0
Other investing cash flows	(3,704)	(1,063)	0	0	0
Cash flow from investing	(20,925)	(17,056)	(14,000)	(8,000)	(7,500)
Equities issued/Others	0	1,400	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	(92)	(92)	(92)	(92)	(92)
Dividends paid	(6,300)	(5,950)	(6,650)	(7,350)	(8,050)
Other financing cash flows	3,245	(2,611)	0	0	0
Cash flow from financing	(3,146)	(7,253)	(6,742)	(7,442)	(8,142)
Chg in cash & cash eq.	(4,840)	1,075	130	8,925	10,982
Closing cash & cash eq.	21,493	22,568	22,698	31,624	42,606

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	25.0	10.5	11.2	13.5	14.4
Adjusted EPS	25.0	10.5	11.2	13.5	14.4
Dividend per share	(9.0)	(4.3)	(4.8)	(5.3)	(5.8)
Book value per share	122.2	66.3	72.7	81.0	89.7

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	1.9	1.8	1.5	1.4	1.2
EV/EBITDA	11.3	13.4	12.3	9.9	8.7
Adjusted P/E	8.5	20.3	19.0	15.7	14.7
P/BV	1.7	3.2	2.9	2.6	2.4

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	75.8	75.8	75.0	75.0	75.0
Interest burden (PBT/EBIT)	1.0	1.0	1.0	1.0	1.0
EBIT margin (EBIT/Revenue)	16.5	13.0	12.1	13.8	13.6
Asset turnover (Rev./Avg TA)	1.1	1.1	1.2	1.2	1.2
Leverage (Avg TA/Avg Equity)	0.0	0.0	0.0	0.0	0.0
Adjusted ROAE	22.4	16.5	16.1	17.6	16.9

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	(1.0)	6.6	15.8	6.2	8.1
EBITDA	16.0	(16.4)	7.7	21.8	9.8
Adjusted EPS	21.0	(58.0)	6.7	21.0	6.6

Profitability & Return ratios (%)

EBITDA margin	16.9	13.3	12.3	14.1	14.4
EBIT margin	16.5	13.0	12.1	13.8	13.6
Adjusted profit margin	12.5	9.8	9.1	10.3	10.2
Adjusted ROAE	14.0	10.7	10.6	12.0	11.8
ROCE	27.9	20.6	20.3	22.3	21.5

Working capital days (days)

Receivables	27	17	17	17	17
Inventory	1	1	1	1	1
Payables	31	26	26	27	27

Ratios (x)

Gross asset turnover	1.1	1.1	1.2	1.2	1.2
Current ratio	1.1	1.1	1.1	1.3	1.5
Net interest coverage ratio	253.1	211.3	227.7	275.3	293.5
Adjusted debt/equity	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

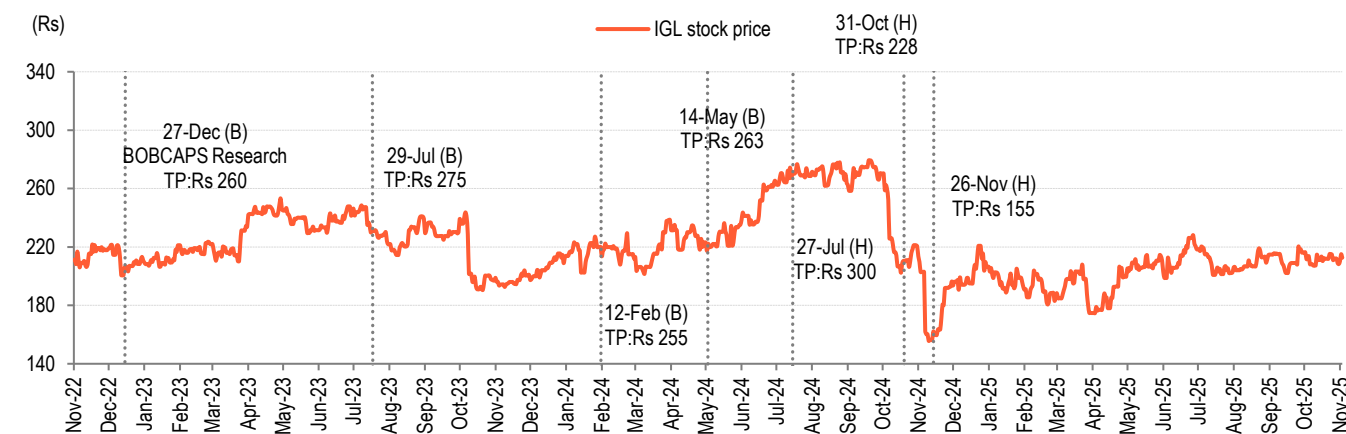
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): INDRAPRASTHA GAS (IGL IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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