

BUY**TP: Rs 197 | ▲ 18%****INDRAPRASTHA GAS**

| Oil & Gas

| 13 February 2026

Revenue miss on volume weakness

- Revenue and EBITDA grew by 8.2%YoY and 29.9%YoY resp., driven by volume growth of 3.4%YoY and lower input gas cost
- Pace of CNG growth has moderated – would benefit from higher growth from areas outside of the Delhi region
- Upgrade to **BUY** from **HOLD** considering the stock correction and revise TP to Rs197 from Rs231 based on 13.5x P/E on Dec'27 EPS

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Revenue below expectations: Revenue came at Rs40bn (+8.2%YoY, +1.1%QoQ) and was 1% below our estimates. EBITDA came at Rs4bn (+29.9%YoY, +6.7%QoQ), was 2% above estimates. EBITDA spread was Rs5.4/scm for the quarter; higher by 25.6%YoY.

Volumes: Volumes came at 867mnscm, higher by 3.4%YoY and higher by 1.2%QoQ. CNG volumes growth was at 3.3%YoY, while PNG domestic (D-PNG) volume growth was 4.8%YoY. We are positive on CNG growth; however growth will likely be driven by volume from areas outside of Delhi region.

Operational performance and outlook: EBITDA was higher due to lower gas costs. APM allocation was at 43% in Q3FY26. Gas cost as % of sales stood at 76% vs 78% in Q3FY25. Given the gas production constraints for ONGC, we expect the allocation to gradually reduce for CGD companies over long term. IGL had guided for an EBITDA spread of Rs7-8/scm over the medium term; plans to foray into the Saudi Arabia market by developing gas market for 5 cities in the coming months.

Capex intensity: IGL incurred a capex of Rs8,470mn in 9MFY26 and guided for a capex of Rs12,500mn for FY26E.

Raise rating and revise down TP: We remain positive on volume growth driven by new areas outside of Delhi region. The foray into the Saudi Arabia market will be a positive over medium term. We upgrade to **BUY** from **HOLD**, considering the stock correction and on moderation in volume growth, we revise TP to Rs197 from Rs231, based on 13.5x P/E on Dec'27 EPS.

Key changes

	Target	Rating
	▼	▲

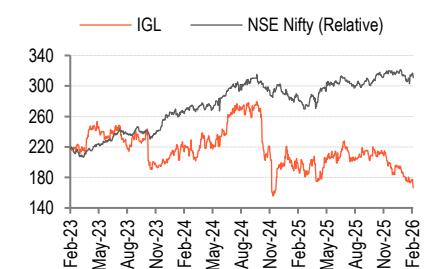
Ticker/Price	IGL IN/Rs 167
Market cap	US\$ 2.6bn
Free float	55%
3M ADV	US\$ 5.4mn
52wk high/low	Rs 229/Rs 163
Promoter/FPI/DII	45%/17%/24%

Source: NSE | Price as of 13 Feb 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	149,276	172,040	181,418
EBITDA (Rs mn)	19,787	19,499	23,180
Adj. net profit (Rs mn)	14,677	13,955	16,221
Adj. EPS (Rs)	10.5	10.0	11.6
Consensus EPS (Rs)	10.5	10.2	12.1
Adj. ROAE (%)	10.7	9.5	10.4
Adj. P/E (x)	15.9	16.7	14.4
EV/EBITDA (x)	10.1	10.1	8.5
Adj. EPS growth (%)	(58.0)	(4.9)	16.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance

Source: NSE



Fig 1 – Quarterly performance

(Rs mn)	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
Revenue	40,672	40,233	1.1	37,591	8.2	120,043	109,730	9.4
EBITDA	4,725	4,428	6.7	3,637	29.9	14,271	14,775	(3.4)
EBITDA margin (%)	11.62	11.01		9.67		11.89	13.46	
Depreciation	1,311	1,279	2.5	1,216	7.8	3,827	3,543	8.0
Interest	21	22	(2.8)	21	0.0	65	66	(2.1)
Other income	1,301	1,626	(20.0)	1,288	1.0	3,827	3,547	7.9
PBT	4,695	4,754	(1.2)	3,688	27.3	14,206	14,713	(3.4)
Tax	1,109	1,029	7.8	829	33.7	3,336	3,529	(5.5)
Reported PAT	3,586	3,725	(3.7)	2,859	25.4	10,870	11,184	(2.8)
Exceptional item	0	0	NA	0	NA	0	0	NA
Adjusted PAT	3,586	3,725	(3.7)	2,859	25.4	10,870	11,184	(2.8)
Adj. PATM (%)	8.82	9.26		7.60		9.05	10.19	
EPS (Rs)	2.56	2.66	(3.7)	2.04	25.4	7.76	7.99	(2.8)

Source: Company

Fig 2 – Q3 Actual vs Estimates

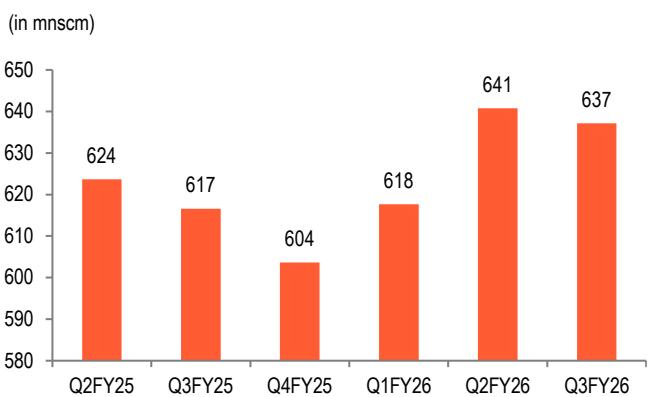
Particulars	Q3 Actual	Estimates	VAR(%)
Revenue (Rs mn)	40,672	41,159	(1.2)
EBITDA (Rs mn)	4,725	4,628	2.1
EBITDA margin (%)	11.6	11.2	NA
PAT (Rs mn)	3,586	3,836	(6.5)
EPS (Rs)	2.6	2.7	(6.5)

Source: Company, BOBCAPS Research

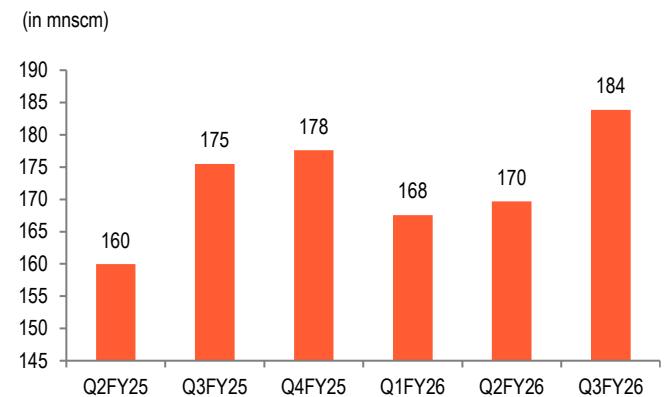
Fig 3 – Business parameters

Particulars	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
CNG Volumes (mnscm)	637	641	(0.6)	617	3.3	1,896	1,827	3.7
PNG Volumes (mnscm)	184	170	8.4	175	4.8	521	488	6.7
LNG Volumes (mnscm)	0	0	(20.0)	0	(55.6)	1	2	(65.6)
Natural Gas (mnscm)	46	46	0.0	46	0.0	138	138	0.0
Total Volumes (mnscm)	867	857	1.2	839	3.4	2,555	2,455	4.1
Realization/scm (Rs.)	46.9	47.0	(0.1)	44.8	4.6	47.0	44.7	5.1
EBITDA/scm (Rs.)	5.4	5.2	5.4	4.3	25.6	5.6	6.0	(7.2)

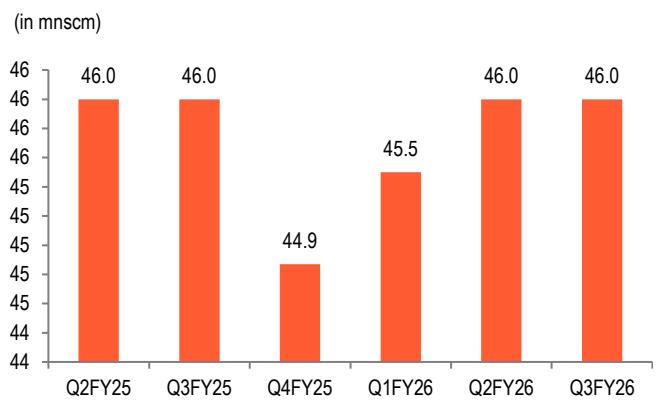
Source: Company

Fig 4 – CNG volumes

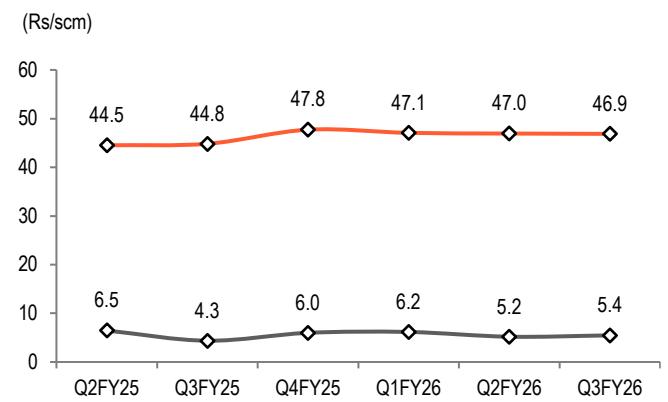
Source: Company

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 3.4%YoY: CNG growth of 3.3%YoY and PNG growth of 4.8%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 at 10.0%YoY. There are 100 CNG buses left which will be phased out by March 2026. Added 45 CNG stations in 9MFY26
- **Vehicle CNG additions:** Average monthly addition of CNG vehicles has increased to 26,000 from a level of 21,000 earlier due to benefit of GST cut on CNG vehicles.
- **Guidance:** Management guided a volume growth of 8-10% for Delhi region post DTC buses phase out. New areas outside Delhi are likely to have higher growth at 17-18%. Overall, it expects incremental 1.0mmscmd volumes in every year going forward.
- **Operational performance:** EBITDA rose by 29.9%YoY, due to the benefit of lower gas cost. Gas cost as % of sales stood 76% vs 78% in Q3FY25. APM allocation was 43% vs 41% in previous quarter Q2FY26. Management gave a guidance of EBITDA spread of Rs7.0-8.0//scm over the medium term. IGL will benefit from rationalization of transportation tariff by PNGRB eff. Jan. 2026.
- **Gas sourcing:** APM supply was 43%, NWG was 7%, HP/HT was 6% and RLNG gas was 42%.
- **Capex:** The company guided for a capex of Rs12,500 -15,000mn for FY27E. This will be incurred on CNG infra-expansion and PNG pipelines.
- **Foray into overseas market:** IGL plans to expand into the Saudi Arabian market, where the government is actively promoting a transition from propane and LPG to natural gas for industrial consumers. Of the 36 designated industrial areas, five have already been awarded, with the bidding round ongoing covering five additional cities, which IGL intends to target. IGL has qualified for stage – 1 bidding process. Deadline for submission is April 2026. Each industrial city is estimated to have a potential demand of 1–1.5 MMSCMD. The expansion will be undertaken through a joint venture with a local partner, with IGL holding a 40% stake. Capital requirements are expected to be lower than in India, given the availability of existing pipeline infrastructure in Saudi Arabia.

Valuation Methodology

We are positive on the business growth that is driven by CNG infra expansion and volume growth. However, the pace of growth has moderated to 3.5-4.0% p.a.

The revision in estimates is based on the 9M performance of volumes in CNG and PNG.

- **CNG growth:** We estimate CNG growth to be 3.5% vs the earlier 4.5% for FY26E; at 4.0% vs the earlier 5.0% in FY27E and 4.5%YoY vs the earlier 5.3% in FY28E.
- **PNG growth:** We estimate growth to continue for PNG at 7.0% vs the earlier 9.0% for FY26E, at 7.5% vs the earlier 10.0% in FY27E and 8.0% vs the earlier 10.5% in FY28E.
- **EBITDA spread** moderated to Rs5.7/scm vs earlier Rs6.1 for FY26E, Rs6.4 vs earlier Rs7.0 for FY27E and Rs6.8 vs earlier Rs7.2 for FY28E
- **USD/INR assumption** revised to Rs89 vs Rs90 for FY26E; revised to Rs91 vs earlier Rs90 for FY27E and revised to Rs91 vs the earlier Rs90 for FY28E.

Fig 8 – Revision in Estimates

(Rs mn)	Actual	New			Old			Change (%)		
	FY25A	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	149,276	172,040	181,418	195,144	172,905	183,702	198,494	(0.5)	(1.2)	(1.7)
EBITDA	19,787	19,499	23,180	26,013	21,306	25,960	28,496	(8.5)	(10.7)	(8.7)
EBITDA % margin	13.3	11.3	12.8	13.3	12.3	14.1	14.4	-	-	-
PAT	14,677	13,955	16,221	18,134	15,658	18,945	20,202	(10.9)	(14.4)	(10.2)
EPS (Rs)	10.5	10.0	11.6	13.0	11.2	13.5	12.4	(10.9)	(14.4)	4.3

Source: Company, BOBCAPS Research

Fig 9 – Key assumptions

Particular	FY24	FY25	FY26E	FY27E	FY28E
USD - INR	82.8	87.0	89.0	91.0	91.0
CNG Volumes (mscm)	2,298	2,431	2,516	2,616	2,734
PNG volumes (mscm)	786	850	907	984	1,073
Total volumes (mnscm)	3,084	3,281	3,423	3,601	3,807
Volumes (mmscmd)					
CNG	6.3	6.7	6.9	7.2	7.5
YoY%	4.0	5.8	3.5	4.0	4.5
PNG	2.2	2.3	2.5	2.7	2.9
YoY%	5.8	8.1	6.7	8.5	9.0
Total volumes (mmscmd)	8.5	9.0	9.4	9.9	10.4
YoY%	4.5	6.4	4.3	5.2	5.7

Source: Company, BOBCAPS Research

P/E-based Valuation Rationale

We upgrade the stock to BUY from HOLD following the recent correction. The revised target price of Rs197 from Rs231 based on 13.5x Dec'27E EPS, reflecting moderated volume outlook and potential risks from lower future APM allocation.

Fig 10 – Valuation summary

Particulars	Dec'27 EPS (Rs)	Multiple	Value (Rs/share)
IGL (Standalone)	12.6	13.5	170
Value of 50% stake in CUGL and MNGL			26
Target price (Rs)			197

Source: BOBCAPS Research

Key Risks

Key downside risks to our estimates:

- **APM allocation reduction can raise gas cost:** Over the last 1 year, APM gas allocation to CGD companies has been reduced given the production constraints from ONGC. This led IGL to procure imported gas at market prices. Any further reduction in APM can raise the cost for the company and reduce EBITDA spread.
- **Faster adoption of EV in NCR region:** EV mobility in DTC buses has impacted IGL volumes. This will continue impacting volumes, as there are currently 100 buses on CNG to be phased out in near term. Adoption of EV in 3Ws and private CAB cars can further impact the volume performance.

Fig 11 – P/E 1YF

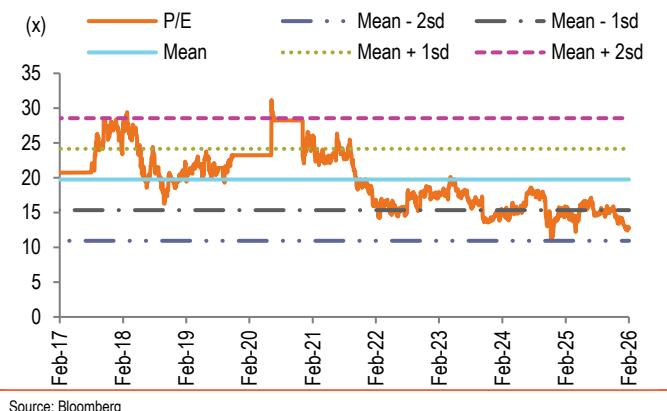
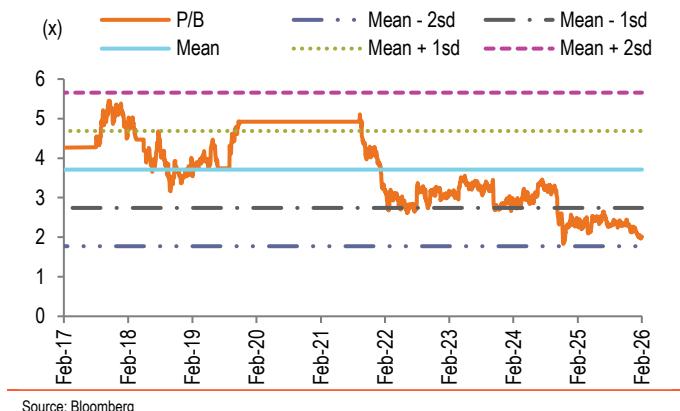


Fig 12 – P/B 1YF



Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	140,000	149,276	172,040	181,418	195,144
EBITDA	23,669	19,787	19,499	23,180	26,013
Depreciation	(4,138)	(4,741)	(5,304)	(6,054)	(6,429)
EBIT	23,163	19,462	18,699	21,720	24,270
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	18,607	21,628	24,178
Income taxes	(5,591)	(4,693)	(4,652)	(5,407)	(6,045)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	17,481	14,677	13,955	16,221	18,134
Adjustments	0	0	0	0	0
Adjusted net profit	17,481	14,677	13,955	16,221	18,134

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	9,847	9,346	10,771	11,358	12,217
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	97,345	106,216	116,300
Shareholders' fund	85,517	92,840	100,145	109,016	119,100
Total liab. and equities	131,206	141,887	150,617	160,075	171,018
Cash and cash eq.	21,493	22,568	22,949	22,985	32,162
Accounts receivables	10,185	7,078	8,157	8,602	9,253
Inventories	522	488	562	593	637
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	76,714	85,660	86,731
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	150,617	160,075	171,018

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	19,232	25,384	19,623	22,479	24,818
Capital expenditures	(12,418)	(11,353)	(12,500)	(15,000)	(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)	(12,500)	(15,000)	(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	381	37	9,176
Closing cash & cash eq.	21,493	22,568	22,949	22,985	32,162

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	25.0	10.5	10.0	11.6	13.0
Adjusted EPS	25.0	10.5	10.0	11.6	13.0
Dividend per share	(9.0)	(4.3)	(4.8)	(5.3)	(5.8)
Book value per share	122.2	66.3	71.5	77.9	85.1

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	1.4	1.3	1.1	1.1	1.0
EV/EBITDA	8.6	10.1	10.1	8.5	7.4
Adjusted P/E	6.7	15.9	16.7	14.4	12.9
P/BV	1.4	2.5	2.3	2.1	2.0

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	10.9	12.0	12.4
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	14.5	15.5	15.9

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	(1.0)	6.6	15.2	5.5	7.6
EBITDA	16.0	(16.4)	(1.5)	18.9	12.2
Adjusted EPS	21.0	(58.0)	(4.9)	16.2	11.8
Profitability & Return ratios (%)					
EBITDA margin	16.9	13.3	11.3	12.8	13.3
EBIT margin	16.5	13.0	10.9	12.0	12.4
Adjusted profit margin	12.5	9.8	8.1	8.9	9.3
Adjusted ROAE	14.0	10.7	9.5	10.4	11.0
ROCE	27.9	20.6	18.2	19.6	20.2
Working capital days (days)					
Receivables	27	17	17	17	17
Inventory	1	1	1	1	1
Payables	31	26	26	26	26
Ratios (x)					
Gross asset turnover	1.1	1.1	1.2	1.2	1.2
Current ratio	1.1	1.1	1.1	1.1	1.3
Net interest coverage ratio	253.1	211.3	203.0	235.8	263.5
Adjusted debt/equity	(0.4)	(0.4)	(0.4)	(0.3)	(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%

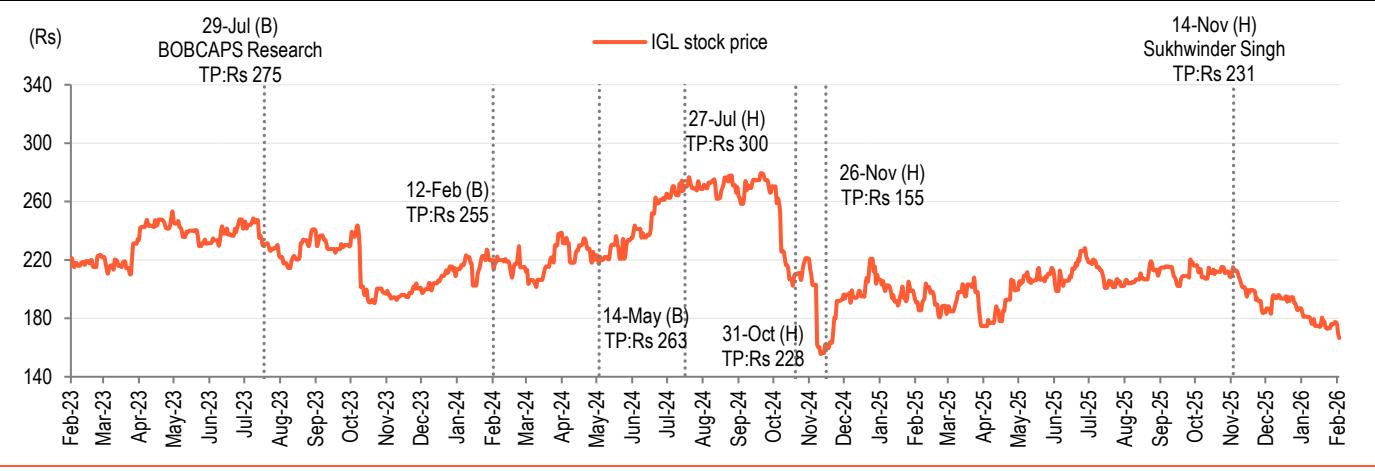
HOLD – Expected return from -6% to +15%

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): INDRAPIRASTHA GAS (IGL IN)



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

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