

BUY
 TP: Rs 184 | ▲ 17%

INDRAPRASTHA GAS

Oil & Gas

19 May 2026

Operational performance miss expectations on higher costs

- Revenue grew by 5.5%YoY on the back of volume growth of 5.6%YoY. However, the higher costs led to decline in EBITDA
- Outlook remains positive on volumes, with growth driven by the areas outside of the Delhi region, and supported by PNG growth
- Maintains BUY; however, considering the subdued operational performance & rollover to Mar'28E EPS, revise TP to Rs184 from Rs197

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Revenue beats expectations: Indraprastha Gas (IGL) reported revenue at Rs41bn (+5.5%YoY, +2.3%QoQ) in Q4FY26 - 1% above our estimates. EBITDA came at Rs4bn (-14.4%YoY, -10.5%QoQ) and was 7% below our estimates. EBITDA spread was Rs4.8/scm for the quarter; lower by 18.9%YoY.

Volumes: Volumes came at 873mnscm — higher by 5.6%YoY and 0.6%QoQ. CNG volumes growth was at 5.5%YoY, while PNG domestic (D-PNG) volume growth was 7.4%YoY. We are positive on CNG growth; however, it will likely come on the back of volumes from the areas outside of Delhi region.

Operational performance and outlook: EBITDA was lower due to higher gas costs. Gas costs, as % of sales, stood at 77% vs 75% in Q4FY25. EBITDA spread was Rs4.8/scm. 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.

Capex intensity: IGL incurred a capex of Rs13.7bn in FY26 vs Rs11.6bn in FY25. Guided a capex of Rs15bn for FY27E.

Maintain BUY; revise TP downwards: We remain positive on the volume growth that is driven by the areas outside of Delhi region. IGL's foray into the Saudi Arabia market will be a positive, over the medium term. We maintain BUY. However, considering the subdued operational performance, continuing higher input gas cost and rollover to Mar'28E EPS, we revise down the TP to Rs184 from Rs197, based on 13.5x P/E on Mar'28E EPS.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	IGL IN/Rs 157
Market cap	US\$ 2.3bn
Free float	55%
3M ADV	US\$ 6.6mn
52wk high/low	Rs 229/Rs 142
Promoter/FPI/DII	45%/17%/23%

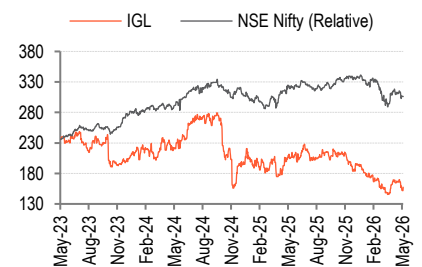
Source: NSE | Price as of 19 May 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	161,670	184,294	193,730
EBITDA (Rs mn)	18,500	21,793	24,336
Adj. net profit (Rs mn)	13,641	15,328	16,715
Adj. EPS (Rs)	9.7	10.9	11.9
Adj. ROAE (%)	9.2	9.7	10.0
Adj. P/E (x)	16.1	14.4	13.2
EV/EBITDA (x)	9.8	8.1	7.3
Adj. EPS growth (%)	(7.1)	12.4	9.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance

Rs mn	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	FY26	FY25	YoY (%)
Revenue	41,626	40,672	2.3	39,474	5.5	161,669	149,204	8.4
EBITDA	4,229	4,725	(10.5)	4,941	(14.4)	18,500	19,715	(6.2)
EBITDA margin (%)	10.16	11.62	(146bps)	12.52	(236bps)	11.44	13.21	(177bps)
Depreciation	1,319	1,311	0.6	1,198	10.1	5,146	4,741	8.6
Interest	74	21	252.6	26	184.6	139	92	50.4
Other income	1,012	1,301	(22.2)	940	7.7	4,840	4,487	7.9
PBT	3,849	4,695	(18.0)	4,657	(17.3)	18,055	19,369	(6.8)
Tax	1,078	1,109	(2.8)	1,164	(7.4)	4,415	4,693	(5.9)
Reported PAT	2,771	3,586	(22.7)	3,493	(20.7)	13,641	14,676	(7.1)
PATM (%)	6.66	8.82	(216bps)	8.85	(219bps)	8.44	9.84	(140bps)
EPS (Rs)	1.98	2.56	(22.7)	2.49	(20.7)	9.74	10.48	(7.1)

Source: Company

Fig 2 – Q4 Actual vs Estimates

Particulars	Q4 Actual	Estimates	VAR(%)
Revenue (Rs mn)	41,626	41,189	1.1
EBITDA (Rs mn)	4,229	4,562	(7.3)
EBITDA margin (%)	10.2	11.1	(92bps)
PAT (Rs mn)	2,771	3,619	(23.4)
EPS (Rs)	2.0	2.6	(23.4)

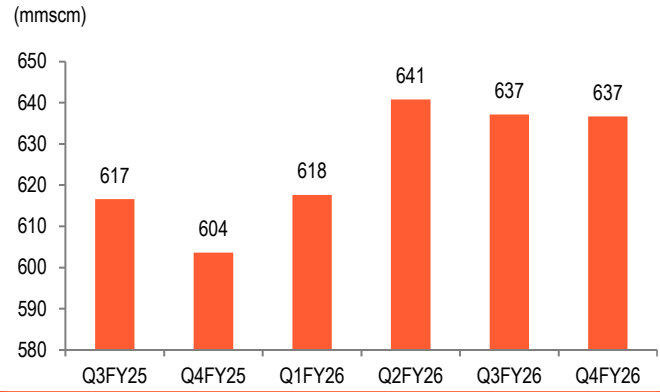
Source: Company, BOBCAPS Research

Fig 3 – Business parameters

Particulars	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	FY26	FY25	YoY (%)
CNG Volumes (mnsbcm)	637	637	(0.1)	604	5.5	2,532	2,431	4.2
PNG Volumes (mnsbcm)	191	184	3.7	178	7.4	712	666	6.9
LNG Volumes (mnsbcm)	0	0	(18.8)	0	(56.7)	1	2	(64.1)
Natural Gas (mnsbcm)	45	46	(2.4)	45	0.1	182	182	0.0
Total Volumes (mnsbcm)	872.5	867.2	0.6	826.4	5.6	3,427.2	3,281.2	4.4
Realisation/scm (Rs.)	47.7	46.9	1.7	47.8	(0.1)	47.2	45.5	3.7
EBITDA/scm (Rs.)	4.8	5.4	(11.0)	6.0	(18.9)	5.4	6.0	(10.2)

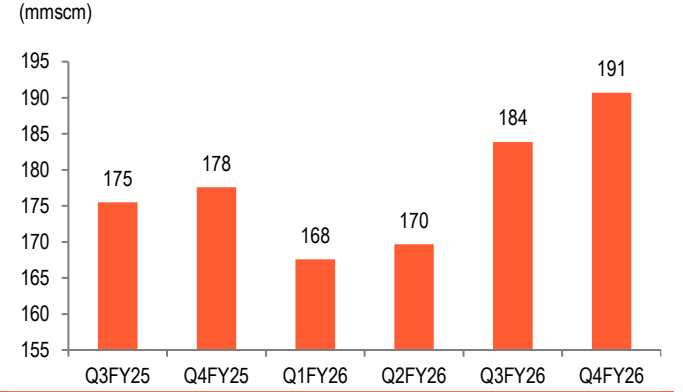
Source: Company

Fig 4 – CNG volumes



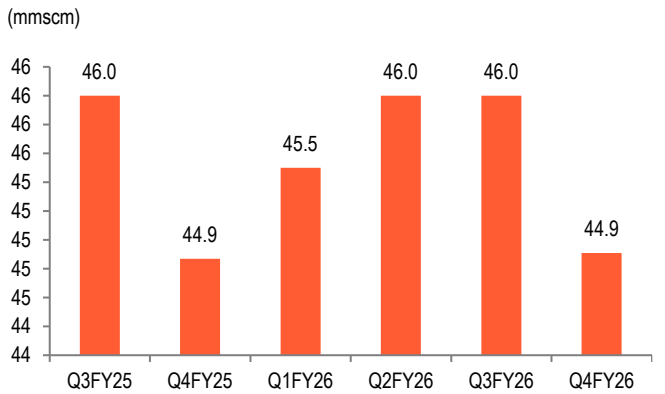
Source: Company

Fig 5 – PNG volumes



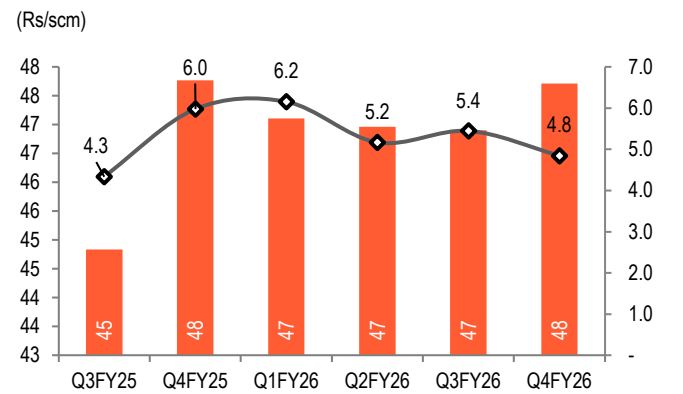
Source: Company

Fig 6 – Natural gas volumes



Source: Company

Fig 7 – Realisation & EBITDA trend



Source: Company

Other Highlights

- **Volumes performance:** Overall volume growth was 5.6%YoY; CNG growth of 5.5%YoY and PNG growth of 7.4%YoY. CNG volumes fell by 0.1%QoQ. There has been a moderation in CNG volume growth due to reduction in CNG volumes by DTC buses. Delhi region showed flat YoY growth. Now, majority of CNG buses have moved to EV buses. CNG vehicles additions was 23,000 per month and continued penetration across NCR and adjoining GA. Delhi contributes about 40%, with 60% coming from Noida, Ghaziabad, and other GAs. In segments like Gurugram, CNG penetration for new vehicles is as high as 47%.
- **Outlook:** Management expects volume growth of 10–13% in the Delhi region despite the phase-out of DTC buses, while newer geographic areas outside Delhi are likely to witness stronger growth of 17–18%. Overall, the company has guided for volume growth of 9% for FY27.
- **Operational performance:** EBITDA declined by 14.4%YoY, due to higher gas cost — given the hike in imported gas prices and INR depreciation against USD. APM allocation was 37%. Management guided a EBITDA spread of Rs7-8/scm over medium term.
- **Gas sourcing:** APM supply was 37%, NWG was 8%, HP/HT was 4%, and others was 1%. RLNG gas was 50%.
- **Capex:** Capex is guided at Rs15bn for FY27E. This will be incurred on CNG infra-expansion and PNG pipelines. Added 60CNG stations in FY26.
- **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. There are 36 designated industrial areas. Of these — five have already been awarded, Each industrial city is estimated to have a potential demand of 1–1.5 MMSCMD.

Valuation Methodology

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

We revise the numbers downwards, based on a subdued operational performance.

- **CNG growth:** We estimate CNG growth to 4.5% vs earlier 4.0% for FY27E; unchanged at 4.5% for FY28E; introduce FY29 volume growth at 5.0%YoY.
- **PNG growth:** We estimate growth to continue for PNG at 5.5% vs the earlier 8.5% for FY27E; at 6.0% vs earlier 9.0% in FY28E. Introduce FY29 growth estimate of 6.0%
- **EBITDA spread :** Estimate moderation based on FY26 performance.
- **USD/INR assumption** revised to Rs95 vs Rs91 for FY27E; FY28E and FY29E

Fig 8 – Revision in Estimates

(Rs mn)	Actual	New			Old			Change (%)		
	FY26A	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	161,670	184,294	193,730	205,049	181,418	195,144	-	1.6	(0.7)	-
EBITDA	18,500	21,793	24,336	26,991	23,180	26,013	-	(6.0)	(6.4)	-
EBITDA % margin	11.4	11.8	12.6	13.2	12.8	13.3	-	(95bps)	(77bps)	-
PAT	13,641	15,328	16,715	18,284	16,221	18,134	-	(5.5)	(7.8)	-
EPS (Rs)	9.7	10.9	11.9	13.1	11.6	13.0	-	(5.5)	(7.8)	-

Source: Company, BOBCAPS Research

Fig 9 – Key assumptions

Particular	FY25	FY26	FY27E	FY28E	FY29E
USD – INR	87.0	90.0	95.0	95.0	95.0
CNG Volumes (mnsbcm)	2,431	2,532	2,646	2,765	2,904
PNG volumes (mnsbcm)	850	895	944	1,001	1,061
Total volumes (mnsbcm)	3,281	3,427	3,590	3,766	3,965
Volumes (mmscmd)					
CNG	6.7	6.9	7.3	7.6	8.0
YoY%	5.8	4.2	4.5	4.5	5.0
PNG	2.3	2.5	2.6	2.7	2.9
YoY%	8.1	5.3	5.5	6.0	6.0
Total volumes (mmscmd)	9.0	9.4	9.8	10.3	10.9
YoY%	6.4	4.5	4.8	4.9	5.3
Margins					
EBITDA spread (Rs/scm)	6.0	5.4	6.1	6.5	6.8

Source: Company, BOBCAPS Research

P/E-based Valuation Rationale

We maintain BUY. However, considering the subdued operational performance in FY26 and rollover to Mar'28E, we revise TP downwards to Rs184 from Rs197, based on 13.5x Mar'28E EPS.

Fig 10 – Valuation summary

Particulars	Mar'28 EPS (Rs)	Multiple	Value (Rs/share)
IGL (Standalone)	11.9	13.5	161
Value of 50% stake in CUGL and MNGL			23
Target price (Rs)			184

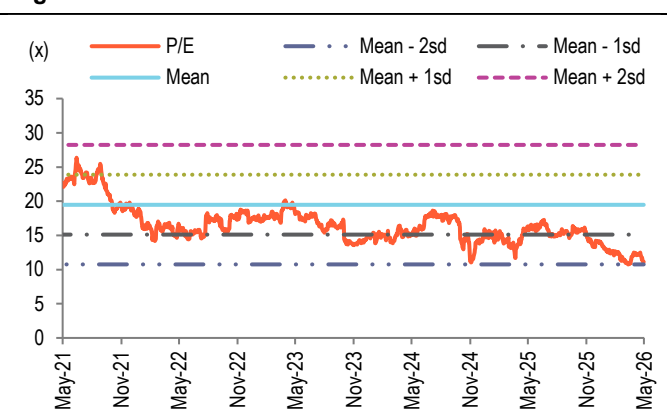
Source: BOBCAPS Research

Key Risks

Key downside risks to our estimates:

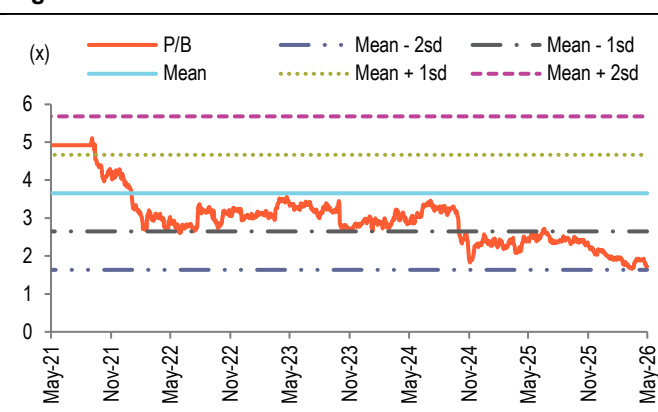
- **APM-allocation reduction can raise gas cost:** Over the last 1 year, APM gas allocation to CGD companies has been reduced, given the production constraints from ONGC. This resulted in IGL procuring the imported gas at market prices. Any further reduction in APM can raise the cost for the company as also reduce EBITDA spread.
- **Faster adoption of EV in NCR region:** EV mobility in DTC buses has impacted IGL volumes. The adoption of EV in 3Ws and private CAB cars can further impact volume performance.

Fig 11 – P/E 1YF



Source: Bloomberg

Fig 12 – P/B 1YF



Source: Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	149,276	161,670	184,294	193,730	205,049
EBITDA	19,787	18,500	21,793	24,336	26,991
Depreciation	(4,741)	(5,146)	(5,867)	(6,650)	(7,307)
EBIT	19,462	18,194	20,537	22,388	24,480
Net interest inc./(exp.)	(92)	(139)	(100)	(101)	(102)
Other inc./(exp.)	4,416	4,840	4,610	4,702	4,796
Exceptional items	0	0	0	0	0
EBT	19,370	18,056	20,437	22,287	24,378
Income taxes	(4,693)	(4,415)	(5,109)	(5,572)	(6,095)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	14,677	13,641	15,328	16,715	18,284
Adjustments	0	0	0	0	0
Adjusted net profit	14,677	13,641	15,328	16,715	18,284

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	9,346	10,716	11,538	12,129	12,837
Other current liabilities	26,183	28,333	28,333	28,333	28,333
Provisions	7,509	9,036	9,036	9,036	9,036
Debt funds	0	0	0	0	0
Other liabilities	6,009	6,375	6,375	6,375	6,375
Equity capital	2,800	2,800	2,800	2,800	2,800
Reserves & surplus	90,040	97,067	105,045	113,710	123,243
Shareholders' fund	92,840	99,867	107,845	116,510	126,043
Total liab. and equities	141,887	154,327	163,127	172,383	182,625
Cash and cash eq.	22,568	29,256	29,360	29,788	34,764
Accounts receivables	7,078	9,214	8,738	9,186	9,722
Inventories	488	564	602	633	670
Other current assets	2,825	2,675	2,675	2,675	2,675
Investments	2,926	2,926	2,926	2,926	2,926
Net fixed assets	69,518	77,913	87,046	95,396	100,089
CWIP	14,857	14,805	14,805	14,805	14,805
Intangible assets	2,191	2,134	2,134	2,134	2,134
Deferred tax assets, net	0	0	0	0	0
Other assets	9,072	3,651	3,651	3,651	3,651
Total assets	141,887	154,327	163,127	172,383	182,625

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	25,384	22,515	22,554	23,579	25,828
Capital expenditures	(11,353)	(13,432)	(15,000)	(15,000)	(12,000)
Change in investments	(4,640)	(545)	0	0	0
Other investing cash flows	(1,063)	5,268	0	0	0
Cash flow from investing	(17,056)	(8,709)	(15,000)	(15,000)	(12,000)
Equities issued/Others	1,400	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	(92)	(139)	(100)	(101)	(102)
Dividends paid	(5,950)	(6,650)	(7,350)	(8,050)	(8,750)
Other financing cash flows	(2,611)	(329)	0	0	0
Cash flow from financing	(7,253)	(7,118)	(7,450)	(8,151)	(8,852)
Chg in cash & cash eq.	1,075	6,688	104	428	4,976
Closing cash & cash eq.	22,568	29,256	29,360	29,788	34,764

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	10.5	9.7	10.9	11.9	13.1
Adjusted EPS	10.5	9.7	10.9	11.9	13.1
Dividend per share	4.3	4.8	5.3	5.8	6.3
Book value per share	66.3	71.3	77.0	83.2	90.0

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	1.3	1.1	1.0	0.9	0.8
EV/EBITDA	9.5	9.8	8.1	7.3	6.5
Adjusted P/E	15.0	16.1	14.4	13.2	12.0
P/BV	2.4	2.2	2.0	1.9	1.7

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	75.8	75.6	75.0	75.0	75.0
Interest burden (PBT/EBIT)	1.0	1.0	1.0	1.0	1.0
EBIT margin (EBIT/Revenue)	13.0	11.3	11.1	11.6	11.9
Asset turnover (Rev./Avg TA)	1.1	1.1	1.2	1.2	1.2
Leverage (Avg TA/Avg Equity)	1.5	1.5	1.5	1.5	1.5
Adjusted ROAE	10.7	9.2	9.7	10.0	10.3

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	6.6	8.3	14.0	5.1	5.8
EBITDA	(16.4)	(6.5)	17.8	11.7	10.9
Adjusted EPS	(58.0)	(7.1)	12.4	9.1	9.4
Profitability & Return ratios (%)					
EBITDA margin	13.3	11.4	11.8	12.6	13.2
EBIT margin	13.0	11.3	11.1	11.6	11.9
Adjusted profit margin	9.8	8.4	8.3	8.6	8.9
Adjusted ROAE	10.7	9.2	9.7	10.0	10.3
ROCE	20.6	17.7	18.6	18.9	19.2
Working capital days (days)					
Receivables	17	21	17	17	17
Inventory	1	1	1	1	1
Payables	26	27	26	26	26
Ratios (x)					
Gross asset turnover	1.1	1.1	1.2	1.2	1.2
Current ratio	1.1	1.2	1.1	1.1	1.2
Net interest coverage ratio	211.3	131.4	205.4	221.7	240.0
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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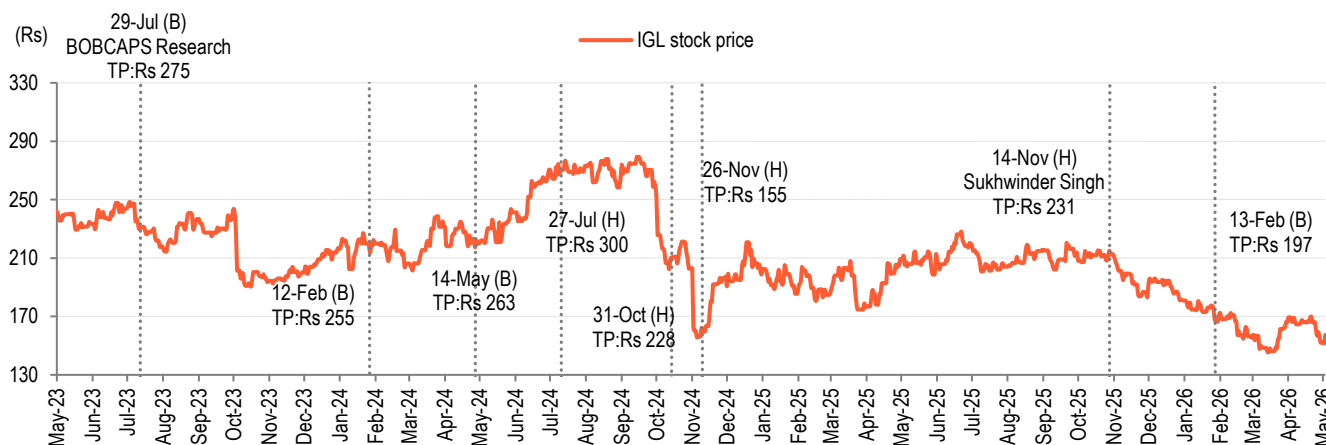
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- BUY** – Expected return >+15%
- HOLD** – Expected return from -6% to +15%
- SELL** – Expected return <-6%

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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