

July 31, 2025

## Q1FY26 Result Update

■ Change in Estimates | ■ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	<b>REDUCE</b>		<b>REDUCE</b>	
<b>Target Price</b>	<b>186</b>		<b>186</b>	
Sales (Rs bn)	163	173	163	173
% Chng.	-	-	-	-
EBITDA (Rs bn)	21	22	21	22
% Chng.	-	-	-	-
EPS (Rs.)	10.4	10.8	10.4	10.8
% Chng.	-	-	-	-

### Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	140	149	163	173
EBITDA (Rs. bn)	24	20	21	22
Margin (%)	16.9	13.3	12.7	12.7
PAT (Rs. bn)	17	15	15	15
EPS (Rs.)	12.5	10.5	10.4	10.8
Gr. (%)	21.0	(16.0)	(0.5)	3.8
DPS (Rs.)	4.5	3.8	3.6	3.8
Yield (%)	2.2	1.9	1.8	1.8
RoE (%)	22.4	16.5	15.0	14.1
RoCE (%)	25.0	16.9	16.4	16.1
EV/Sales (x)	1.9	1.8	1.6	1.5
EV/EBITDA (x)	11.2	13.4	12.6	11.8
PE (x)	16.4	19.6	19.7	18.9
P/BV (x)	3.4	3.1	2.8	2.6

### Key Data

IGAS.BO | IGL IN

52-W High / Low	Rs.285 / Rs.153
Sensex / Nifty	81,186 / 24,768
Market Cap	Rs.287bn/ \$ 3,277m
Shares Outstanding	1,400m
3M Avg. Daily Value	Rs.1015.73m

### Shareholding Pattern (%)

Promoter's	45.00
Foreign	16.16
Domestic Institution	25.10
Public & Others	13.74
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(5.9)	1.6	(25.2)
Relative	(3.1)	(3.0)	(24.7)

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## Muted volume growth

### Quick Pointers:

- EBITDA/scm expands, albeit marginally lower-than-our-estimate
- CNG vol growth at 5.2% YoY

**Indraprastha Gas (IGL) witnessed total volume growth of 5.7% YoY and -1% QoQ. Adjusted for the one-off reversal of Rs1.14bn in Q4FY25, gross margin expanded by Rs1.1/scm QoQ while opex declined by Rs0.5/scm. As a result adj EBITDA/scm increased from Rs4.6 to Rs6.2 QoQ. Adjusted EBITDA grew to Rs5.1bn (Ple Rs5.4bn, BBGe Rs5bn, -11% YoY, +35% QoQ. PAT stood at Rs3.6bn (Ple Rs3.8bn, BBGe Rs4.1bn, -11% YoY, +35% QoQ). While the company has guided for 10% YoY volume growth we build in a conservative volume growth CAGR of 6% over FY25-27E with an EBITDA/scm of Rs6 for FY26/27E. The EBITDA/scm guidance of the management is also higher at Rs7-8 but we believe that APM gas quota cut could threaten that. Due to the recent decline in stock price, we upgrade the stock from 'Sell' to 'Reduce' with a TP of Rs186 (unchanged) based on 12x FY27 adj EPS.**

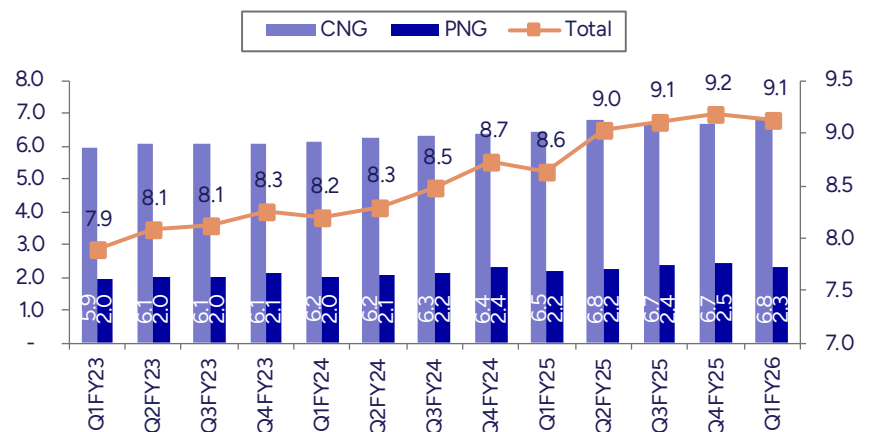
- Adjusted EBITDA/scm expands:** Implied realization came in at Rs47.1/scm vs Rs46.4/scm QoQ while gas cost declined from Rs35.6/scm to Rs35.2/scm. As a result gross margin expanded from Rs10.8/scm to Rs11.9/scm QoQ. A decline in opex from Rs6.2/scm to Rs5.7/scm further expanded adjusted EBITDA/scm from Rs4.6 to Rs6.2 QoQ.
- Volume grows 5.7% YoY:** CNG sales volume at 6.8mmscmd recorded 5.2% YoY growth while total PNG sales grew 7.4% YoY to 2.3mmscmd. Total volume stood at 9.13mmscmd, a 5.7% YoY growth.
- Concall Highlights:** 1) CNG conversion stood at 18,500 per month in (vs 15,000 per month YoY) 2) DTC volumes have already declined to 85,000kg/d and are likely to go out completely in two years 3) exclud DTC, volume growth in CNG is 9% YoY 4) benefit of 0.7-1.3/scm estimated on account of rationalization of zones for CGDs 5) expect addition of 102 CNG outlets in FY26 6) long term EBITDA/scm guidance of Rs7-8 7) volume guidance is 10% YoY, 40% of the incremental volume is accounted for by new GAs 9) APM gas stands at 3.08mmscmd, HPHT at 0.3-0.4mmscmd, CBM 0.1-0.2mmscmd 10) capex guidance of Rs14-15bn, Rs2.9bn done in Q1FY26

Exhibit 1: IGL's Q1FY26 Financials

(Rs bn)	Q1FY26	Q4FY25	QoQ gr.	Q1FY26E	% Var	Q1FY25	YoY gr.	FY26E	FY25	YoY gr.
<b>Revenue</b>	<b>39.1</b>	<b>39.5</b>	<b>-0.8%</b>	<b>39.2</b>	<b>-0.2%</b>	<b>35.2</b>	<b>11.3%</b>	<b>163.3</b>	<b>149.3</b>	<b>9.4%</b>
YoY Change (%)	11.3	9.7		-4.3		3.2				
<b>Adj Revenue</b>	<b>39.1</b>	<b>38.3</b>	<b>2.1%</b>	<b>39.2</b>	<b>-0.2%</b>	<b>35.2</b>	<b>11.3%</b>	<b>163.3</b>	<b>148.1</b>	<b>10.3%</b>
Raw Material Consumed	29.3	29.4	-0.4%	29.3	-0.2%	24.8	18.0%	121.0	110.7	9.3%
Staff Cost	0.6	0.5	11.0%	0.5	7.6%	0.5	11.6%	2.1	2.0	5.0%
Other Exp (incl Stock Adj)	4.2	4.6	-9.5%	3.9	6.4%	4.1	2.7%	19.5	16.8	16.2%
<b>EBITDA</b>	<b>5.1</b>	<b>4.9</b>	<b>3.6%</b>	<b>5.4</b>	<b>-5.5%</b>	<b>5.8</b>	<b>-11.4%</b>	<b>20.7</b>	<b>19.8</b>	<b>4.8%</b>
EBITDA (Rs/scm)	6.2	6.0	3.0%	6.5	-5.4%	7.4	-16.2%	6.0	6.0	0.0%
<b>Adj EBITDA</b>	<b>5.1</b>	<b>3.8</b>	<b>34.7%</b>	<b>5.4</b>	<b>-5.5%</b>	<b>5.8</b>	<b>-11.4%</b>	<b>20.7</b>	<b>18.6</b>	<b>11.2%</b>
<b>Adj EBITDA/scm</b>	<b>6.2</b>	<b>4.6</b>	<b>33.9%</b>	<b>6.5</b>	<b>-5.4%</b>	<b>7.4</b>	<b>-16.2%</b>	<b>6.0</b>	<b>5.7</b>	<b>5.2%</b>
Depreciation	1.2	1.2	3.3%	1.2	5.2%	1.1	8.3%	4.7	4.7	-0.7%
Interest	0.0	0.0	-13.5%	0.0	-11.6%	0.0	1.4%	0.1	0.1	10.0%
Other Income	0.9	0.9	-4.2%	0.9	0.5%	0.8	17.6%	3.6	4.4	-18.8%
<b>PBT</b>	<b>4.8</b>	<b>4.7</b>	<b>2.2%</b>	<b>5.1</b>	<b>-6.9%</b>	<b>5.4</b>	<b>-11.6%</b>	<b>19.5</b>	<b>19.4</b>	<b>0.8%</b>
Tax	1.2	1.2	3.0%	1.3	-6.8%	1.4	-12.2%	4.9	4.7	4.8%
Rate (%)	25.2	25.0		25.2		25.4		25.2	24.2	
<b>PAT</b>	<b>3.6</b>	<b>3.5</b>	<b>1.9%</b>	<b>3.8</b>	<b>-6.9%</b>	<b>4.0</b>	<b>-11.3%</b>	<b>14.6</b>	<b>14.7</b>	<b>-0.5%</b>
<b>Adj PAT</b>	<b>3.6</b>	<b>2.6</b>	<b>35.0%</b>	<b>3.8</b>	<b>-6.9%</b>	<b>4.0</b>	<b>-11.3%</b>	<b>14.6</b>	<b>13.8</b>	<b>5.7%</b>
<b>Gas Volumes (mmscmd)</b>										
CNG	6.8	6.7	1.2%	6.7	0.9%	6.5	5.2%	7.0	6.7	5.0%
PNG	2.3	2.5	-5.3%	2.3	1.2%	2.2	7.4%	2.5	2.3	7.9%
<b>Total</b>	<b>9.2</b>	<b>9.1</b>	<b>0.8%</b>	<b>9.0</b>	<b>1.5%</b>	<b>8.7</b>	<b>5.2%</b>	<b>9.5</b>	<b>9.0</b>	<b>5.7%</b>

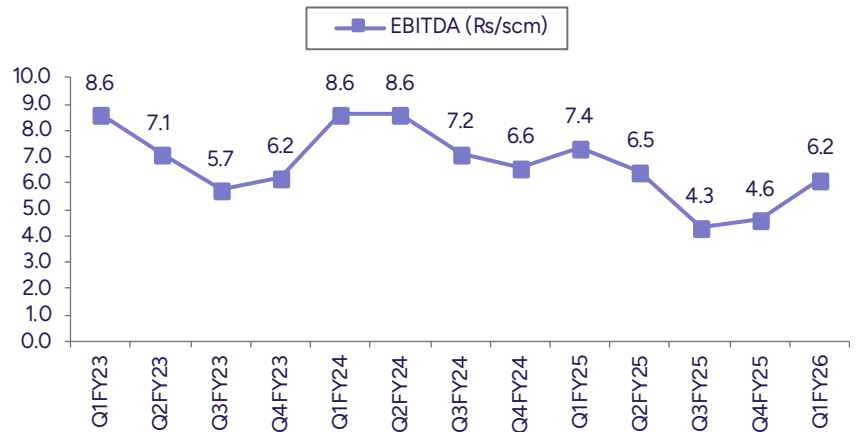
Source: Company, PL

Exhibit 2: Total volume grew 5.7% YoY



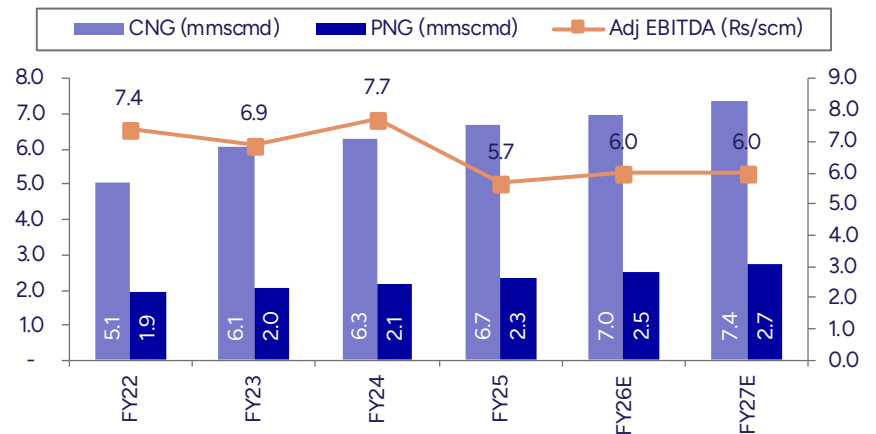
Source: Company, PL

**Exhibit 3: Gross margin expansion, lower opex resulted in EBITDA/scm of Rs6.2**



Source: Company, PL

**Exhibit 4: EBITDA/scm estimated at Rs6/6 in FY26/27E**



Source: Company, PL

## Financials

### Income Statement (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>140</b>	<b>149</b>	<b>163</b>	<b>173</b>
YoY gr. (%)	(0.9)	6.6	9.4	6.1
Cost of Goods Sold	98	111	121	128
Gross Profit	42	39	42	45
Margin (%)	29.9	25.8	25.9	25.8
Employee Cost	2	2	2	2
Other Expenses	16	17	19	21
<b>EBITDA</b>	<b>24</b>	<b>20</b>	<b>21</b>	<b>22</b>
YoY gr. (%)	16.9	(16.4)	4.8	5.9
Margin (%)	16.9	13.3	12.7	12.7
Depreciation and Amortization	4	5	5	5
<b>EBIT</b>	<b>20</b>	<b>15</b>	<b>16</b>	<b>17</b>
Margin (%)	14.0	10.1	9.8	9.9
Net Interest	0	0	0	0
Other Income	4	4	4	3
<b>Profit Before Tax</b>	<b>23</b>	<b>19</b>	<b>20</b>	<b>20</b>
Margin (%)	16.5	13.0	11.9	11.7
Total Tax	6	5	5	5
Effective tax rate (%)	24.2	24.2	25.2	25.2
<b>Profit after tax</b>	<b>17</b>	<b>15</b>	<b>15</b>	<b>15</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>17</b>	<b>15</b>	<b>15</b>	<b>15</b>
YoY gr. (%)	21.0	(16.0)	(0.5)	3.8
Margin (%)	12.5	9.8	8.9	8.7
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>17</b>	<b>15</b>	<b>15</b>	<b>15</b>
YoY gr. (%)	21.0	(16.0)	(0.5)	3.8
Margin (%)	12.5	9.8	8.9	8.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	17	15	15	15
<b>Equity Shares O/s (bn)</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>EPS (Rs)</b>	<b>12.5</b>	<b>10.5</b>	<b>10.4</b>	<b>10.8</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>99</b>	<b>110</b>	<b>119</b>	<b>128</b>
Tangibles	99	110	119	128
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>35</b>	<b>40</b>	<b>45</b>	<b>50</b>
Tangibles	35	40	45	50
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>64</b>	<b>70</b>	<b>74</b>	<b>78</b>
Tangibles	64	70	74	78
Intangibles	-	-	-	-
Capital Work In Progress	14	15	21	27
Goodwill	-	-	-	-
Non-Current Investments	14	18	18	18
Net Deferred tax assets	(4)	(5)	(5)	(5)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	1	0	1	1
Trade receivables	10	7	10	11
Cash & Bank Balance	21	23	26	28
Other Current Assets	7	9	9	9
<b>Total Assets</b>	<b>131</b>	<b>142</b>	<b>159</b>	<b>172</b>
<b>Equity</b>				
Equity Share Capital	1	3	3	3
Other Equity	84	90	100	109
<b>Total Network</b>	<b>86</b>	<b>93</b>	<b>102</b>	<b>112</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	-	-	-	-
Other current liabilities	42	44	52	55
<b>Total Equity &amp; Liabilities</b>	<b>131</b>	<b>142</b>	<b>159</b>	<b>172</b>

Source: Company Data, PL Research



### Cash Flow (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	23	19	20	20
Add. Depreciation	4	5	5	5
Add. Interest	0	0	0	0
Less Financial Other Income	4	4	4	3
Add. Other	(3)	(4)	-	-
Op. profit before WC changes	24	20	24	25
Net Changes-WC	(4)	6	4	2
Direct tax	(5)	(4)	(5)	(5)
<b>Net cash from Op. activities</b>	<b>15</b>	<b>22</b>	<b>24</b>	<b>22</b>
Capital expenditures	(12)	(11)	(15)	(15)
Interest / Dividend Income	-	-	-	-
Others	1	(4)	-	-
<b>Net Cash from Invt. activities</b>	<b>(11)</b>	<b>(15)</b>	<b>(15)</b>	<b>(15)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(3)	(7)	(5)	(5)
Interest paid	-	-	0	0
Others	(1)	0	-	-
<b>Net cash from Fin. activities</b>	<b>(3)</b>	<b>(8)</b>	<b>(5)</b>	<b>(5)</b>
<b>Net change in cash</b>	<b>1</b>	<b>(1)</b>	<b>3</b>	<b>2</b>
Free Cash Flow	3	11	9	7

Source: Company Data, PL Research

### Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	12.5	10.5	10.4	10.8
CEPS	15.4	13.9	13.8	14.2
BVPS	61.1	66.3	73.1	80.1
FCF	2.4	7.7	6.2	5.0
DPS	4.5	3.8	3.6	3.8
<b>Return Ratio(%)</b>				
RoCE	25.0	16.9	16.4	16.1
ROIC	17.8	12.6	12.1	12.0
RoE	22.4	16.5	15.0	14.1
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.3)	(0.2)	(0.3)	(0.2)
Net Working Capital (Days)	-	-	-	-
<b>Valuation(x)</b>				
PER	16.4	19.6	19.7	18.9
P/B	3.4	3.1	2.8	2.6
P/CEPS	13.3	14.8	14.9	14.4
EV/EBITDA	11.2	13.4	12.6	11.8
EV/Sales	1.9	1.8	1.6	1.5
Dividend Yield (%)	2.2	1.9	1.8	1.8

Source: Company Data, PL Research

### Quarterly Financials (Rs bn)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
<b>Net Revenue</b>	<b>37</b>	<b>38</b>	<b>39</b>	<b>39</b>
YoY gr. (%)	6.9	5.9	9.7	11.3
Raw Material Expenses	27	29	29	29
Gross Profit	10	8	10	10
Margin (%)	26.8	21.7	25.5	25.2
<b>EBITDA</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>5</b>
YoY gr. (%)	(18.4)	(34.9)	(5.4)	(11.5)
Margin (%)	14.5	9.7	12.5	13.1
Depreciation / Depletion	1	1	1	1
<b>EBIT</b>	<b>4</b>	<b>2</b>	<b>4</b>	<b>4</b>
Margin (%)	11.3	6.5	9.5	9.9
Net Interest	-	-	-	-
Other Income	1	1	1	1
<b>Profit before Tax</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>5</b>
Margin (%)	15.3	9.8	11.8	12.1
Total Tax	1	1	1	1
Effective tax rate (%)	23.6	22.4	25.0	25.2
<b>Profit after Tax</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>4</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>4</b>
YoY gr. (%)	(19.4)	(27.1)	(8.7)	(11.5)
Margin (%)	11.7	7.6	8.9	9.1
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>4</b>
YoY gr. (%)	(19.4)	(27.1)	(8.7)	(11.5)
Margin (%)	11.7	7.6	8.9	9.1
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>4</b>
Avg. Shares O/s (bn)	1	1	1	1
<b>EPS (Rs)</b>	<b>3.1</b>	<b>2.0</b>	<b>2.5</b>	<b>2.5</b>

Source: Company Data, PL Research

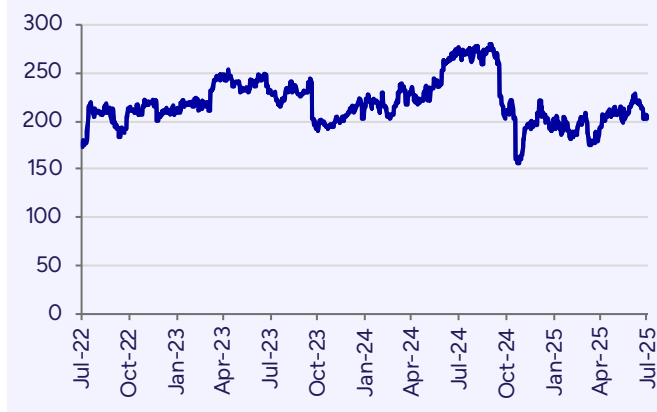
### Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Total Volume (mmscmd)	8.4	9.0	9.5	10.1
EBITDA (Rs/scm)	7.7	5.7	6.0	6.0

Source: Company Data, PL Research



**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	03-Jul-25	Reduce	186	221
2	28-Apr-25	Sell	150	185
3	16-Apr-25	Reduce	152	179
4	08-Apr-25	Sell	153	188
5	29-Jan-25	Sell	150	192
6	08-Jan-25	Sell	158	216
7	18-Nov-24	Sell	161	203
8	30-Oct-24	Hold	201	209
9	07-Oct-24	Sell	204	272

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	420	477
2	Bharat Petroleum Corporation	Reduce	311	332
3	Bharti Airtel	Accumulate	2,148	2,030
4	Clean Science and Technology	Hold	1,425	1,445
5	Deepak Nitrite	Reduce	1,799	1,963
6	Fine Organic Industries	BUY	5,440	5,269
7	GAIL (India)	Hold	180	181
8	Gujarat Fluorochemicals	Reduce	3,541	3,522
9	Gujarat Gas	Sell	404	499
10	Gujarat State Petronet	Hold	348	335
11	Hindustan Petroleum Corporation	Sell	360	437
12	Indian Oil Corporation	Reduce	138	148
13	Indraprastha Gas	Reduce	186	221
14	Jubilant Ingrevia	Hold	713	788
15	Laxmi Organic Industries	Reduce	179	196
16	Mahanagar Gas	Accumulate	1,559	1,483
17	Mangalore Refinery & Petrochemicals	Accumulate	152	139
18	Navin Fluorine International	Accumulate	5,559	5,198
19	NOCIL	Reduce	172	200
20	Oil & Natural Gas Corporation	Accumulate	284	241
21	Oil India	BUY	566	436
22	Petronet LNG	Hold	311	302
23	Reliance Industries	Accumulate	1,555	1,476
24	SRF	Hold	3,071	3,150
25	Vinati Organics	Accumulate	1,882	1,944

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

## **ANALYST CERTIFICATION**

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