Company Update

Retail Equity Research

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Indraprastha Gas Ltd.

Accumulate

Sector: Gas Utilities

2nd September, 2026

Key Changes	Target ▼		Rating ▲	Earnings ▼	
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	IGL:IN	76,570	IGL	532514	12 Months

Target	**Rs. 168**
CMP	**Rs. 148**
Return	**+14%**

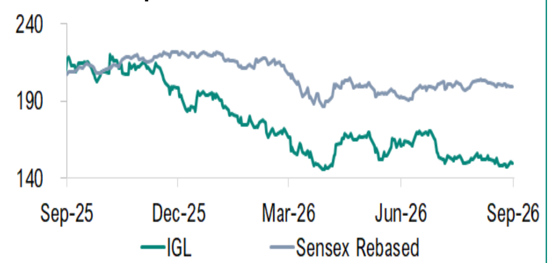
Data as of: 02-Sep-2026, 16:00 hrs

Company Data	
Market Cap (Rs.cr)	20,678
52 Week High — Low (Rs.)	224 - 142
Enterprise Value (Rs. cr)	20,612
Outstanding Shares (cr)	140.0
Free Float (%)	50.0
Dividend Yield (%)	3.2
6m average volume (cr)	0.4
Beta	1.1
Face value (Rs.)	2.0

Shareholding (%)	Q3FY26	Q4FY26	Q1FY27
Promoters	45.0	45.0	45.0
FII's	17.0	17.1	10.2
MFs/Institutions	24.2	23.3	30.0
Public	8.0	8.7	8.8
Others	5.8	6.0	6.0
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-9.0%	-12.5%	-29.0%
Absolute Sensex	3.6%	-5.3%	-4.3%
Relative Return	-12.6%	-7.1%	-24.7%

*over or under performance to benchmark index



Y.E March (Rs.cr)	FY26A	FY27E	FY28E
Sales	16,167	18,430	19,813
Growth (%)	*8.4*	*14.0*	*7.5*
EBITDA	1,850	1,806	2,362
EBITDA Margin (%)	*11.4*	*9.8*	*11.9*
PAT Adjusted	1,364	1,323	1,714
Growth (%)	*-7.1*	*-3.0*	*29.5*
Adjusted EPS	9.7	9.5	12.2
Growth (%)	*-7.1*	*-3.0*	*29.5*
P/E	15.2	15.6	12.1
P/B	2.1	1.9	1.8
EV/EBITDA	11.1	11.4	8.7
ROE (%)	*13.7*	*12.4*	*14.6*
D/E	0.0	0.0	0.0

Volume growth amid margin pressure

Indraprastha Gas Ltd (IGL), jointly promoted by Bharat Petroleum Corp Ltd and Gas Authority of India Ltd, processes and distributes compressed natural gas (CNG) and liquefied petroleum gas.

- IGL's standalone revenue (net of excise duty) grew 17.1% YoY to ₹4,583 crore in Q1FY27, driven by higher sales volumes and improved realizations despite a tight gas-sourcing environment.
- Sales grew 6% YoY to 879 million standard cubic meter (SCM) from 831 million SCM in Q1FY26. The average daily sales were 9.66 million SCM, up from 9.13 million SCM.
- PNG sales volume rose 4% YoY to 222 million SCM on account of higher domestic and industrial sales volume.
- EBITDA declined 42.3% YoY to ₹295 crore as gas sourcing costs surged, with cost of sales rising 30.0% YoY to ₹3,808 crore amid elevated LNG prices and supply tightness. Consequently, EBITDA margin contracted 670bps YoY to 6.4% in Q1FY27, while PAT fell 47.7% YoY to ₹186 crore due to weaker profitability.

Outlook & Valuation

The outlook is constructive on IGL's medium-term prospects, supported by resilient volume growth, continued expansion in newer geographical areas and the recent CNG price hike, which should support realizations and partially offset elevated gas sourcing costs. While LNG-linked procurement costs are likely to keep margins under pressure in the near term, we expect a gradual recovery in spreads and profitability as sourcing conditions stabilize and pricing actions flow through. We have revised our earnings estimates lower to reflect the weaker margin outlook; however, we believe Q1FY27 likely marks the trough of the current earnings cycle. Based on our revised SOTP valuation, **we arrive at a target price of ₹168 and upgrade the stock to ACCUMULATE rating**. Key downside risks include sustained LNG price inflation, slower-than-expected margin recovery and adverse regulatory interventions affecting pricing flexibility.

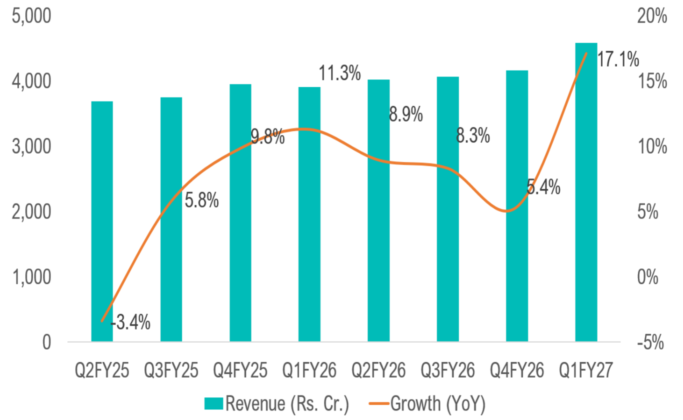
Quarterly Finance Standalone

Rs.cr	Q1FY27	Q1FY26	YoY Growth (%)	Q4FY26	QoQ Growth (%)
Sales	4,583	3,914	*17.1*	4,163	*10.1*
EBITDA	295	512	*-42.3*	423	*-30.1*
Margin (%)	*6.4*	*13.1*	*-670bps*	*10.2*	*-380bps*
EBIT	159	388	*-59.0*	291	*-45.3*
PBT	260	476	*-45.4*	385	*-32.5*
Rep. PAT	186	356	*-47.7*	277	*-32.8*
Adj PAT	186	356	*-47.7*	277	*-32.8*
Adj. EPS (Rs)	1.3	2.5	*-47.7*	2.0	*-32.8*

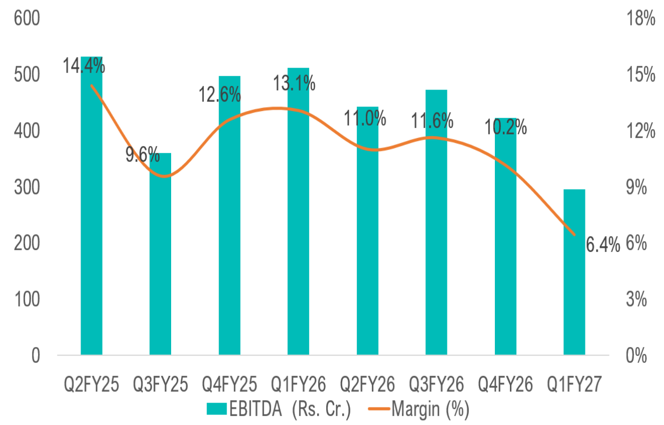
Key concall highlights

- Around 48% of gas requirements were met through domestic gas allocations, while 52% came from imported sources, exposing profitability to volatility in LNG prices.
- IGL added more than 1 lakh PNG customers and 530+ industrial/commercial customers during the quarter and expanded its steel and MDPE pipeline networks.
- IGL continues to see strong demand for CNG, with vehicle additions/conversions rising to ~27,300 per month from ~18,000 a year ago.
- The management believes the recently announced Delhi EV policy will have a limited impact of below 3% on volumes by 2030.
- The company has initiated LNG hedging and is evaluating additional risk mitigation measures for volatile gas markets.
- The management plans an annual capex of Rs. 1,800-2,000cr, focusing on expanding PNG infrastructure, and exploring opportunities for business diversification.

Revenue



EBITDA



SOTP Valuation

Particulars	Methodology	Multiple	% Holding	Value (Rs. cr.)	Value Per Share (Rs.)
IGL Standalone	FY28E P/E	12.5	100.0%	21,421	153
Investments					15
- CGS	Net Asset	1.2	50.0%	421	3
- MNGL	Net Asset	1.5	50.0%	1,725	12
20% holding discount to investments					-3
Target price					**168**

Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	**FY27E**	**FY28E**	**FY27E**	**FY28E**	**FY27E**	**FY28E**
Revenue	17,524	18,838	18,430	19,813	*5.2*	*5.2*
EBITDA	2,383	2,632	1,806	2,362	*-24.2*	*-10.3*
Margins (%)	*13.6*	*14.0*	*9.8*	*11.9*	*-380bps*	*-210bps*
Adj. PAT	1,749	1,907	1,323	1,714	*-24.3*	*-10.1*
EPS	12.5	13.6	9.5	12.2	*-24.3*	*-10.1*

Standalone Financials

Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Sales	**14,000**	**14,912**	**16,167**	**18,430**	**19,813**
% change	*-0.9*	*6.5*	*8.4*	*14.0*	*7.5*
EBITDA	**2,367**	**1,963**	**1,850**	**1,806**	**2,362**
% change	*16.9*	*-17.0*	*-5.8*	*-2.4*	*30.8*
Depreciation	414	474	515	560	632
EBIT	**1,953**	**1,489**	**1,335**	**1,247**	**1,729**
Interest	9	9	14	14	13
Other Income	363	457	484	508	539
PBT	**2,307**	**1,937**	**1,806**	**1,741**	**2,255**
% change	*19.7*	*-16.0*	*-6.8*	*-3.6*	*29.5*
Tax	559	469	441	418	541
Tax Rate (%)	*24.2*	*24.2*	*24.4*	*24.0*	*24.0*
Reported PAT	**1,748**	**1,468**	**1,364**	**1,323**	**1,714**
PAT att. to common shareholders	**1,748**	**1,468**	**1,364**	**1,323**	**1,714**
Adj.*	-	-	-	-	-
Adj. PAT	**1,748**	**1,468**	**1,364**	**1,323**	**1,714**
% change	*21.0*	*-16.0*	*-7.1*	*-3.0*	*29.5*
No. of shares (cr)	140.0	140.0	140.0	140.0	140.0
Adj EPS (Rs.)	**12.5**	**10.5**	**9.7**	**9.5**	**12.2**
% change	*21.0*	*-16.0*	*-7.1*	*-3.0*	*29.5*
DPS (Rs.)	4.5	4.3	4.8	4.4	4.7

Balance Sheet

Y.E March (Rs. Cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash	213	136	169	123	135
Accts. Receivable	1,019	708	921	1,014	1,129
Inventories	52	49	56	59	63
Other Cur. Assets	3,072	3,732	4,436	4,380	4,325
Investments	277	293	293	155	9
Gross Fixed Assets	**8,987**	**10,108**	**11,431**	**13,235**	**15,266**
Net Fixed Assets	6,590	7,165	8,001	9,218	10,589
CWIP	1,396	1,486	1,481	1,495	1,510
Intangible Assets	9	6	4	4	4
Def. Tax -Net	15	15	-	-	-
Other Assets	478	600	72	72	72
Total Assets	**13,121**	**14,189**	**15,433**	**16,520**	**17,837**
Current Liabilities	4,079	4,304	4,808	5,094	5,228
Provisions	33	38	57	57	57
Debt Funds	78	98	59	57	55
Other Liabilities	380	465	521	623	746
Equity Capital	140	280	280	280	280
Res. & Surplus	8,412	9,004	9,707	10,408	11,471
Shareholder Funds	**8,552**	**9,284**	**9,987**	**10,688**	**11,751**
Minority Interest	-	-	-	-	-
Total Liabilities	**13,121**	**14,189**	**15,433**	**16,520**	**17,837**
BVPS	61	66	71	76	84

Cashflow

Y.E March (Rs. Cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Net inc. + Depn.	**2,161**	**1,941**	**1,879**	**1,883**	**2,346**
Non-cash adj.	-590	-1	135	157	181
Other adjustments	-	-	-	-	-
Changes in W.C	-35	250	-66	107	-77
C.F. Operation	**1,536**	**2,190**	**1,947**	**2,147**	**2,450**
Capital exp.	-1,202	-1,122	-1,323	-1,804	-2,031
Change in inv.	-412	-388	19	138	145
Other invest.CF	520	17	104	94	96
C.F - Investment	**-1,095**	**-1,492**	**-1,200**	**-1,572**	**-1,790**
Issue of equity	-	-	-	-	-
Issue/repay debt	-	-	-	-2	-2
Dividends paid	-280	-735	-665	-622	-651
Other finance.CF	-54	-40	-49	4	5
C.F - Finance	**-334**	**-775**	**-714**	**-620**	**-648**
Chg. in cash	107	-77	33	-46	12
Closing Cash	**213**	**136**	**169**	**123**	**135**

Ratio

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	16.9	13.2	11.4	9.8	11.9
EBIT margin (%)	14.0	10.0	8.3	6.8	8.7
Net profit mgn.(%)	12.5	9.8	8.4	7.2	8.6
ROE (%)	20.4	15.8	13.7	12.4	14.6
ROCE (%)	22.6	15.9	13.3	11.6	14.6
W.C & Liquidity					
Receivables (days)	26.2	17.1	20.5	19.8	20.5
Inventory (days)	1.9	1.6	1.6	1.5	1.6
Payables (days)	36.1	30.4	31.1	32.8	32.4
Current ratio (x)	1.1	1.1	1.2	1.1	1.1
Quick ratio (x)	0.5	0.5	0.5	0.5	0.5
Turnover &Leverage					
Gross asset T.O (x)	1.7	1.6	1.5	1.5	1.4
Total asset T.O (x)	1.1	1.1	1.1	1.2	1.2
Int. covge. ratio (x)	213.5	161.7	96.4	90.0	131.4
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	1.5	1.4	1.3	1.1	1.0
EV/EBITDA (x)	8.7	10.5	11.1	11.4	8.7
P/E (x)	11.8	14.1	15.2	15.6	12.1
P/BV (x)	2.4	2.2	2.1	1.9	1.8

Recommendation Summary (Last 3 years)

Dates	Rating	Target
07-Nov-23	ACCUMULATE	225
16-May-24	HOLD	238
31-Jul-24	HOLD	298
26-Dec-24	ACCUMULATE	219
28-Mar-25	ACCUMULATE	224
23-May-25	SELL	191
06-Mar-26	HOLD	173
02-Sep-26	ACCUMULATE	168

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition: Upgrade No Change Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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