

Mahanagar Gas

India | Oil & Gas | Result Update



11 May 2026

Margin reset deepens

The stock price of Mahanagar Gas (MAHGL IN) has been weak for the past three months, led by concerns over higher gas cost, lower APM availability for CNG, and disruption-led dependence on pooled & spot gas. Q4FY26 was a tepid quarter, with EBITDA at INR 2.6bn, down 21% YoY & 28% QoQ and PAT at INR 1.3bn, down 32% YoY and 37% QoQ, below our estimates of INR 3.1bn and INR 1.8bn, respectively. EBITDA/scm declined sharply to INR 6.2 vs INR 8.4 in Q4FY25 and INR 8.5 in Q3FY26, led by higher gas sourcing cost and incomplete CNG price pass-through. We cut our TP to INR 1,308 from INR 1,383. We retain **Accumulate**.

Gas cost shock drives earnings decline: Average gas cost rose 9% YoY and 6% QoQ to INR 35.2/scm, while blended realization improved a mere 2% YoY to INR 48.7/scm. As a result, gross spread compressed to INR 13.6/scm from INR 15.7/scm in Q4FY25. The quarter took a hit from an adverse gas mix in March, as Henry Hub-linked supply was curtailed & optimized and pooled & spot gas dependence increased due to West Asia-related LNG supply disruptions. Management took a mere INR 1/kg CNG price hike post quarter-end, implying the cost pass-through remains incomplete.

Volume remains healthy, led by CNG and industrial & commercial (I&C): Total volume grew 6% YoY to 4.6mmscmd in Q4FY26. CNG volume grew 7% YoY to 3.3mmscmd, supported by continued vehicle additions. Domestic PNG volume grew 2% YoY, while I&C PNG volume grew 5% YoY despite supply curtailment in March. Management says CNG and domestic PNG supply was protected, while I&C supply was curtailed to ~80% during the disruption.

Policy push supports PNG acceleration: Recent policy measures around faster permissions, deemed approvals for road digging, lower road reinstatement charges, and easier pipeline access can accelerate PNG network rollout. MAHGL sees strong opportunity in domestic and commercial PNG. However, the company cautioned incremental domestic PNG customers in extended suburbs may have lower per-capita consumption; hence, a 20% increase in active customers may translate into mere ~12% volume growth.

FY27 earnings cut reflects full-year margin reset: We revise down our EBITDA by 15% for FY27E and 6% for FY28E. Revenue estimates remain broadly resilient due to price hikes. We assume EBITDA/scm at INR 7.8 in FY27E, INR 8.6 for FY28E, and INR 8.6 in FY29E vs INR 8.1 in FY26. FY27 may reflect the full-year impact of lower CNG APM availability, elevated pooled & spot gas cost and delayed pass-through, while FY28-29 should see gradual recovery as sourcing normalizes and pricing actions annualize.

Retain Accumulate with a lower TP of INR 1,308: We cut our TP to INR 1,308 from INR 1,383, but we retain **Accumulate**. In our view, the near-term earnings reset is material, but +10 YoY volume growth remains intact, supported by CNG addition, PNG policy push, and expansion in new geographies. Key monitorables are further CNG price hikes, pooled & spot gas availability, Henry Hub-linked supply normalization, and industrial & commercial PNG recovery. Our DCF-based TP assumes a long-term EBITDA/scm margin at INR 8.6/scm (unchanged), a WACC of 11.5% (unchanged) and FY26-29E volume CAGR of 11.4% (from 10.8%). We introduce our FY29 estimate.

Key financials

YE March (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (INR mn)	71,979	81,273	107,509	116,406	124,433
YoY (%)	15.3	12.9	32.3	8.3	6.9
EBITDA (INR mn)	15,067	13,481	14,681	17,980	19,932
EBITDA margin (%)	20.9	16.6	13.7	15.4	16.0
Adj PAT (INR mn)	9,931	7,696	8,264	10,380	11,468
YoY (%)	(23.0)	(22.5)	7.4	25.6	10.5
Fully DEPS (INR)	100.5	77.9	83.7	105.1	116.1
RoE (%)	18.0	12.5	12.3	14.1	14.2
RoCE (%)	20.4	14.9	14.5	16.8	16.9
P/E (x)	11.7	15.1	14.0	11.2	10.1
EV/EBITDA (x)	7.0	7.8	7.2	5.9	5.3

Note: Pricing as on 08 May 2026; Source: Company, Elara Securities Estimate

Rating: **Accumulate**
 Target Price: **INR 1,308**
 Upside: **12%**
 CMP: **INR 1,173**
 As on 08 May 2026

Key data

Bloomberg	MAHGL IN
Reuters Code	MGAS.NS
Shares outstanding (mn)	99
Market cap (INR bn/USD mn)	116/1,226
EV (INR bn/USD mn)	105/1,114
ADTV 3M (INR mn/USD mn)	486/5
52 week high/low	1,587/900
Free float (%)	57

Note: as on 08 May 2026; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q1	Q2	Q3	Q4
	FY26	FY26	FY26	FY26
Promoter	32.5	32.5	32.5	32.5
% Pledge	0.0	0.0	0.0	0.0
FII	25.5	23.6	24.9	24.1
DII	32.5	32.9	30.8	31.0
Others	9.5	11.0	11.8	12.4

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(6.8)	(5.9)	0.7
Mahanagar Gas	(0.7)	(3.5)	(13.9)
NSE Mid-cap	(1.8)	(1.0)	9.5
NSE Small-cap	6.5	2.6	15.6

Source: Bloomberg

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Financials (YE March)

Income Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Total Revenue	71,979	81,273	107,509	116,406	124,433
Gross Profit	25,204	24,962	27,735	32,821	36,807
EBITDA	15,067	13,481	14,681	17,980	19,932
EBIT	11,550	9,390	9,967	12,623	13,903
Interest expense	138	206	216	234	249
Other income	1,660	1,192	1,311	1,506	1,698
Exceptional/ Extra-ordinary items	481	772	-	-	-
PBT	13,554	11,148	11,063	13,895	15,351
Tax	3,142	2,680	2,799	3,515	3,884
Minority interest/Associates income	-	-	-	-	-
Reported PAT	10,413	8,468	8,264	10,380	11,468
Adjusted PAT	9,931	7,696	8,264	10,380	11,468
Balance Sheet (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Shareholders' Equity	58,785	64,343	70,127	77,133	84,587
Minority Interest	-	-	-	-	-
Trade Payables	4,309	4,756	6,471	6,584	6,698
Provisions & Other Current Liabilities	14,436	14,789	15,675	15,701	15,728
Total Borrowings	1,626	1,372	1,322	1,272	1,222
Other long term liabilities	3,690	4,392	4,349	4,367	4,385
Total liabilities & equity	82,845	89,652	97,945	105,058	112,621
Net Fixed Assets	54,742	62,254	70,191	77,984	84,455
Goodwill	-	-	-	-	-
Intangible assets	4,212	3,962	3,962	3,962	3,962
Business Investments / other NC assets	4,599	5,131	2,786	2,805	2,826
Cash, Bank Balances & treasury investments	1,517	566	2,192	1,115	1,870
Inventories	523	625	763	782	802
Sundry Debtors	3,632	4,584	5,302	5,422	5,455
Other Current Assets	13,620	12,531	12,748	12,987	13,251
Total Assets	82,845	89,652	97,945	105,058	112,621
Cash Flow Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Cashflow from Operations	13,684	11,475	16,805	15,496	17,319
Capital expenditure	(10,754)	(10,618)	(12,650)	(13,150)	(12,500)
Acquisitions / divestitures	-	-	-	-	-
Other Business cashflow	-	-	-	-	-
Free Cash Flow	2,930	857	4,155	2,346	4,819
Cashflow from Financing	(2,440)	(1,808)	(2,529)	(3,423)	(4,064)
Net Change in Cash / treasury investments	490	(951)	1,626	(1,077)	755
Key assumptions & Ratios	FY25	FY26	FY27E	FY28E	FY29E
Dividend per share (INR)	30.0	30.0	30.0	32.5	35.0
Book value per share (INR)	595.1	651.4	709.9	780.9	856.3
RoCE (Pre-tax) (%)	20.4	14.9	14.5	16.8	16.9
ROIC (Pre-tax) (%)	20.9	15.1	14.8	17.2	17.2
ROE (%)	18.0	12.5	12.3	14.1	14.2
Asset Turnover (x)	1.5	1.4	1.6	1.6	1.5
Net Debt to Equity (x)	0.0	0.0	0.0	0.0	0.0
Net Debt to EBITDA (x)	0.0	0.1	(0.1)	0.0	0.0
Interest cover (x) (EBITDA/ int exp)	109.2	65.5	68.1	77.0	79.9
Total Working capital days (WC/rev)	3.0	(5.9)	(4.4)	(6.5)	(3.2)
Valuation	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	11.7	15.1	14.0	11.2	10.1
P/Sales (x)	1.6	1.4	1.1	1.0	0.9
EV/ EBITDA (x)	7.0	7.8	7.2	5.9	5.3
EV/ OCF (x)	7.7	9.2	6.3	6.8	6.1
FCF Yield	2.8	0.8	3.9	2.2	4.6
Price to BV (x)	2.0	1.8	1.7	1.5	1.4
Dividend yield (%)	2.6	2.6	2.6	2.8	3.0

Note: Pricing as on 08 May 2026; Source: Company, Elara Securities Estimate

Exhibit 1: Quarterly financials

(INR mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Variance (%)
Revenue	20,512	18,992	8.0	20,583	(0.3)	19,402	5.7
EBITDA	2,603	3,316	(21.5)	3,620	(28.1)	3,119	(16.5)
Depreciation	1,061	951	11.5	1,034	2.6	1,007	5.3
EBIT	1,543	2,365	(34.8)	2,586	(40.4)	2,112	(26.9)
Other income	290	418	(30.7)	294	(1.4)	306	(5.2)
Finance cost	48	41	16.3	63	(24.3)	71	(33.3)
PBT	1,785	2,742	(34.9)	2,818	(36.7)	2,346	(23.9)
Tax	466	791	(41.1)	723	(35.6)	581	(19.8)
Effective tax rate (%)	26.1	28.8		25.7		24.8	
Adj. PAT	1,319	1,952	(32.4)	2,094	(37.0)	1,765	(25.3)
EPS (INR)	13.4	19.8	(32.4)	21.2	(37.0)	17.9	(25.3)

Source: Company, Elara Securities Estimate

Exhibit 2: Quarterly operational performance

Sales volume (mmscmd)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)
CNG	3.3	3.1	7.2	3.3	(0.2)
PNG-domestic	0.6	0.6	2.3	0.6	(2.0)
PNG-industrial & commercial	0.7	0.7	4.8	0.7	(4.4)
Total	4.6	4.3	6.1	4.6	(1.1)

Realization and Margin(INR/scm)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)
Blended realization	48.8	47.9	1.8	48.4	0.7
Gross margin	13.6	15.6	(13.3)	15.1	(10.3)
Opex	7.4	7.3	1.3	6.6	11.7
EBITDA	6.2	8.4	(26.0)	8.5	(27.3)

Source: Company, Elara Securities Research

Conference call highlights
Volume

- ▶ Sourcing mix in March was as follows: APM 1.6mmscmd, NWG (0.4mmscmd) and pooled gas combined 0.75mmscmd, HPHT 0.9mmscmd. Spot volume was ~0.4mmscmd. It received pooled gas from 12 March. In Q4, sourcing mix was APM 1.73mmscmd, NWG 0.4 mmscmd, HPHT 0.7mmscmd
- ▶ MAHGL says spot volume may be sourced for CNG and domestic PNG. It is sourcing spot LNG from IGX and other sources where it is available
- ▶ Henry Hub volume received was 0.78mmscmd in Q4 vs 1.5mmscmd contracted. In March, it was 0.65mmscmd
- ▶ New Well Gas (NWG) price is ranging at USD 11.0-11.5/mmbtu
- ▶ Administered Price Mechanism (APM) contributes 33% of sourcing for CNG
- ▶ MAHGL will focus more on gaining volume than sustaining margin
- ▶ Management says double-digit volume growth is likely, due to favourable policy decisions but there are constraints. It expects to achieve INR 8.0/scm EBITDA margin, but many factors need to be considered like pricing
- ▶ CNG & domestic PNG supply continues in March during the West Asia war while the industrial and commercial segment supply was curtailed
- ▶ MAHGL expects a boost to PNG volume as connections might be set up faster, due to ease of laying pipeline infra, faster permissions, lower road reinstatement charges, and demand from LPG customers. Hence, there is opportunity to get more customers. It has ~90% of domestic

penetration in Mumbai, and it is trying to add 400,000-500,000 connections as soon as possible. Management says 20% domestic PNG customer increase may translate to 12% volume growth as per capita consumption for new connections may be less.

- ▶ There will be increase in capex, with a guidance of INR 12bn for FY27. However, some constraints may be there in terms of procuring labor and material.
- ▶ New contract is Brent-linked to balance portfolio supply with Henry Hub-linked supply
- ▶ High-Press-High-Temperature (HPHT) is coming through IGX, and MAHGL hopes some HPHT through bidding of new contracts can be procured
- ▶ The industrial & commercial segment supply is curtailed to ~80% post government directive. Some commercial customers, such as schools, restaurants, hospitals, colleges, and crematoriums were given 100% supply.
- ▶ In March, 0.125-0.13mmscmd out of 0.57mmscmd (average daily volume in February) was lost due to curtailed supply. For 10-12 industrial customers, the company procured supply, which was priced at premium.
- ▶ MAHGL says April volume in industrial segment is similar to March, and it expects small improvement in May

Price and margin

- ▶ MAHGL hiked CNG price by INR 1/kg in April. If the current situation continues, it will consider further price hikes at appropriate time as per management
- ▶ Domestic PNG price increased due to APM price hike and exchange rate
- ▶ MAHGL said in case of CNG, short-term volatility might be absorbed for but if situation sustains, it may consider price hike as higher cost is not fully passed on. It will look at alternate fuel pricing while considering NCG price change
- ▶ Operating cost was up due to increase in higher variable expenses due to higher volume, new Labour code provision, miscellaneous opex such as repair & maintenance, and rent

Others

- ▶ CNG vehicle addition in FY26 was ~26,000 taxis, private cars ~48,000, ~33,200 three-wheelers, 223 buses, 188 mini buses, 48 MSRTC buses, 105 tempos, 7,400 small commercial vehicles, and others leading to total of 118,000. It added ~67,000 vehicles in the past two quarters.
- ▶ For the industrial & commercial segment, there are benefits from higher oil prices on realization as absolute gas cost increase is lower than the oil price
- ▶ MAHGL's infrastructure includes 3.21mn domestic PNG connections, 8,320km pipeline, 518 CNG stations, 5,934 industrial & commercial customers and 1.28mn registered CNG vehicles in its geographies as on March 2026.

Exhibit 3: Valuation

(INR per share)	
PV of FCF to FY45E	808
PV of terminal value	491
EV	1,299
Add: Net Cash	9
Target Price	1,308

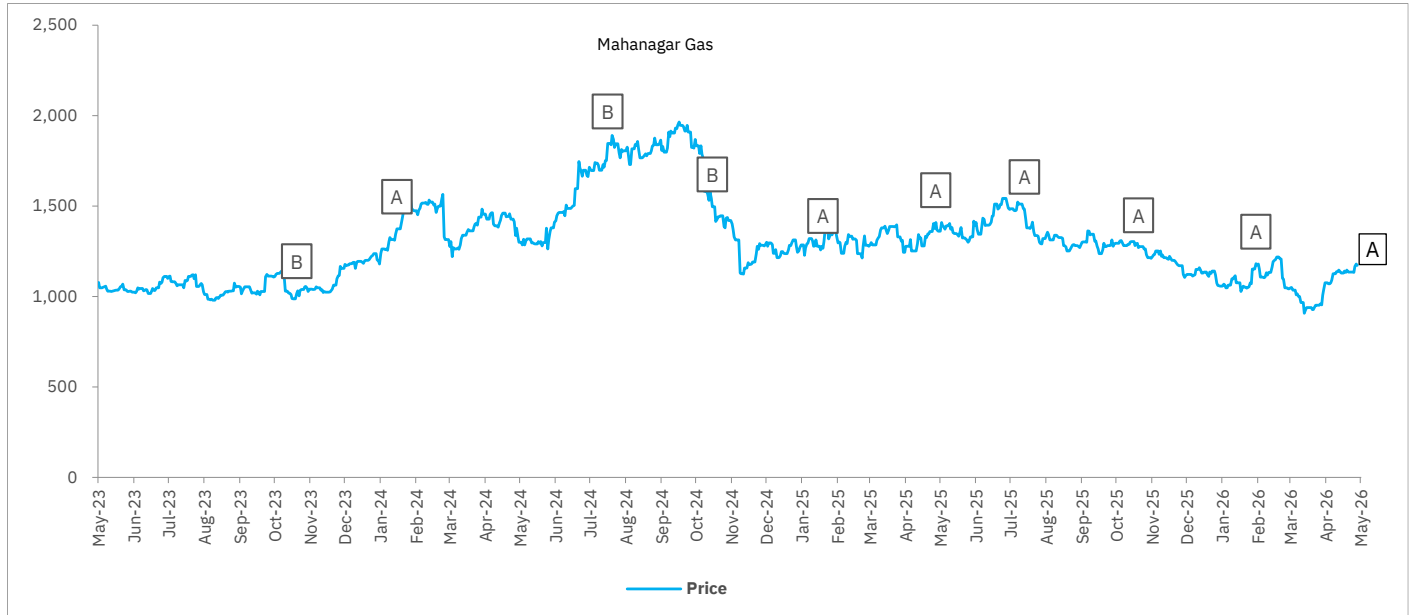
Source: Elara Securities Estimate

Exhibit 4: Change in estimates

(INR mn)	Previous		Revised		% Change		New
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY29E
Revenue	106,562	120,073	107,509	116,406	0.9	(3.1)	124,433
EBITDA	17,217	19,187	14,681	17,980	(14.7)	(6.3)	19,932
EBITDA margin (%)	16.2	-	13.7	15.4	(250)	1,545	16.0
Net Profit	10,674	12,133	8,264	10,380	(22.6)	(14.4)	11,468
EPS (INR)	108.1	122.8	83.7	105.1	(22.6)	(14.4)	116.1
Target price (INR)		1,383		1,308		(5.4)	

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
30-Oct-2023	Buy	1,287	1,017
25-Jan-2024	Accumulate	1,535	1,374
26-Jul-2024	Buy	2,219	1,846
25-Oct-2024	Buy	1,869	1,497
18-Nov-2024	Reduce	1,093	1,131
29-Jan-2025	Accumulate	1,461	1,267
07-May-2025	Accumulate	1,561	1,410
23-Jul-2025	Accumulate	1,700	1,483
30-Oct-2025	Accumulate	1,502	1,272
09-Feb-2026	Accumulate	1,383	1,181
08-May-2026	Accumulate	1,308	1,173

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

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