

November 14, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	REDUCE		REDUCE	
Target Price	201		192	
Sales (Rs bn)	172	183	173	184
% Chng.	(0.2)	(0.2)		
EBITDA (Rs bn)	21	24	22	24
% Chng.	(1.5)	(1.4)		
EPS (Rs.)	11.1	15.8	11.2	16.1
% Chng.	(1.7)	(1.8)		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	149	162	172	183
EBITDA (Rs. bn)	20	19	21	24
Margin (%)	13.3	12.0	12.4	13.1
PAT (Rs. bn)	15	14	15	22
EPS (Rs.)	10.5	10.0	11.1	15.8
Gr. (%)	(16.0)	(5.0)	11.0	42.9
DPS (Rs.)	3.9	3.5	3.9	4.4
Yield (%)	1.8	1.7	1.8	2.1
RoE (%)	16.5	14.3	14.5	18.8
RoCE (%)	16.9	15.1	15.5	16.2
EV/Sales (x)	1.8	1.7	1.6	1.5
EV/EBITDA (x)	13.9	14.0	12.7	11.1
PE (x)	20.3	21.4	19.2	13.5
P/BV (x)	3.2	2.9	2.7	2.4

Key Data IGAS.BO | IGL IN

52-W High / Low	Rs.229 / Rs.153
Sensex / Nifty	84,563 / 25,910
Market Cap	Rs.298bn/ \$ 3,355m
Shares Outstanding	1,400m
3M Avg. Daily Value	Rs.541.05m

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	0.5	3.4	4.8
Relative	(2.6)	(0.6)	(3.8)

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Steady volume growth; margins under pressure

Quick Pointers:

- EBITDA/scm was lower than our estimate.
- CNG vol growth at +2.7% YoY and +2.6% QoQ

Indraprastha Gas (IGL) delivered steady volume growth of 3.2% YoY and 2.0% QoQ, inline with our estimates. However, EBITDA/scm declined to Rs5.2/scm (PLe: Rs5.8/scm), vs Rs6.5/Rs6.2/scm in Q2FY25/Q1FY26, as higher gas costs (+12.5% YoY, +4.0% QoQ) outweighed the benefit of lower opex (-6.3% YoY, -10.0% QoQ). Overall, EBITDA stood to Rs4.4bn (Ple Rs4.8bn, BBGe Rs5.2bn, -17.4% YoY, -13.5% QoQ). PAT came in at Rs3.7bn (Ple Rs3.5bn, BBGe Rs4.1bn, -13.6% YoY, +4.7% QoQ). In H1FY26, EBITDA/PAT declined 14.3%/12.5% YoY to Rs9.5bn/Rs7.3bn respectively. IGL has guided for 8-10% YoY volume growth in FY26 and an incremental 1mmscmd in FY27. However, we continue to build in a conservative volume CAGR of 5% over FY25-28E. Co. expects to achieve EBITDA margin of Rs7-8/scm, while the VAT reduction should provide a Rs1/scm tailwind, we believe the potential cut in APM gas allocation could increase gas costs further and offset part of this benefit. As a result, we build in EBITDA/scm of Rs5.7/Rs5.9/Rs6.4 for FY26E/FY27E/FY28E. We continue to maintain the rating at 'Reduce' and value the company based on standalone 15x FY27/FY28E Adj.EPS and add another Rs32 for investments at 25% discount, leading to a TP of Rs201 (earlier: Rs192)

- **EBITDA/scm declines:** Gross realizations improved 5.5% YoY to Rs47.0/scm and remained flat QoQ. However, gas costs increased 12.5% YoY and 4.0% QoQ to Rs36.7/scm. Due to this, gross margin declined to Rs10.3/scm, -13.7% YoY and -13.2% QoQ. Opex declined 6.3% YoY and 10.0% QoQ to Rs5.1/scm due to operational efficiency. As a result, EBITDA/scm was down to Rs5.2/scm (Ple: Rs5.8/scm) vs Rs6.5 in Q2FY25 and Rs6.2 in Q1FY26. EBITDA/scm declined to Rs5.7/scm in H1FY26 vs Rs6.9/scm in H1FY25.
- **Volume grows 3.2% YoY and 2.0% QoQ:** CNG sales volume at 7.0mmscmd recorded 2.7% YoY and 2.6% QoQ growth. Total PNG volumes grew 4.7% YoY, while remains flat QoQ to 2.3mmscmd. Total volume stood at 9.3mmscmd, vs 9.0/9.1mmscmd in Q2FY25/Q1FY26. In H1FY26, CNG volumes grew 3.9% YoY to 6.9mmscmd vs 6.6mmscmd. PNG volumes grew 6.0% YoY to 2.3mmscmd vs 2.2mmscmd in H2FY25.
- **JV with MASAH Construction Company –** IGL has entered an alliance with MASAH Construction (Saudi Arabia) to jointly bid for gas distribution licenses in Saudi Arabia. Saudi has 36 industrial cities, which operate on liquid fuels (LPG, propane) and want to move to gas. Each industrial city has potential of 1-1.5mmscmd gas. Amount of investment is low as source gas is not far away like India and gas potential is high.

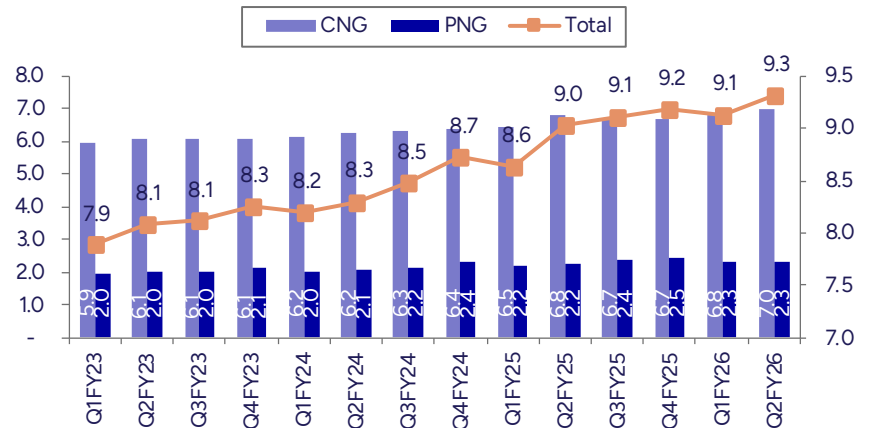
- Concall Highlights:**
 - 1) Increase in gas cost was due to increase in HH prices and rupee depreciation, in addition to the reduction in APM and NWG volumes.
 - 2) Source allocations: **APM** – from 44% in Q1FY26 to 41% in Q2FY26, with volumes at 3.2mmscmd (in Q2FY26), **NWG** – from 13% to 10% - 0.81mmscmd, **HPHT** – from 16% to 10% - 0.76mmscmd, **CBG** – 0.11mmscmd in Q2FY26, **RLNG** – from 25% to 27% QoQ – 2.91mmscmd in Q2FY26. No spot procurement this quarter.
 - 3) **Opex saving** – savings in repair and maintenance (major improvement due to operational efficiency) and power & fuel (Marginal).
 - 4) As per IGL, EBITDA/scm should improve with higher volumes, VAT cut (15% to 2%) providing ~Rs1/scm benefit (including forex impact) effective Oct'25, and the pending single-zone tariff that could add another ~Rs1/scm once implemented. Mgmt expects to exit Q4FY26 at Rs7/scm and remains confident of achieving Rs7-8/scm by FY27 driven by lower LNG prices.
 - 5) Pass through of reduction in VAT will be considered at later stage after tariff rationalization as mgmt. recently reduced Rs1/scm in non-Delhi areas for improving customer base
 - 6) **Capex guidance** – capex in H1FY26 – Rs5.8bn, with core segment (Infra and PNG) – 55%, CNG/industrials – 45%. For FY26 core capex to be at Rs12-14bn. If some diversification happens then Rs+7-8bn. Capex run rate of core business would be Rs12-14bn capex.
 - 7) **Volume Guidance** - Co. expects to exit FY26 at around 10mmscmd, while in FY27 it expects to add an incremental +1mmscmd driven by new GA's. As per Mgmt, co is growing at 10% in CNG and around 8% to 10% in PNG.

Exhibit 1: IGL's Q2FY26 Financials

(Rs bn)	Q2FY26	Q1FY26	QoQ gr.	Q2FY26E	% Var	Q2FY25	YoY gr.	H1FY26	H1FY25	YoY gr.
Revenue	40.2	39.1	2.8%	40.0	0.6%	37.0	8.8%	79.4	72.1	10.0%
YoY Change (%)	8.8	11.3		-4.3		6.9				
Adj Revenue	40.2	39.1	2.8%	40.0	0.6%	37.0	8.8%	79.4	72.1	10.0%
Raw Material Consumed	31.4	29.3	7.3%	30.3	3.6%	27.1	16.0%	60.7	51.9	17.0%
Staff Cost	0.5	0.6	-6.4%	0.5	0.8%	0.5	9.4%	1.1	1.0	10.5%
Other Exp (incl Stock Adj)	3.9	4.2	-7.4%	4.3	-10.5%	4.1	-4.8%	8.0	8.1	-1.1%
EBITDA	4.4	5.1	-13.5%	4.8	-8.3%	5.4	-17.4%	9.5	11.1	-14.3%
EBITDA (Rs/scm)	5.2	6.2	-16.1%	5.8	-10.2%	6.5	-19.9%	5.7	6.9	-17.9%
Adj EBITDA	4.4	5.1	-13.5%	4.8	-8.3%	5.4	-17.4%	9.5	11.1	-14.3%
Adj EBITDA/scm	5.2	6.2	-16.1%	5.8	-10.2%	6.5	-19.9%	5.7	6.9	-17.9%
Depreciation	1.3	1.2	3.3%	1.2	10.6%	1.2	8.0%	2.5	2.3	8.2%
Interest	0.0	0.0	-4.0%	0.0	-15.1%	0.0	-7.3%	0.0	0.0	-3.1%
Other Income	1.6	0.9	80.5%	1.0	61.5%	1.5	8.9%	2.5	2.3	11.8%
PBT	4.8	4.8	-0.1%	4.7	2.1%	5.6	-15.8%	9.5	11.0	-13.7%
Tax	1.0	1.2	-14.2%	1.2	-12.2%	1.3	-22.9%	2.2	2.7	-17.5%
Rate (%)	21.6	25.2		25.2		23.6		23.4	24.5	
PAT	3.7	3.6	4.7%	3.5	6.9%	4.3	-13.6%	7.3	8.3	-12.5%
Adj PAT	3.7	2.7	37.6%	3.5	6.9%	4.3	-13.6%	6.4	8.3	-22.7%
Gas Volumes (mmscmd)										
CNG	7.0	6.8	2.6%	6.7	3.8%	6.8	2.7%	6.9	6.6	3.9%
PNG	2.3	2.3	0.1%	2.5	-6.8%	2.2	4.7%	2.3	2.2	6.0%
Total	9.3	9.1	2.0%	9.2	0.9%	9.0	3.2%	9.22	8.83	4%

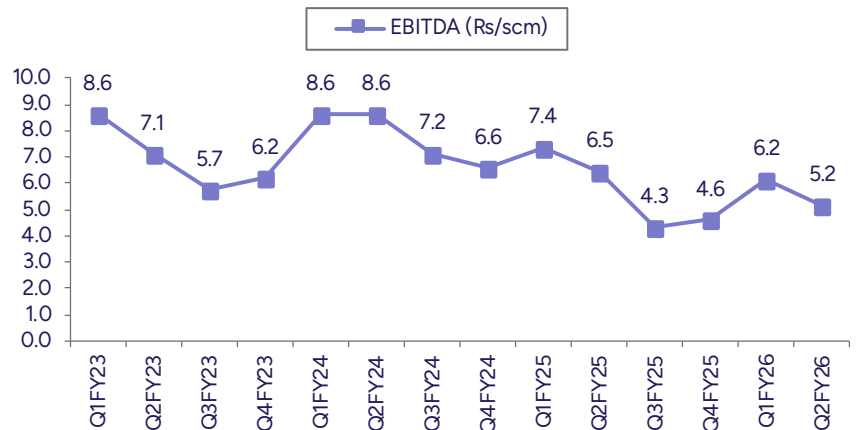
Source: Company, PL

Exhibit 2: Total volume grew 3.2% YoY



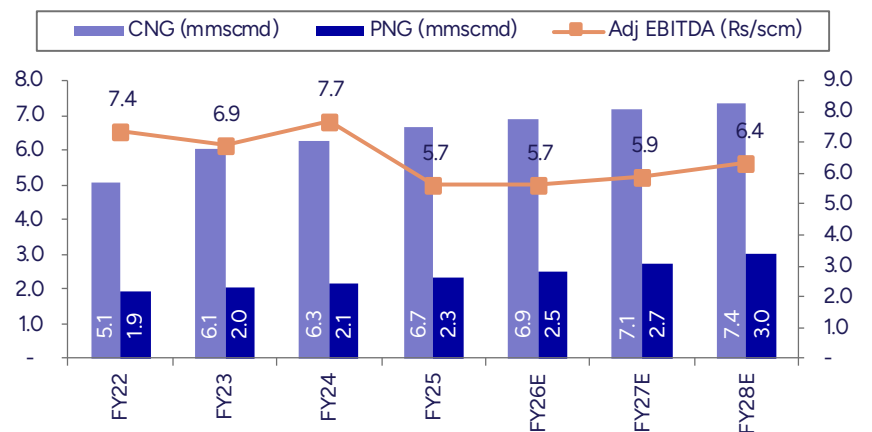
Source: Company, PL

Exhibit 3: EBITDA/scm declined to Rs5.2/scm



Source: Company, PL

Exhibit 4: EBITDA/scm estimated at Rs5.9/6.4 in FY27/28E



Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	149	162	172	183
YoY gr. (%)	6.6	8.6	6.2	6.4
Cost of Goods Sold	111	121	128	135
Gross Profit	39	41	44	48
Margin (%)	25.8	25.2	25.5	26.3
Employee Cost	2	2	2	2
Other Expenses	17	19	21	22
EBITDA	20	19	21	24
YoY gr. (%)	(16.4)	(1.8)	9.6	12.9
Margin (%)	13.3	12.0	12.4	13.1
Depreciation and Amortization	5	5	5	5
EBIT	15	15	17	19
Margin (%)	10.1	9.1	9.6	10.4
Net Interest	0	0	0	0
Other Income	4	4	4	5
Profit Before Tax	19	19	21	24
Margin (%)	13.0	11.5	12.0	12.8
Total Tax	5	5	5	1
Effective tax rate (%)	24.2	25.2	25.2	6.0
Profit after tax	15	14	15	22
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	15	14	15	22
YoY gr. (%)	(16.0)	(5.0)	11.0	42.9
Margin (%)	9.8	8.6	9.0	12.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	15	14	15	22
YoY gr. (%)	(16.0)	(5.0)	11.0	42.9
Margin (%)	9.8	8.6	9.0	12.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	15	14	15	22
Equity Shares O/s (bn)	1	1	1	1
EPS (Rs)	10.5	10.0	11.1	15.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	110	119	128	137
Tangibles	110	119	128	137
Intangibles	-	-	-	-
Acc: Dep / Amortization	40	45	50	55
Tangibles	40	45	50	55
Intangibles	-	-	-	-
Net fixed assets	70	74	78	82
Tangibles	70	74	78	82
Intangibles	-	-	-	-
Capital Work In Progress	15	21	27	33
Goodwill	-	-	-	-
Non-Current Investments	18	18	18	18
Net Deferred tax assets	(5)	(5)	(5)	(5)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	0	1	1	1
Trade receivables	7	10	11	12
Cash & Bank Balance	23	25	27	31
Other Current Assets	9	9	9	9
Total Assets	142	158	171	185
Equity				
Equity Share Capital	3	3	3	3
Other Equity	90	99	109	120
Total Network	93	102	112	123
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	-	-	-	-
Other current liabilities	44	52	55	58
Total Equity & Liabilities	142	158	171	185

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	19	19	21	24
Add. Depreciation	5	5	5	5
Add. Interest	0	0	0	0
Less Financial Other Income	4	4	4	5
Add. Other	(4)	-	-	-
Op. profit before WC changes	20	23	26	29
Net Changes-WC	6	4	2	2
Direct tax	(4)	(5)	(5)	(6)
Net cash from Op. activities	22	23	22	25
Capital expenditures	(11)	(15)	(15)	(15)
Interest / Dividend Income	-	-	-	-
Others	(4)	-	-	-
Net Cash from Invt. activities	(15)	(15)	(15)	(15)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(7)	(5)	(5)	(6)
Interest paid	-	0	0	0
Others	0	-	-	-
Net cash from Fin. activities	(8)	(5)	(6)	(6)
Net change in cash	(1)	3	2	4
Free Cash Flow	11	8	7	10

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	10.5	10.0	11.1	15.8
CEPS	13.9	13.3	14.4	19.4
BVPS	66.3	72.8	79.9	88.1
FCF	7.7	5.5	5.3	7.1
DPS	3.9	3.5	3.9	4.4
Return Ratio(%)				
RoCE	16.9	15.1	15.5	16.2
ROIC	12.6	11.1	11.5	12.3
RoE	16.5	14.3	14.5	18.8
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.2)	(0.2)	(0.2)
Net Working Capital (Days)	-	-	-	-
Valuation(x)				
PER	20.3	21.4	19.2	13.5
P/B	3.2	2.9	2.7	2.4
P/CEPS	15.3	16.0	14.7	11.0
EV/EBITDA	13.9	14.0	12.7	11.1
EV/Sales	1.8	1.7	1.6	1.5
Dividend Yield (%)	1.8	1.7	1.8	2.1

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	38	39	39	40
YoY gr. (%)	5.9	9.7	11.3	8.8
Raw Material Expenses	29	29	29	31
Gross Profit	8	10	10	9
Margin (%)	21.7	25.5	25.2	21.9
EBITDA	4	5	5	4
YoY gr. (%)	(34.9)	(5.4)	(11.5)	(17.4)
Margin (%)	9.7	12.5	13.1	11.0
Depreciation / Depletion	1	1	1	1
EBIT	2	4	4	3
Margin (%)	6.5	9.5	9.9	7.8
Net Interest	-	-	-	-
Other Income	1	1	1	2
Profit before Tax	4	5	5	5
Margin (%)	9.8	11.8	12.1	11.8
Total Tax	1	1	1	1
Effective tax rate (%)	22.4	25.0	25.2	21.6
Profit after Tax	3	3	4	4
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	3	3	4	4
YoY gr. (%)	(27.1)	(8.7)	(11.5)	(13.6)
Margin (%)	7.6	8.9	9.1	9.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3	3	4	4
YoY gr. (%)	(27.1)	(8.7)	(11.5)	(13.6)
Margin (%)	7.6	8.9	9.1	9.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3	3	4	4
Avg. Shares O/s (bn)	1	1	1	1
EPS (Rs)	2.0	2.5	2.5	2.7

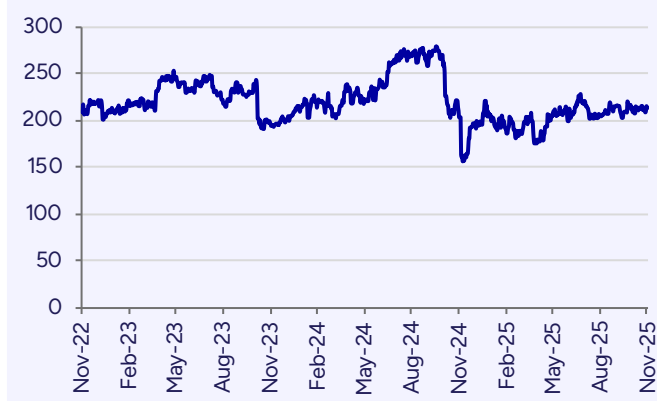
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Total Volume (mmscmd)	9.0	9.4	9.9	10.4
EBITDA (Rs/scm)	5.7	5.7	5.9	6.4

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	03-Oct-25	Reduce	192	209
2	31-Jul-25	Reduce	186	205
3	03-Jul-25	Reduce	186	221
4	28-Apr-25	Sell	150	185
5	16-Apr-25	Reduce	152	179
6	08-Apr-25	Sell	153	188
7	29-Jan-25	Sell	150	192
8	08-Jan-25	Sell	158	216
9	18-Nov-24	Sell	161	203

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Hold	403	392
2	Bharat Petroleum Corporation	Hold	361	357
3	Bharti Airtel	Accumulate	2,259	2,113
4	Clean Science and Technology	Hold	1,002	981
5	Deepak Nitrite	Hold	1,924	1,844
6	Fine Organic Industries	BUY	5,386	4,346
7	GAIL (India)	BUY	211	180
8	Gujarat Fluorochemicals	Hold	3,637	3,480
9	Gujarat Gas	Hold	415	408
10	Gujarat State Petronet	Hold	311	301
11	Hindustan Petroleum Corporation	Hold	476	476
12	Indian Oil Corporation	Accumulate	166	155
13	Indraprastha Gas	Reduce	192	209
14	Jubilant Ingrevia	Hold	695	677
15	Laxmi Organic Industries	Reduce	192	198
16	Mahanagar Gas	BUY	1,531	1,271
17	Mangalore Refinery & Petrochemicals	Accumulate	159	142
18	Navin Fluorine International	Accumulate	5,601	5,009
19	NOCIL	Hold	185	181
20	Oil & Natural Gas Corporation	BUY	292	249
21	Oil India	BUY	525	415
22	Petronet LNG	Hold	290	278
23	Reliance Industries	BUY	1,668	1,417
24	SRF	Hold	3,123	3,028
25	Vinati Organics	BUY	1,915	1,662

PL's Recommendation Nomenclature (Absolute Performance)

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

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