




**HOLD**

Sector: Gas Utilities

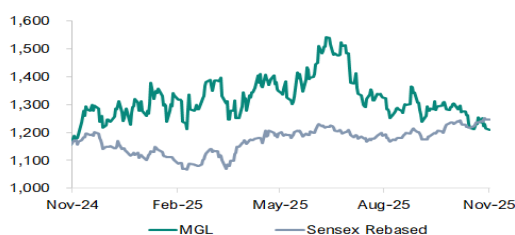
25<sup>th</sup> November, 2025

Key Changes		Target 	Rating 	Earnings 		Target	Rs. 1,326
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	<b>CMP</b>	<b>Rs. 1,210</b>
Small Cap	MAHGL:IN	84,901	MGL	539957	12 Months	<b>Return</b>	<b>+10%</b>

Data as of: 24-Nov-2025, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	11,923		
52 Week High — Low (Rs.)	1,586 - 1,154		
Enterprise Value (Rs. cr)	13,513		
Outstanding Shares (cr)	9.9		
Free Float (%)	57.5		
Dividend Yield (%)	2.4		
6m average volume (cr)	0.1		
Beta	1.4		
Face value (Rs. )	10.0		
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	32.5	32.5	32.5
FII's	23.8	25.5	23.6
MFs/Institutions	23.8	22.5	22.9
Public	8.9	8.8	10.3
Others	11.1	10.7	10.8
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-8.8%	-10.3%	4.6%
Absolute Sensex	4.8%	4.3%	7.7%
Relative Return	-13.6%	-14.6%	-3.1%

\*over or under performance to benchmark index



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Sales	7,979	8,665	9,601
Growth (%)	15.4	8.6	10.8
EBITDA	1,570	1,529	1,692
EBITDA Margin (%)	19.7	17.6	17.6
PAT Adjusted	1,040	969	1,044
Growth (%)	-19.0	-6.9	7.8
Adjusted EPS	105.3	98.1	105.7
Growth (%)	-19.0	-6.9	7.8
P/E	13.2	14.1	13.1
P/B	2.3	2.1	1.9
EV/EBITDA	8.5	8.8	7.9
ROE (%)	18.9	15.6	15.1
D/E	0.0	0.0	0.0

## Steady performance with expanding footprint

**Mahanagar Gas Ltd (MGL) distributes natural gas to households, commercial establishments and industries in India.**

- In Q2FY26, its consolidated revenue rose 15.0% YoY to Rs. 2,256cr, on higher volume of compressed natural gas (CNG) and piped natural gas (PNG), and contribution from new geographies
- Gas volume rose 9.2% YoY to 4.593 million metric standard cubic metres per day (mmscmd), comprising the supply of 3.255 mmscmd compressed natural gas (CNG; +7.1% YoY) and 0.582 mmscmd domestic piped natural gas (PNG; +9.8%), and 0.757 mmscmd to the commercial and industrial segment (+18.8%).
- Unison Enviro Pvt Ltd's merger widened MGL's pipeline network to Chitradurga, Davanagere, Latur, Osmanabad and Ratnagiri, as well as added 62,000 CNG vehicles and 95,000 PNG connections.
- EBITDA fell 18.3% YoY, resulting in EBITDA margin contracting 610bps to 15.0%, mainly because of a 26.6% increase in the cost of natural gas and traded items, 11.2% rise in employee benefit expenses and 17.1% rise in other expenses.
- Resultantly, PAT decreased 33.3% to Rs. 191cr with higher finance costs.

## Outlook & Valuation

MGL delivered steady performance, supported by the successful integration of new geographical areas and increase in the customer base. The management's focus on enhancing supply security, operational efficiency and digital monitoring systems are expected to strengthen network reliability. Targeted industrial conversions and gradual network densification should help in sustaining volumes. Hence, **we are upgrading our rating on the stock to HOLD from SELL, with a revised target price of Rs. 1,326, based on 12.5x FY27E adjusted earnings per share.**

## Quarterly Financials Consolidated

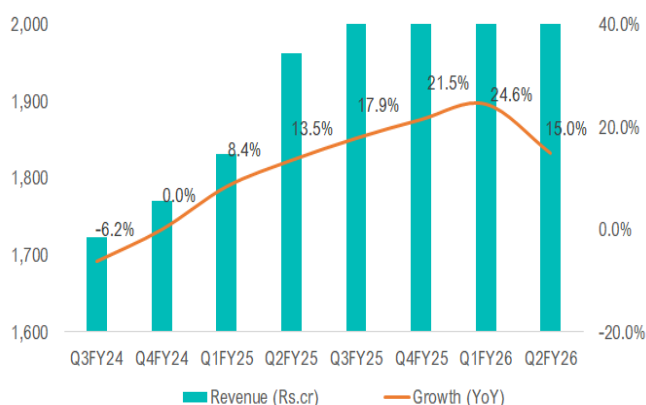
Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	2,256	1,963	15.0	2,282	-1.1	4,538	3,795	19.6
EBITDA	338	413	-18.3	501	-32.5	839	850	-1.4
Margin (%)	15.0	21.1	-610bps	21.9	-690bps	18.5	22.4	-390bps
EBIT	234	329	-28.9	405	-42.2	638	683	-6.5
PBT	256	373	-31.4	431	-40.7	687	759	-9.4
Rep. PAT	191	287	-33.3	319	-40.0	510	576	-11.4
Adj PAT	191	287	-33.3	319	-40.0	510	576	-11.4
Adj. EPS (Rs)	19.4	29.0	-33.3	32.3	-40.0	51.6	58.3	-11.4



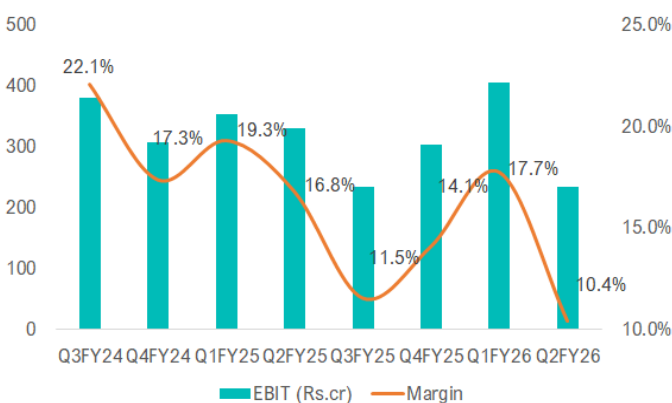
## Key concall highlights

- MGL connected 53,566 new households during the quarter, taking the total household count to 2.94mn, and laid 87.4km of pipeline, increasing the total length to 8,062km. It also added 14 CNG stations, taking the tally to 485 stations; the company aims to set up 80 CNG stations in FY26 vs 66 stations in FY25. It also added 116 industrial and commercial customers, taking the total to 5,316, and 27,150 new CNG vehicles, reaching a total of 1.22mn vehicles.
- The company has significant allocation from Administered Price Mechanism (1.7 mmscmd), which includes domestic PNG. Also, it has contracted volume of high pressure high temperature (HPHT; 0.6 mmscmd) and small allocation from new well intervention gas (0.3 mmscmd). It sources gas from the spot market as well, which includes HPHT and regasified liquified natural gas.
- In terms of growth, geographical area (GA) 1 (Mumbai) is expected to grow 6-7% YoY, GA 2 (Thane), 10-12%, and GA 3 (Raigadh), over 15%. EBITDA per standard cubic metre is guided at Rs 8.5-9.0, which includes UEPL.
- MGL's planned capital expenditure is Rs.1,100-1,200cr, with Rs. 900-1,000cr for MGL and Rs. 150-200cr for UEPL.
- It also plans to invest Rs. 800cr to set up a 1GW manufacturing unit with International Battery Company. The company has projected a top line of Rs. 1,000cr, i.e. 15-20% share to the overall top line, post 1.5-2.0 years of commissioning.

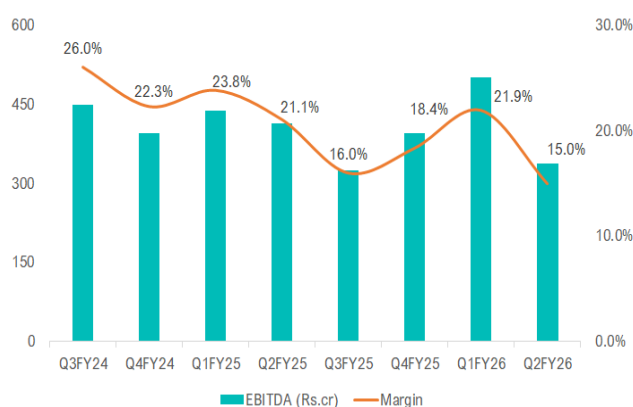
## Revenue



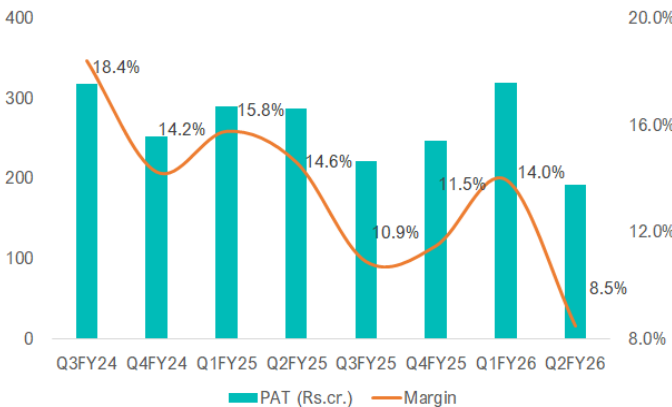
## EBIT



## EBITDA



## PAT



## Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	8,438	9,324	8,665	9,601	2.7	3.0
EBITDA	1,641	1,735	1,529	1,692	-6.8	-2.4
Margins (%)	19.5	18.6	17.6	17.6	-190bps	-100bps
Adj. PAT	1,066	1,136	969	1,044	-9.1	-8.1
EPS	108.0	115.0	98.1	105.7	-9.1	-8.1



## Consolidated Financials

### Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Sales</b>	<b>6,921</b>	<b>6,914</b>	<b>7,979</b>	<b>8,665</b>	<b>9,601</b>
% change	78.2	-0.1	15.4	8.6	10.8
<b>EBITDA</b>	<b>1,184</b>	<b>1,844</b>	<b>1,570</b>	<b>1,529</b>	<b>1,692</b>
% change	28.1	55.7	-14.9	-2.6	10.7
Depreciation	231	277	352	420	442
<b>EBIT</b>	<b>953</b>	<b>1,567</b>	<b>1,218</b>	<b>1,109</b>	<b>1,251</b>
Interest	9	13	14	15	17
Other Income	112	175	166	199	159
<b>PBT</b>	<b>1,056</b>	<b>1,728</b>	<b>1,370</b>	<b>1,292</b>	<b>1,392</b>
% change	30.9	63.7	-20.7	-5.6	7.8
Tax	265	443	329	323	348
Tax Rate (%)	25.2	25.7	24.0	25.0	25.0
<b>Reported PAT</b>	<b>790</b>	<b>1,285</b>	<b>1,040</b>	<b>969</b>	<b>1,044</b>
PAT att. to common shareholder-	790	1,285	1,040	969	1,044
Adj.*	-	-	-	-	-
<b>Adj. PAT</b>	<b>790</b>	<b>1,285</b>	<b>1,040</b>	<b>969</b>	<b>1,044</b>
% change	32.3	62.6	-19.0	-6.9	7.8
No. of shares (cr)	9.9	9.9	9.9	9.9	9.9
<b>Adj EPS (Rs.)</b>	<b>80.0</b>	<b>130.1</b>	<b>105.3</b>	<b>98.1</b>	<b>105.7</b>
% change	32.3	62.6	-19.0	-6.9	7.8
DPS (Rs.)	26.0	30.0	30.0	32.1	32.9

### Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Net inc. + Depn.</b>	<b>1,021</b>	<b>1,562</b>	<b>1,393</b>	<b>1,390</b>	<b>1,486</b>
Non-cash adj.	15	-20	6	197	234
Other adjustments	-	-	-	-	-
Changes in W.C	-67	26	7	-135	-31
<b>C.F. Operation</b>	<b>969</b>	<b>1,568</b>	<b>1,406</b>	<b>1,452</b>	<b>1,689</b>
Capital exp.	-713	-782	-1,177	-1,187	-1,195
Change in inv.	18	-350	86	-97	-46
Other invest.CF	46	51	40		
<b>C.F - Investment</b>	<b>-649</b>	<b>-1,082</b>	<b>-1,052</b>	<b>-1,284</b>	<b>-1,242</b>
Issue of equity	-	-	-	-	-
Issue/repay debt	-	-220	-33	-	-
Dividends paid	-252	-277	-296	-317	-325
Other finance.CF	-33	-3	-2	-	-
<b>C.F - Finance</b>	<b>-285</b>	<b>-499</b>	<b>-332</b>	<b>-317</b>	<b>-325</b>
Chg. in cash	35	-13	22	-150	123
<b>Closing Cash</b>	<b>228</b>	<b>426</b>	<b>333</b>	<b>183</b>	<b>305</b>

### Balance Sheet

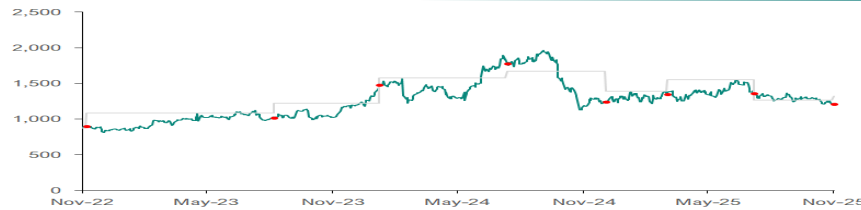
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	228	426	333	183	305
Accts. Receivable	294	296	364	503	566
Inventories	34	42	52	62	72
Other Cur. Assets	1,450	1,143	1,197	1,287	1,324
Investments	-	-	-	-	-
Gross Fixed As-sets	4,164	5,194	6,157	7,345	8,540
Net Fixed Assets	2,832	3,558	4,153	4,920	5,673
CWIP	709	823	1,068	1,068	1,068
Intangible Assets	194	677	701	708	715
Def. Tax -Net	83	100	105	110	108
Other Assets	209	187	328	309	331
<b>Total Assets</b>	<b>6,032</b>	<b>7,253</b>	<b>8,301</b>	<b>9,148</b>	<b>10,163</b>
Current Liabilities	1,561	1,700	1,875	2,029	2,224
Provisions	33	46	55	63	64
Debt Funds	-	-	-	-	-
Other Liabilities	303	365	479	513	612
Equity Capital	99	99	99	99	99
Res. & Surplus	4,035	5,045	5,793	6,445	7,164
Shareholder Funds	4,134	5,143	5,892	6,544	7,263
Minority Interest	-	-	-	-	-
<b>Total Liabilities</b>	<b>6,032</b>	<b>7,253</b>	<b>8,301</b>	<b>9,148</b>	<b>10,163</b>
BVPS	418	521	596	662	735

### Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	17.1	26.7	19.7	17.6	17.6
EBIT margin (%)	13.8	22.7	15.3	12.8	13.0
Net profit mgn.(%)	11.4	18.6	13.0	11.2	10.9
ROE (%)	20.4	27.7	18.9	15.6	15.1
ROCE (%)	18.5	25.1	16.8	13.4	13.6
<b>W.C &amp; Liquidity</b>					
Receivables (days)	12.4	15.4	14.9	18.0	20.0
Inventory (days)	2.2	3.2	3.1	3.5	3.7
Payables (days)	21.1	28.2	26.0	26.5	25.5
Current ratio (x)	1.3	1.1	1.0	1.0	1.0
Quick ratio (x)	1.2	1.0	0.9	0.9	0.9
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	1.8	1.5	1.4	1.3	1.2
Total asset T.O (x)	1.2	1.0	1.0	1.0	1.0
Int. covge. ratio (x)	101.5	117.8	86.6	72.3	72.9
Adj. debt/equity (x)	-	-	-	-	-
<b>Valuation</b>					
EV/Sales (x)	1.4	1.9	1.7	1.6	1.4
EV/EBITDA (x)	7.9	7.1	8.5	8.8	7.9
P/E (x)	12.2	10.5	13.2	14.1	13.1
P/BV (x)	2.3	2.6	2.3	2.1	1.9



## Recommendation Summary (Last 3 years)



Dates	Rating	Target
30-Nov-22	BUY	1,082
31-Aug-23	BUY	1,224
31-Jan-24	HOLD	1,575
05-Aug-24	REDUCE/SELL	1,673
26-Dec-24	ACCUMULATE	1,392
26-Mar-25	ACCUMULATE	1,552
31-Jul-25	SELL	1,266
25-Nov-25	HOLD	1,326

## 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.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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