

Indraprastha Gas Ltd.

HOLD

Sector: Gas Utilities

6th March, 2026

Key Changes	Target ▼	Rating ▲	Earnings ▼	Target	Rs. 173
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	IGL:IN	78,919	IGL	532514	12 Months
				CMP	Rs. 158
				Return	9%

Data as of: 06-Mar-2026, 16:00 hrs

Company Data	
Market Cap (Rs.cr)	22,092
52 Week High — Low (Rs.)	229 - 156
Enterprise Value (Rs. cr)	19,525
Outstanding Shares (cr)	140.0
Free Float (%)	50.0
Dividend Yield (%)	3.0
6m average volume (cr)	0.3
Beta	1.2
Face value (Rs.)	2.0

Shareholding (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	45.0	45.0	45.0
FII's	16.8	17.2	17.0
MFs/Institutions	24.0	24.1	24.2
Public	8.3	7.9	8.0
Others	5.9	5.8	5.8
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-16.4%	-24.8%	-12.1%
Absolute Sensex	-6.6%	-0.9%	8.5%
Relative Return	-9.8%	-24.0%	-20.6%

*over or under performance to benchmark index



Y.E March (Rs.cr)	FY26E	FY27E	FY28E
Sales	16,077	17,524	18,838
Growth (%)	7.7	9.0	7.5
EBITDA	1,989	2,383	2,632
EBITDA Margin (%)	12.4	13.6	14.0
PAT Adjusted	1,475	1,749	1,907
Growth (%)	0.5	18.5	9.0
Adjusted EPS	10.5	12.5	13.6
Growth (%)	0.5	18.5	9.0
P/E	15.2	12.8	11.8
P/B	2.1	1.9	1.7
EV/EBITDA	11.1	9.2	8.4
ROE (%)	14.1	14.8	14.3
D/E	0.0	0.0	0.0

Strategic expansion aids business growth

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.

- In Q3FY26, IGL's standalone revenue (net of excise duty) grew 8.2% YoY to Rs. 3,646cr, driven by volume growth and steady operational execution across segments.
- The total sales for the quarter reached 867 million standard cubic meter (SCM), marking a 3% YoY growth from 838 million SCM in Q3FY25. The average daily sales volume stood at 9.43 million SCM, up from 9.11 million SCM per day in Q3FY25.
- The CNG segment continued to perform strongly, with average daily sales exceeding 50 lakh kg per day, equivalent to 6.93 million SCM, representing a 3% YoY growth in SCM terms and a 5% YoY growth in kg terms.
- EBITDA increased 31.3% YoY to Rs. 473cr owing to higher topline and improved operational efficiency. Thus, the EBITDA margin expanded 200bps YoY to 11.6%.
- Profit after tax (PAT) rose strongly 25.5% YoY to Rs. 359cr, partly offset by a 33.7% YoY growth in total tax expenses.

Outlook & Valuation

IGL is poised for sustained growth due to its robust infrastructure, expanding footprint and favourable regulatory developments. The company's leadership position in India's city gas distribution sector and recent regulatory changes, such as tax replacements and transmission framework rationalisation, are expected to positively impact growth. IGL's financial performance shows resilience, with a 3% YoY growth in total sales volume. Furthermore, the company's aggressive pursuit of growth in new areas and infrastructure expansion supports its growth momentum, driven by sustained demand and expected benefits from regulatory changes, making it an attractive investment opportunity. Therefore, **we upgrade our rating on the stock to Hold, with a rolled-forward target price of Rs. 173 based on the SOTP valuation.**

Quarterly Financials Standalone

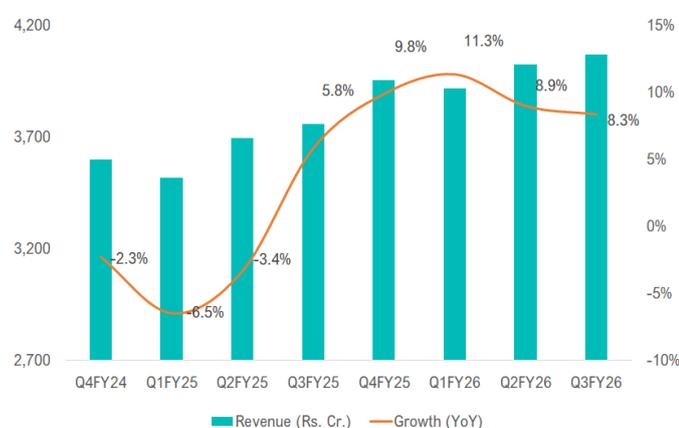
Rs.cr	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales	4,067	3,755	8.3	4,023	1.1	12,004	10,965	9.5
EBITDA	473	360	31.3	443	6.7	1,427	1,469	-2.9
Margin (%)	11.6	9.6	200bps	11.0	60bps	11.9	13.4	-150bps
EBIT	341	238	43.3	315	8.4	1,044	1,115	-6.3
PBT	469	369	27.3	475	-1.2	1,421	1,471	-3.4
Rep. PAT	359	286	25.5	373	-3.7	1,087	1,118	-2.8
Adj PAT	359	286	25.5	373	-3.7	1,087	1,118	-2.8
Adj. EPS (Rs)	2.6	2.0	25.5	2.7	-3.7	7.8	8.0	-2.7



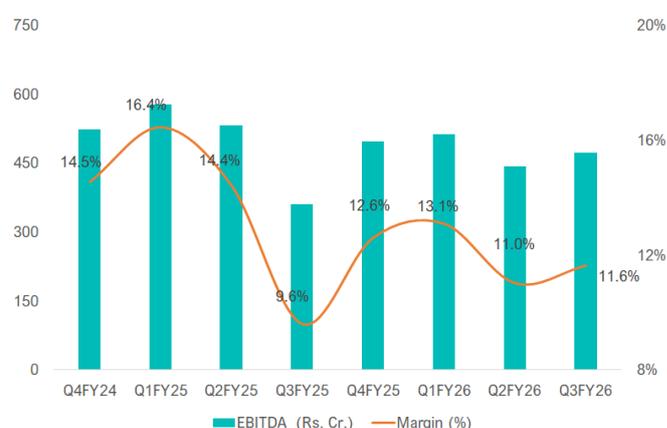
Key concall highlights

- The company aims to exit the current year with a volume of 10 MMSCMD (million standard cubic metres per day).
- The company maintains its volume guidance of adding 1 million each year, which translates to a growth rate of 9-10%.
- IGL's infrastructure comprises a steel pipeline network spanning over 2,500 kilometres and a network of medium-density polyethylene pipes of ~29,200 kilometres, facilitating the supply of natural gas to over 32.75 lakh households, ~5,400 industrial customers and ~7,400 commercial establishments.
- Two significant regulatory changes had a positive impact on the city gas distribution sector, particularly on IGL. A value-added tax of 15% on domestic gas from Gujarat has been replaced with a central sales tax of 2%, effective December 2025, which will reduce the costs of gas. Additionally, the gas transmission framework has been rationalised to a two-zone tariff regime from a three-zone structure.
- The piped natural gas segment saw growth, with average daily sales of ~2.5 million SCM per day, marking a 5% increase from 2.41 million SCM in the same quarter last year.

Revenue



EBITDA



SOTP Valuation

Particulars	Methodology	Multiple	% Holding	Value (Rs. cr.)	Value Per Share (Rs.)
IGL Standalone	FY28E P/E	12.0	100.0%	22,879	163
Investments					12
- CGS	Net Asset	1.1	50.0%	386	3
- MNGL	Net Asset	1.1	50.0%	1,265	9
20% holding discount to investments					-2
Target price					173

Change in Estimates

Year / Rs cr	Old estimates		New estimates			Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY28E	FY26E	FY27E
Revenue	16,420	17,570	16,077	17,524	18,838	-2.1	-0.3
EBITDA	2,200	2,442	1,989	2,383	2,632	-9.6	-2.4
Margins (%)	13.4	13.9	12.4	13.6	14.0	-100bps	-30bps
Adj. PAT	1,635	1,805	1,475	1,749	1,907	-9.8	-3.1
EPS	11.7	12.9	10.5	12.5	13.6	-9.8	-3.1



Standalone Financials

Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	14,000	14,928	16,077	17,524	18,838
% change	-0.9	6.6	7.7	9.0	7.5
EBITDA	2,367	1,979	1,989	2,383	2,632
% change	16.9	-16.4	0.5	19.8	10.4
Depreciation	414	474	519	575	646
EBIT	1,953	1,505	1,469	1,809	1,986
Interest	9	9	8	8	7
Other Income	363	442	486	508	538
PBT	2,307	1,937	1,947	2,308	2,516
% change	19.7	-16.0	0.5	18.5	9.0
Tax	559	469	472	559	610
Tax Rate (%)	24.2	24.2	24.2	24.2	24.2
Reported PAT	1,748	1,468	1,475	1,749	1,907
PAT att. to common shareholders	1,748	1,468	1,475	1,749	1,907
Adj.*	-	-	-	-	-
Adj. PAT	1,748	1,468	1,475	1,749	1,907
% change	21.0	-16.0	0.5	18.5	9.0
No. of shares (cr)	140.0	140.0	140.0	140.0	140.0
Adj EPS (Rs.)	12.5	10.5	10.5	12.5	13.6
% change	21.0	-16.0	0.5	18.5	9.0
DPS (Rs.)	4.5	4.3	2.3	2.7	3.0

Cashflow

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Depn.	2,161	1,941	1,994	2,323	2,553
Non-cash adj.	-590	14	277	375	190
Other adjustments	-	-	-	-	-
Changes in W.C	-35	250	180	-112	-21
C.F. Operation	1,536	2,205	2,451	2,587	2,721
Capital exp.	-1,202	-1,122	-1,608	-1,787	-1,931
Change in inv.	-412	-388	-406	-424	-444
Other invest.CF	520	2	135	104	97
C.F - Investment	-1,095	-1,507	-1,879	-2,108	-2,278
Issue of equity	-	-	-	-	-
Issue/repay debt	-	-	-10	-2	-2
Dividends paid	-280	-735	-322	-382	-416
Other finance.CF	-54	-40	4	5	6
C.F - Finance	-334	-775	-328	-378	-412
Chg. in cash	107	-77	244	101	32
Closing Cash	213	136	380	481	513

Balance Sheet

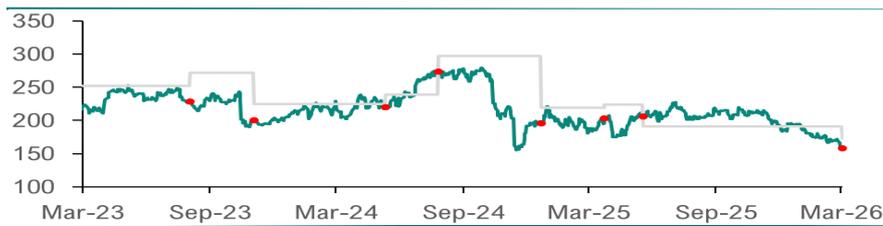
Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	213	136	380	481	513
Accts. Receivable	1,019	708	804	964	1,083
Inventories	52	49	69	79	90
Other Cur. Assets	3,072	3,732	3,484	3,194	3,125
Investments	277	293	698	1,123	1,567
Gross Fixed Assets	8,987	10,108	11,716	13,503	15,434
Net Fixed Assets	6,590	7,165	8,219	9,397	10,647
CWIP	1,396	1,486	1,515	1,546	1,577
Intangible Assets	9	6	6	6	7
Def. Tax -Net	15	15	16	17	17
Other Assets	478	600	600	600	600
Total Assets	13,121	14,189	15,791	17,406	19,225
Current Liabilities	4,079	4,304	4,672	4,812	5,011
Provisions	33	38	38	38	38
Debt Funds	78	98	88	86	84
Other Liabilities	380	465	557	666	798
Equity Capital	140	280	280	280	280
Res. & Surplus	8,412	9,004	10,157	11,524	13,015
Shareholder Funds	8,552	9,284	10,437	11,804	13,295
Minority Interest	-	-	-	-	-
Total Liabilities	13,121	14,189	15,791	17,406	19,225
BVPS	61	66	75	84	95

Ratio

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	16.9	13.3	12.4	13.6	14.0
EBIT margin (%)	14.0	10.1	9.1	10.3	10.5
Net profit mgn.(%)	12.5	9.8	9.2	10.0	10.1
ROE (%)	20.4	15.8	14.1	14.8	14.3
ROCE (%)	22.6	16.0	14.0	15.2	14.8
W.C & Liquidity					
Receivables (days)	26.2	17.1	18.0	19.8	20.7
Inventory (days)	1.9	1.6	2.0	2.2	2.4
Payables (days)	36.1	30.4	36.0	36.7	37.3
Current ratio (x)	1.1	1.1	1.0	1.0	1.0
Quick ratio (x)	0.5	0.5	0.5	0.6	0.6
Turnover & Leverage					
Gross asset T.O (x)	1.7	1.6	1.5	1.4	1.3
Total asset T.O (x)	1.1	1.1	1.1	1.1	1.0
Int. covge. ratio (x)	213.5	163.4	177.3	218.2	266.2
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	2.1	1.9	1.4	1.3	1.2
EV/EBITDA (x)	12.7	14.3	11.1	9.2	8.4
P/E (x)	17.3	19.3	15.2	12.8	11.8
P/BV (x)	3.5	3.1	2.1	1.9	1.7



Recommendation Summary - (Last 3 years)



Dates	Rating	Target
07-Aug-23	BUY	272
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	REDUCE	191
06-Mar-26	HOLD	173

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

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Geojit Investments Ltd. Registered Office: 7th Floor 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website : www.geojit.com/GIL . For investor queries: customer@geojit.com

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