

Indraprastha Gas

INR depreciation not a worry yet

We have analyzed the potential impact of the INR reaching its lowest level against the USD on Indraprastha Gas (IGL) and the price hike needed to offset any further depreciation. IGL's blended gas cost during the current quarter has come off on the back of reduced RLNG price in the international markets. Reduction in cost should offset the impact of current INR depreciation, leading to a negligible impact on IGL's per unit gross profit. However, if the blended gas cost remains at the current levels, every two-rupee depreciation of INR against USD will necessitate a price hike of INR 1.38/kg for the CNG segment and INR 0.52/scm for the DPNG segment, which in our opinion should not be a challenge for IGL. We maintain our BUY recommendation on IGL with a target price of INR 248, given (1) volume growth at ~7% CAGR over FY25-33E; (2) robust margins supported by higher gas allocation from the high-pressure, high-temperature (HPHT) fields to the priority sector; and (3) a strong portfolio of new geographical areas (GAs) ensuring volume growth visibility.

- **Negligible impact of INR depreciation on CNG:** IGL meets ~40% of its gas demand for CNG segment from RLNG, and the QTD average JKM LNG price has reduced to USD 11.15/mmbtu as against USD 11.79/mmbtu recorded in the previous quarter (i.e., -5%). This drop in gas cost has brought down the blended raw material cost of IGL for CNG segment by ~2% QoQ (from ~ USD 12.2/mmbtu to ~ USD 11.9/mmbtu) as per our calculations. This reduction in IGL's raw material cost for CNG segment has offset the increase in cost due to INR depreciation (from INR 87 in Q2FY26 to INR 89 QTD Q3FY26), leading to a negligible impact on IGL's earnings.
- **Impact of INR depreciation on DPNG:** DPNG segment, which contributes ~8% of IGL's total volumes, meets 100% of its gas requirement from the APM gas. With APM gas prices remaining unchanged sequentially and INR depreciating by ~2%, the total gas cost increase for IGL's DPNG segment comes to around INR 0.5/scm. Given the contribution to total volumes being low from DPNG segment, we do not view this rise in gas cost concerning.
- **Price hike requirement in case of further INR depreciation:** According to our calculations, in case the blended raw material cost stays at the current levels and INR depreciates further by two rupees against USD, IGL will need to undertake a price hike of INR 1.38/kg for the CNG segment and INR 0.52/scm for the DPNG segment.
- **DCF-based valuation:** Factoring in the YTD performance, we tweak our FY26/27 estimates marginally, resulting in a FY26/27E EPS cut of 3.0/3.1%. We have revised the TP to INR 248/sh (previously INR 249/sh; WACC 10.5%, terminal growth rate 1.5%). The stock is trading at 12.9x Dec-26E EPS.

Financial summary – IGL (consolidated)

(INR bn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	141.46	140.00	149.28	169.41	190.21	203.57
EBITDA	20.40	23.64	19.73	19.05	22.12	25.34
APAT	13.86	16.42	13.52	13.59	15.70	17.83
AEPS (INR)	11.7	14.2	12.2	12.5	14.4	16.3
P/E (x)	16.4	13.6	15.7	15.3	13.4	11.8
EV/EBITDA(x)	11.9	10.5	12.5	13.0	11.0	9.4
RoE (%)	21.1	22.6	16.9	15.6	15.9	16.0

Source: Company, HSIE Research

BUY

CMP (as on 05 Dec 2025)	INR 192
Target Price	INR 248
NIFTY	26,186

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 249	INR 248
EPS change	FY26E -3.0%	FY27E -3.1%

KEY STOCK DATA

Bloomberg code	IGL IN
No. of Shares (mn)	1,400
MCap (INR bn) / (\$ mn)	269/2,984
6m avg traded value (INR mn)	726
52 Week high / low	INR 229/171

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(12.5)	(6.6)	6.2
Relative (%)	(18.9)	(12.7)	0.2

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	45.00	45.00
FIs & Local MFs	23.98	24.08
FPIs	16.82	17.21
Public & Others	14.20	13.71
Pledged Shares	0.00	0.00

Source: BSE

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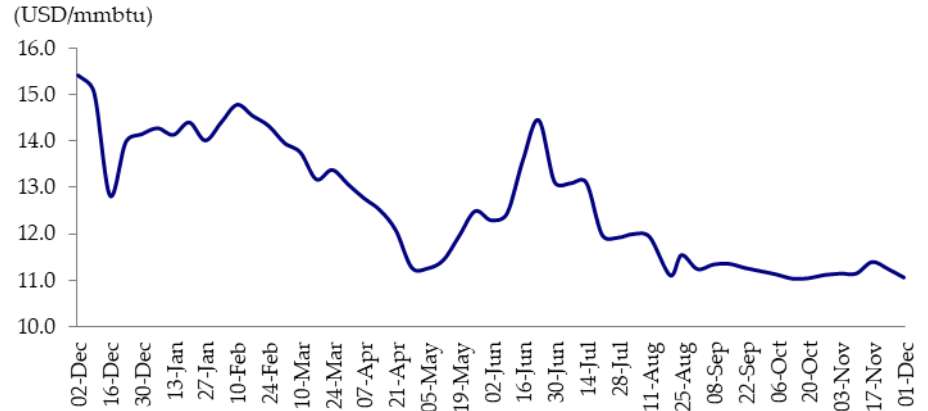
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Changes in estimates

YE March	FY26E			FY27E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR bn)	19.8	19.1	-3.6	23.0	22.1	-3.7
EPS	12.9	12.5	3.0	14.8	14.4	3.1

Source: HSIE Research

Exhibit 1: JKM LNG price at its one year low



Source: Various media sources, HSIE Research

Exhibit 2: Despite USD appreciating by INR 2 QoQ, gas cost for CNG has increased by just INR 0.07/kg

	Unit	Q2FY26	QTD Q3FY26	Change
Blended gas cost	US\$/mmbtu	12.2	11.9	(0.26)
Exchange rate	Rs/US\$	87.0	89.0	2.00
Blended gas cost	Rs/scm	38.65	38.70	0.04
Blended gas cost before excise duty	Rs/Kg	53.73	53.79	0.06
Excise duty	%	14.0	14.0	-
Excise duty	Rs/Kg	7.52	7.53	0.01
Total gas cost	Rs/Kg	61.25	61.32	0.07

Source: HSIE Research

Exhibit 3: INR depreciation to increase gas cost for DPNG segment by ~ INR 0.5/scm

	Unit	Q2FY26	Q3FY26 QTD	Change
Blended gas cost	US\$/mmbtu	6.75	6.75	-
Exchange rate	Rs/US\$	87.00	89.00	2.00
Blended gas cost	Rs/scm	21.44	21.93	0.49
APM mix in DPNG volume	%	100.0	100	-
Expected gas cost before VAT	Rs/scm	21.44	21.93	0.49
VAT	%	5.0	5.0	-
VAT	Rs/scm	1.13	1.15	0.03
Expected gas cost	Rs/scm	22.57	23.09	0.52

Source: HSIE Research

Indraprastha Gas: Company Update

Exhibit 4: Impact of further INR depreciation on gas cost for CNG

	Unit	Current	Further INR depreciation	Change
Blended gas cost	US\$/mmbtu	11.9	11.9	-
Exchange rate	Rs/US\$	89.0	91.0	2.00
Increase in blended gas cost	Rs/scm	38.67	39.53	0.87
Increase in blended gas cost before excise duty	Rs/Kg	53.75	54.95	1.21
Excise Duty	Rs/Kg	7.52	7.69	0.17
ED	%	14.00	14.00	
Increase in blended gas cost	Rs/Kg	61.27	62.65	1.38

Source: HSIE Research

Exhibit 5: Impact of further INR depreciation on gas cost for DPNG

	Unit	Current	Further INR depreciation	Change
Expected DPNG price before VAT	US\$/mmbtu	6.75	6.75	-
Exchange rate	Rs/US\$	89.00	91.00	2.00
VAT	Rs/scm	21.93	22.43	0.49
APM mix in DPNG volume	%	100.0	100	-
Expected DPNG price before VAT	Rs/scm	21.93	22.43	0.49
VAT	%	5.0	5.0	
VAT	Rs/scm	1.15	1.18	0.03
Expected DPNG price	Rs/scm	23.09	23.61	0.52

Source: HSIE Research

Exhibit 6: Peer Comparison

Company	MCap (INR bn)	RECO	CMP (INR)	TP (INR)	P/E (x)		P/BV (x)		ROE (%)		EV/EBITDA (x)	
					FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
IGL	269	BUY	192	248	15.3	13.4	2.3	2.0	15.6	15.9	13.0	11.0
GGL	280	ADD	407	472	21.9	15.8	3.0	2.6	14.3	17.7	12.5	9.5
MGL	115	BUY	1168	1880	9.9	9.1	1.8	1.6	18.7	18.2	5.7	4.9

Source: NSE, Company, HSIE Research

Exhibit 7: HSIE vs. consensus

(INR/sh)	Consensus EPS		HSIE EPS		Variance (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
IGL	12.6	14.2	12.5	14.4	(0.8)	1.4

Source: Bloomberg, HSIE Research

Exhibit 8: IGL P/E chart



Source: NSE, Company, HSIE Research

Exhibit 9: IGL P/BV chart



Source: NSE, Company, HSIE Research

Financials (Consolidated)

Income Statement

(INR bn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenues	141	140	149	169	190	204
Growth %	83	(1)	7	13	12	7
Raw Material	104	98	111	130	146	154
Employee Cost	2	2	2	2	2	3
Other Expenses	15	16	17	18	20	21
EBITDA	20	24	20	19	22	25
EBITDA Margin (%)	14	17	13	11	12	12
EBITDA Growth %	8	16	(17)	(3)	16	15
Depreciation	4	4	5	5	6	7
EBIT	17	19	15	14	16	19
Other Income (Including EO Items)	2	3	3	4	5	5
Interest	0	0	0	0	0	0
PBT	19	22	18	18	21	24
Tax	5	6	5	4	5	6
RPAT	14	16	14	14	16	18
EO (Loss) / Profit (Net Of Tax)	-	-	-	-	-	-
APAT	14	16	14	14	16	18
Share from associates	3	3	4	4	4	5
Consolidated APAT	16	20	17	18	20	23
Consolidated APAT Growth (%)	9	21	(14)	2	15	13
AEPS	11.7	14.2	12.2	12.5	14.4	16
AEPS Growth %	9	21	(14)	2.5	15	13

Source: Company, HSIE Research

Balance Sheet

(INR bn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS						
Share Capital	1	1	3	3	3	3
Reserves And Surplus	78	95	103	116	131	147
Total Equity	79	96	106	119	134	150
Minority Interest			0	0	0	0
Long-term Debt	-	-	-	-	-	-
Short-term Debt	-	-	-	-	-	-
Total Debt	-	-	-	-	-	-
Deferred Tax Liability	3	4	5	4	5	6
Long-term Provision and others	1	1	2	2	2	2
TOTAL SOURCES OF FUNDS	84	101	113	125	140	158
APPLICATION OF FUNDS						
Net Block	57	66	72	85	98	110
Capital WIP	14	14	15	15	16	17
LT Loans And Advances	1	5	6	6	6	7
Total Non-current Investments	15	22	29	29	29	29
Total Non-current assets	88	107	123	136	150	163
Inventories	0	1	0	1	1	1
Debtors	9	10	7	8	9	10
Cash and Cash Equivalents	26	22	23	20	24	30
Other Current Assets	2	3	3	7	8	8
Total Current Assets	38	35	33	36	42	48
Creditors	9	10	9	11	12	13
Other Current Liabilities & Provns	33	31	34	36	39	41
Total Current Liabilities	42	41	43	47	51	54
Net Current Assets	(4)	(6)	(10)	(11)	(9)	(5)
TOTAL APPLICATION OF FUNDS	84	101	113	125	140	158

Source: Company, HSIE Research

Indraprastha Gas: Company Update

Cash Flow Statement

Year ending March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	19	22	18	18	21	24
Non-operating & EO Items	1	1	0	(0)	(0)	(0)
Interest Expenses	0	0	0	0	0	0
Depreciation	4	4	5	5	6	7
Working Capital Change	6	(3)	5	(2)	2	2
Tax Paid	(4)	(5)	(4)	(5)	(4)	(5)
OPERATING CASH FLOW (a)	25	19	25	17	25	27
Capex	(12)	(12)	(12)	(18)	(20)	(20)
Free Cash Flow (FCF)	13	6	13	(1)	5	7
Investments	11	(7)	(7)	-	-	-
Non-operating Income	2	3	3	4	5	5
Others	(1)	(4)	(1)	(0)	(0)	(0)
INVESTING CASH FLOW (b)	1	(21)	(17)	(14)	(15)	(15)
Debt Issuance/(Repaid)	-	-	0	(0)	-	-
Interest Expenses	(0)	(0)	(0)	(0)	(0)	(0)
FCFE	13	6	13	(1)	5	7
Share Capital Issuance	-	-	1	-	-	-
Dividend	(9)	(6)	(6)	(5)	(5)	(6)
Others	(4)	3	(2)	0	0	0
FINANCING CASH FLOW (c)	(13)	(3)	(7)	(5)	(6)	(6)
NET CASH FLOW (a+b+c)	13	(5)	1	(2)	4	6
EO Items, Others						
Closing Cash & Equivalents	26	22	23	20	24	30

Source: Company, HSIE Research

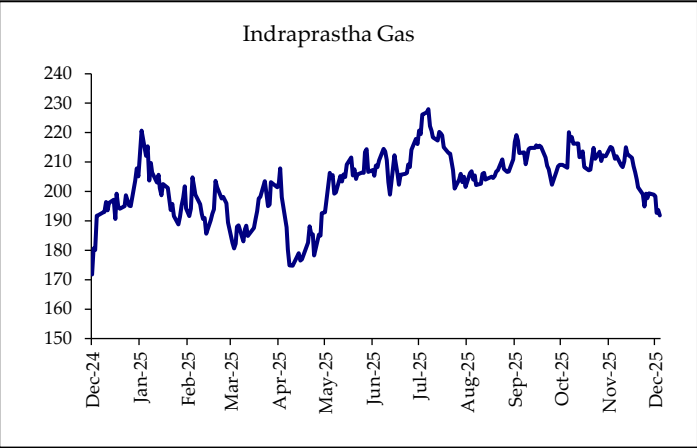
Key Ratios

	FY23	FY24	FY25	FY26E	FY27E	FY28E
PROFITABILITY %						
EBITDA Margin	14.4	16.9	13.2	11.2	11.6	12.4
EBIT Margin	11.9	13.9	10.0	8.2	8.5	9.1
APAT Margin	11.6	14.2	11.5	10.4	10.6	11.2
RoE	21.1	22.6	16.9	15.6	15.9	16.0
RoIC	30.5	33.3	21.3	17.9	17.7	18.0
RoCE	21.2	22.7	17.0	15.7	16.0	16.1
EFFICIENCY						
Tax Rate %	25.8	25.4	25.8	24.2	24.2	24.2
Fixed Asset Turnover (x)	2.0	1.7	1.6	1.6	1.5	1.4
Inventory (days)	1.3	1.4	1.2	1.2	1.2	1.2
Debtors (days)	23.3	26.6	17.3	17.3	17.3	17.3
Other Current Assets (days)	5.8	6.7	7.2	16.0	14.8	14.4
Payables (days)	31.5	36.6	30.8	30.8	30.8	30.8
Other Current Liab & Provns (days)	85.9	80.7	82.6	77.8	74.0	72.9
Cash Conversion Cycle (days)	(87.1)	(82.7)	(87.8)	(74.2)	(71.5)	(70.9)
Net Debt/EBITDA (x)	(1.3)	(0.9)	(1.1)	(1.1)	(1.1)	(1.2)
Net D/E	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Interest Coverage	158.3	212.6	145.4	151.5	176.3	201.6
PER SHARE DATA (Rs)						
EPS	11.7	14.2	12.2	12.5	14.4	16.3
CEPS	14.3	17.1	15.6	16.2	18.6	21.1
Dividend	6.5	4.5	4.3	3.4	3.9	4.5
Book Value	56.7	68.8	75.8	85.0	95.4	107.2
VALUATION						
P/E (x)	16.4	13.6	15.7	15.3	13.4	11.8
P/Cash EPS (x)	13.4	11.2	12.3	11.9	10.3	9.1
P/BV (x)	3.4	2.8	2.5	2.3	2.0	1.8
EV/EBITDA (x)	11.9	10.5	12.5	13.0	11.1	9.4
EV/Revenue (x)	1.7	1.8	1.6	1.5	1.3	1.2
Dividend Yield (%)	3.4	2.3	2.2	1.8	2.0	2.3
OCF/EV (%)	10.2	7.7	10.0	6.8	10.1	11.3
FCFF/EV (%)	5.5	2.6	5.1	(0.5)	2.1	3.0
FCFE/M Cap (%)	4.9	2.4	4.7	(0.6)	1.9	2.6

Source: Company, HSIE Research

Indraprastha Gas: Company Update

Price Movement



Rating Criteria

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: > 10% Downside return potential

Indraprastha Gas: Company Update

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