



**THE PETROLEUM AND NATURAL GAS REGULATORY BOARD (PNGRB) HAS DECLARED WINNERS UNDER THE 10TH CITY GAS DISTRIBUTION (CGD) BIDDING ROUND ON WEDNESDAY. HERE ARE THE WINNERS**

## PNGRB 10th CGD round status

### INDRAPRASTHA GAS

Kaithal (HR)  
Ajmer, Pali and Rajsamand (RAJ)  
Kanpur (Parts), Fatehpur and Hamirpur (UP)

### Indian Oil

Araria, Purnia, Katihar and Kishanganj (BR)  
Arwal, Jehanabad, Bhojpur and Buxar (BR)  
Khagaria, Saharsa and Madhepura (BR)  
Lakhisarai, Munger and Bhagalpur (BR)  
Muzaffarpur, Vaishali, Saran and Samastipur (BR)  
Nawada and Koderma (BR, JH)  
Sheikhpura, Jamui and Deoghar (BR, JH)  
Ashoknagar (MP)  
Morena (MP)

### Gujarat Gas

Sirsa, Fatehabad and Mansa (Punjab) (HR, PB)  
Ujjain (Parts), Dewas (Parts) & Indore (Parts) (MP)  
Jhabua, Banswara, Ratlam & Dungarpur (MP, RAJ)  
Ferozepur, Faridkot and Sri Muktsar Sahib (PB)  
Hoshiarpur and Gurdaspur (PB)  
Jalore and Sirohi (RAJ)

### Adani Gas

Anuppur, Bilaspur and Korba (MP, CH)  
Jhansi (Parts), Bhind, Jalaun, Lalitpur & Datia (MP, UP)

### IOCL Adani Pvt. Ltd. )

Jaunpur and Ghazipur (UP)

### AG&P

Anantapur and YSR (Kadapa) (AP)  
Sri Potti Sriramulu Nellore (AP)

Chittoor, Kolar and Vellore (AP, TN, KA)  
Bagalkot, Koppal and Raichur (KA)  
Chikkamagaluru, Hassan and Kodagu (KA)  
Kalaburagi and Vijayapura (KA)  
Mysuru, Mandya and Chamarajanagar (KA)  
Uttara Kannada, Haveri and Shivamogga (KA)  
Alapuzha, Kollam and Thiruvananthapuram (KE)

### BPCL

Chatra and Palamu (JH)  
Sidhi and Singrauli (MP)  
Torrent Gas  
Azamgarh, Mau and Ballia (UP)  
Basti and Ambedkarnagar (UP)  
Gonda and Barabanki (UP)

### HPCL

Bareilly (Parts), Pilibhit and Rampur (UP)  
Farrukhabad, Etah and Hardoi (UP)  
Mainpuri and Kannauj (UP)  
Shahjahanpur and Budaun (UP)  
Bijnor and Nainital (UP, UK)  
Darjeeling, Jalpaiguri and Uttar Dinajpur (WB)  
Howrah (Parts) and Hoogly (Parts) (WB)  
Nadia (Parts) and North 24 Parganas (Parts) (WB)  
South 24 Parganas (Parts) (WB)

### GAIL Gas

Seraikela-Kharsawan (JH)  
West Singhbhum (JH)  
Raisen, Shajapur and Sehore (MP)  
Mirzapur, Chandauli and Sonbhadra (UP)

# Outlook stays strong for city gas distribution players

Besides faster volume ramp-up, profitability to remain healthy for GAIL, IGL and Gujarat Gas

UJJVAL JAUHARI

The latest round of bidding for city gas distribution (CGD) licenses covering 50 new geographical areas was pretty aggressive, which saw incumbents such as Indraprastha Gas (IGL) and Gujarat Gas win only a few areas, while Mahanagar Gas (MGL) did not get even a single new area. However, analysts see a silver lining in this.

Those at Edelweiss Securities say these CGD firms have remained selective in bidding, and believe that incumbents have focused on maintaining current levels of return on capital employed (RoCE), which led to them

being outbid by new aggressive entrants.

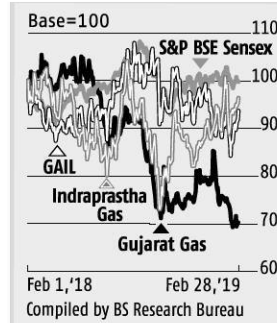
The optimism also stems from the outlook for volume growth of the companies. Given the strategic nature of the 20 geographical areas won by GAIL, IGL and Gujarat Gas that complement their infrastructure presence, these players could see significant volume ramp-up over the next 3 years, say analysts at BOB Capital.

For instance, Gujarat Gas has won six areas across Haryana, Madhya Pradesh, Punjab and Rajasthan, where the presence of gas pipeline infrastructure belonging to its parent — Gujarat State Petronet — can be monetised.

Similarly, for IGL, the three new license areas bagged across Haryana, Rajasthan and Uttar Pradesh (around Kanpur) are an extension of its existing NCR (National Capital Region) and Kanpur (CUPGL JV) grids, therefore making the new areas a good strategic fit.

Further, the government's sustained thrust on boosting gas consumption and achieving its target (gas accounts for 15 per cent of the energy mix) should also drive volumes.

IGL remains in a sweet spot catering to the NCR, which is seeing a strong focus on curbing pollution and shifting to cleaner fuels. Gujarat Gas, too, continues benefitting from



industrial demand, besides an expanding network. Analysts at Jefferies, thus, have maintained a positive view on the company.

The government's sustained thrust on boosting gas consumption also allays con-

cerns over bringing administered prices of gas at parity with imports. Administered price of domestic gas is typically lower than the price of imported gas. Gas is an input for CGD companies. So, apart from the faster volume ramp-up for these companies, profitability is also likely to remain healthy.

Among stocks, Edelweiss remains positive on IGL, MGL and Gujarat Gas, in order of preference. Further, while GAIL has won a few CGD areas, the overall expanding gas distribution and consumption in the country bodes well for GAIL's gas pipeline business, which will remain the ultimate beneficiary of rising transmission and trading volumes.