

Costlier LNG, EVs: Gas distributors may feel the heat

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LEADING GAS DISTRIBUTION companies delivered a robust performance in the quarter ended September, compared to the year-ago period, primarily as their sales volumes increased on par with analysts' expectations except for Gujarat Gas. However, revenue growth for majority of these companies fell on the back of low and volatile gas prices last quarter.

While net profit for the city gas distribution companies – Indraprastha Gas and Mahanagar Gas – was up due to a rise in the sales volume, GAIL benefitted from higher transmissions this quarter.

The cumulative consolidated net profit of three major gas distribution companies – Mahanagar Gas, Indraprastha Gas, and GAIL rose 57.8% to ₹3,629.6 crore from the corresponding period last year. Mahanagar Gas reported the highest net profit of ₹339 crore, up by 106%. However, of all the companies, Gujarat Gas reported a fall of 27% to ₹296 crore due to a decline in its revenue from operations.

Sequentially, net profit of all the gas distribution companies was up except Mahanagar Gas whose profit fell by 8% from the previous quarter.

Analysts had projected higher earnings for the CGD companies on falling LNG (Liquified Natural Gas) cost and higher PNG (Piped Natural Gas) realisation with a strong volume growth of 5-6% on year as the companies realise the benefit of implementation of KPC recommendation.

According to the results, IGL's total sales volume for the July-September quarter rose to 763.80 mmscm from 744.17 mmscm from the corresponding period last year. MGL, too, reported an increase of 5.2% in its sales of CNG and 7.8% in its PNG sales in Q2FY24 compared with last year.

During the quarter, natural gas transmission volume of GAIL stood at 120.31 mmscmd as against 116.33 mmscmd in the previous



Report card

Consolidated net profit

(₹ cr) Q1 FY24 Q2 FY24



quarter.

Even as the net profit got a boost from the increase in sales, the aggregate revenue from operations of these companies fell by 12% to ₹42,592.3 crore in Q2FY24 due to low prices of gas.

The revenue from operations of the country's top distributor and transmitter of natural gas, GAIL India, witnessed the largest fall of 15% to ₹33,049.68 crore in the three months ended September, while revenue of Mahanagar Gas largely remained unchanged at ₹1,728.94 crore.

Moreover, Ebitda margin for all the gas distribution companies except Gujarat Gas improved in the quarter under review, also boosted by a growth in the sales volume.

IGL's EBIDTA rose by 25% to ₹656.94 crore in Q2FY24, compared with ₹527.52 crore in Q2FY23. GAIL, too, reported a 43.5% rise in its EBIDTA at ₹3,492 crore. Gujarat Gas, on the contrary, came in lower at ₹661.77 crore, down by 20.7% from the corresponding period last year.