



- GAIL (India) Limited has won the SAP ACE Award 2024 for Best Financial Transformation. The award highlights the company's impressive achievement in digitally transforming its trust accounting process using SAP TRM.



**GAIL signs 10-year agreement with
ADNOC Gas**

GAIL (India) Limited signed a 10-year Sales and Purchase Agreement (SPA) with ADNOC Gas for the delivery of up to 0.52 million metric tonnes per annum (MMTPA) of liquified natural gas (LNG), starting in 2026. This is the first SPA of ADNOC Gas with an Indian buyer.

The LNG will be delivered in six cargoes per year from ADNOC Gas' Das Island natural gas facility, which has an LNG processing capacity of 6.0 MMTPA.

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Shares of city gas distributors plummet on lower allocation

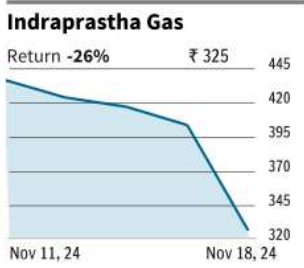
PRESSURE MOUNTS. Analysts downgrade stocks, say APM de-allocation will affect 9-11% of overall volumes

Madhu Balaji
Bengaluru

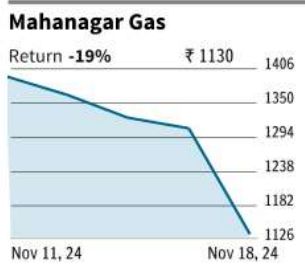
Shares of gas distribution companies such as Indraprastha Gas, Mahanagar Gas, and Gujarat Gas fell sharply in early trade on Monday following the reduction of administered price mechanism (APM) allocation for the second straight month.

“Not only does this deal a severe blow, but now market is likely to build in more cuts,” Nuvama Institutional Equities analysts said.

They added that the recent APM de-allocation will affect 9-11 per cent of overall volumes due to replacement of cheap gas by costlier LNG, HPHT and new-well gas.

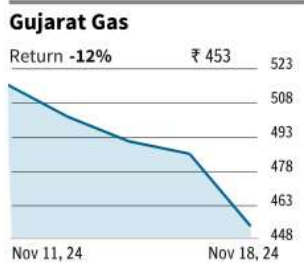


Shares of city gas companies were downgraded by analysts. Global brokerages such as Jefferies and JP Morgan have also downgraded city gas stocks at a slashed target price. Jefferies has downgraded MGL and IGL to underperform, while JP Morgan has devalued MGL to neutral from overweight and IGL underweight.



Nuvama has downgraded IGL, MGL to reduce rating after lowering near-term/long-term margin and volume forecasts due to twin APM de-allocation.

TWIN CHALLENGE
The brokerage has also downgraded GGL to 'hold' as it is least hurt by APM de-allocation due to lower priority sector volumes.



JM Financial has maintained sell calls on IGL and MGL at a target price of ₹350 and ₹1,100, respectively. However, the brokerage retained buy rating on Gujarat Gas at a lowered target price of ₹600.

Emkay Global has downgraded IGL or MGL to reduce or add ratings at the target prices of ₹385 or ₹1,400. While it is a little pre-

ture to understand the impact on volume, said PL Capital,

Though it has not cut their EPS estimates so far, the brokerage, due to the threat in both, has cut down on their multiples, thereby resulting in downgrading all to Sell.

Indraprastha Gas (IGL) shares plunged to close 19.84 per cent lower at ₹325.30. Mahanagar Gas (MGL) stock fell 14.04 per cent to ₹1,128.35.

Gujarat Gas (GGL) stock slumped 6.80 per cent on the NSE to trade close at ₹452.95. Adani Total Gas (ATGL) shares declined 1.75 per cent to ₹671.90. ONGC shares closed flat at ₹250.90.

GAIL shares ended 1.98 per cent lower at ₹185.15.



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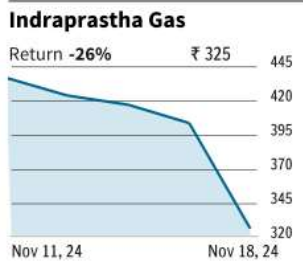
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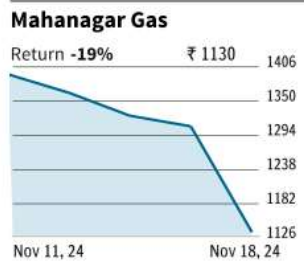
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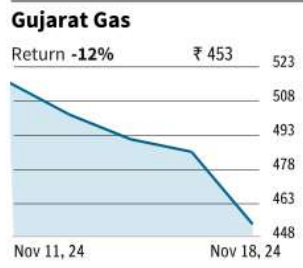


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एमजीएल और आईजीएल के शेयर हुए धराशायी

दीपक कोरगावकर
मुंबई, 18 नवंबर

सिटी गैस वितरक कंपनियों महानगर गैस (एमजीएल) और इंद्रप्रस्थ गैस (आईजीएल) के शेयर सोमवार को कारोबारी सत्र के दौरान 15 फीसदी तक टूट गए क्योंकि केंद्र सरकार ने प्रशासित कीमत की व्यवस्था वाला देसी गैस का उनका आवंटन और घटा दिया है। इस कदम से गैस वितरक कंपनियों के लाभ पर असर पड़ सकता है।

कम गैस आवंटन 16 नवंबर, 2024 से प्रभावी होगा।

आईजीएल का शेयर 20 फीसदी टूटकर 326.70 रुपये पर आ गया और इस तरह से उसने 10 गुना औसत ट्रेडिंग वॉल्यूम के कारण 52 हफ्ते के निचले स्तर पर पहुंच गया। यह शेयर 20 नवंबर, 2023 के अपने पिछले निचले स्तर 382.80 रुपये से भी नीचे चला गया। अंत में यह बीएसई पर 19.93 फीसदी की गिरावट के साथ 325.05 रुपये पर बंद हुआ। इस बीच, एमजीएल बीएसई पर कारोबारी सत्र के दौरान 18 फीसदी फिसलकर 1,075 रुपये पर आ गया। अंत में यह शेयर 13.79 फीसदी की गिरावट के साथ 1,130.55 रुपये पर बंद हुआ। शेयर ने 23 नवंबर को 52 हफ्ते के निचले स्तर 1,018 को छुआ था। ये शेयर 52 हफ्ते के अपने-अपने उच्चस्तर से क्रमशः 43 फीसदी व 46 फीसदी टूटे हैं। इसके अलावा गुजरात गैस का शेयर बीएसई पर कारोबारी सत्र के दौरान 9 फीसदी टूटकर 442.80 रुपये पर आ गया। गुजरात गैस का शेयर अंत में 6.82 फीसदी की गिरावट के साथ 453.05 रुपये पर बंद हुआ।

आईजीएल ने एक्सचेंज को दी सूचना में कहा कि घरेलू गैस आवंटन के लिए नोडल एजेंसी गैल से मिले संदेश के आधार पर 16 नवंबर, 2024 से कंपनी के गैस आवंटन में और कटौती होगी। कंपनी ने कहा कि



संशोधित गैस आवंटन पहले के मुकाबले करीब 20 फीसदी कम होगा जिसका कंपनी के लाभ पर प्रतिकूल असर पड़ेगा। आईजीएल ने कहा कि उसे सीएनजी बिक्री वॉल्यूम की जरूरतें पूरी करने के लिए सरकार की तरफ से तय कीमत पर गैस मिलती है, जो अभी 6.5 डॉलर प्रति एमएमबीटीयू है। कंपनी इसका समाधान निकालने के लिए सभी विकल्पों को देख रही है।

इस बीच, एमजीएल ने कहा कि प्रशासित कीमत की व्यवस्था के तहत कंपनी को गैस का आवंटन करीब 18 फीसदी घटा है, जो 16 नवंबर से प्रभावी हो गया है। गैस आवंटन में कमी से कंपनी के लाभ पर असर पड़ेगा। इसकी भरपाई के लिए एमजीएल सभी विकल्पों को देख रही है ताकि वह अपने ग्राहकों को स्थिर कीमत के साथ गैस मुहैया करा सके। ब्रोकरेज फर्म मोतीलाल ओसवाल फाइनेंशियल सर्विसेज का अनुमान है कि सिटी गैस वितरक कंपनियों को अपना एबिटा/एससीएम मार्जिन बनाए रखने के लिए सीएनजी की कीमतें 5-6 रुपये प्रति किलोग्राम बढ़ानी होंगी, यह मानते हुए कि एपीएम गैस आवंटन में कमी की भरपाई 9-10 डॉलर प्रति एमएमबीटीयू वाली गैस से होगी। ब्रोकरेज फर्म ने हाल में सभी सिटी गैस वितरक कंपनियों के एबिटा/एससीएम अनुमानों में कटौती की थी और यह 16 अक्टूबर से प्रभावी गैस आवंटन में कटौती के कारण की गई थी।

City distributors may raise CNG prices after cut in gas allocation

ENS ECONOMIC BUREAU @ New Delhi

THE city gas distributors (CGDs) could raise CNG prices following a 20% reduction in their gas allocation under the administered price mechanism (APM), opines industry expert.

Girish Kadam, senior vice-President & group head of corporate ratings at ICRA Limited, explained that the reduction in APM allocation will likely require city gas distributors to source more expensive HPHT gas or LNG, which will increase overall gas costs for the sector.

"In order to maintain contribution margins at existing levels compressed natural gas (CNG) prices would have to be increased by about ₹5-5.5/kg. The expected price rise may result in slower growth in the CNG vehicle registrations, which have been the key driver of CNG sales volume for the sector," said Kadam.

Under the APM, the government provides gas at a regulated price far lower than market rates. However, with the reduced allocation, city gas distributors will need to turn to the spot market, where prices are significantly higher. For example, spot liquefied natural gas (LNG) prices cur-



rently range between \$11 and \$12 per million metric british thermal unit (MMBtu), whereas APM gas is priced at nearly \$6.5 per MMBtu.

The report of the reduction in APM allocation led to sharp declines in the stock prices of several major gas companies. Shares of Indraprastha Gas dropped by 18.66%, Mahanagar Gas fell 13.45%, Gujarat Gas declined by 6.36%, Adani Total Gas dropped 2.54%, and Gail (India) saw a dip of 1.40%.

Mahanagar Gas, one of the leading city gas distributor companies, confirmed that its profitability will be adversely affected by the 18% reduction in gas allocation, which took effect on November 16, 2024.

Similarly, Indraprastha Gas reported a 20% cut in its APM allocation, while Adani Total Gas faces a 13% reduction, all of which are expected to negatively impact their financial results.

Indraprastha Gas reports 20% cut in APM allocation

Indraprastha Gas reported a 20% cut in APM allocation, while Adani Total Gas faces a 13% reduction. The report of cut in APM allocation led to fall in stock prices of major gas companies. Shares of IGL dropped by 18.66%, Mahanagar Gas fell 13.45%, Gujarat Gas fell by 6.36%, Adani Total Gas dropped 2.54% and Gail (India) saw a dip of 1.40%.



● CUT IN APM GAS ALLOCATION

City gas firms to hike CNG prices to sustain margins

CGD firms' shares fall

ARUNIMA BHARADWAJ
New Delhi, November 18

WHILE TWO SUCCESSIVE cuts in allocation of cheaper APM gas to city gas distribution companies (CGD) have caused their stocks to fall steeply, analysts expect another price hike for compressed natural gas (CNG) for these firms to sustain their margins.

State-owned GAIL India, the nodal agency for domestic gas allocation, has decided to cut Administrative Price Mechanisms (APM) gas allocation sharply from November 16, by 20% for Indraprastha Gas and by 18% for Mahanagar Gas from their previous allocation. This cut has come over and above the cut of 20% effective October 16.

The stock price of IGL on Monday plunged by 20% to ₹325.05 while that of MGL declined by 14% to ₹1,130.55. Shares of Gujarat Gas also declined by 7% to ₹453.35 after the reduction in domestic gas allocation.

Shares of both IGL and MGL have fallen over 38% while that of Gujarat Gas has declined by 23% since the first deallocation from October 16.

"This (de-allocation of APM gas) would reduce blended allocation for the priority sector from 57% to 46% (which was reduced to ~57%, from 70%, effective October 16)," said ICICI Securities.

"The previous cut in allocation required a price hike of ₹4.4-6.2 per kg in the CNG segment for the CGDs which they haven't taken yet. Now, however, a further additional price hike of ₹2.5-2.8 per kg could be required to maintain margins, assuming no reduction in costs from some other source."

Motilal Oswal estimates that after the recent de-allocation, CGD companies are only receiving 35-40% of gas for overall CNG requirement. The brokerage highlighted that the extent of the hit is material, and suggests a ₹5-6 per kg price hike needed in CNG segments to sustain CGD companies' margins.

Analysts believe that a price hike by CGDs (in CNG segment) at one go would be difficult, potentially impacting volume growth or margin pressure. The sudden reduction raises operational challenges for the CGDs in terms of arranging appropriate sources to compensate for the shortfall, analysts at PL Capital say. "This is a complete U-turn from 2014 when both CGD and PNG-domestic were allocated priority sector status for allocation of APM gas," it said.

The reduction is likely to impact the profitability of the CGD companies. The upcoming elections in Maharashtra and Delhi are seen further limiting their ability to pass on cost increases to consumers at once.

"While the Maharashtra elections will be over in November, after which MGL should be able to increase prices, Delhi elections are due in February 2025 that are deferring IGL's potential price hike by several months," said

PRICE PRESSURES

Material price advantage between CNG and Petrol/Diesel

	Retail price (₹ per kg)	CNG price benefit over others
Mumbai		
Petrol	146	-52%
Diesel	108.9	-37%
CNG	75	
Delhi		
Petrol	133.6	-48%
Diesel	106	-35%
CNG	75.1	
Gujarat		
Petrol	133.3	-47%
Diesel	109.3	-36%
CNG	76.3	

Source: ICICI Securities



Motilal Oswal.

Currently, discounts against diesel have narrowed drastically in major cities, as per analysts.

"Hike in CNG price would have a debilitating impact on conversion from diesel, thereby adversely impacting volume growth of the companies," according to PL Capital.

The brokerage noted that gradually, going forward, the APM allocation may only be left for the PNG-domestic portion and CNG may be left out of the current priority sector definition.

The policy states that the supply of domestic gas to CGD entities will be made only up to the quantity available and allocated to GAIL (India) limited for these segments.

IGL and MGL on Friday said that there has been further reduction in domestic gas allocation to the companies which is likely to impact their profitability. "The revised domestic gas allocation to the company is approx. 20% lesser than the previous allocation which will have an adverse impact on profitability of the company," IGL said in an exchange filing. "The company is exploring all options to address the issue."

MGL, IGL sink up to 20% after cut in priority gas allocation

DEEPAK KORGAONKAR

Mumbai, 18 November

Shares of city gas distribution (CGD) companies Mahanagar Gas (MGL) and Indraprastha Gas (IGL) plunged up to 20 per cent on the BSE on Monday after the central government further reduced the administered price mechanism (APM) allocation of domestic gas to them.

This move may impact the profitability of these gas distribution companies. The lower allocation will be applicable from November 16, 2024.

The stock price of IGL has tanked 20 per cent to ₹325.05, hitting its 52-week low on the back of a 17-fold jump in average trading volumes. It has fallen below its previous low of ₹382.80 that it touched on November 20, 2023. MGL, meanwhile, has

slipped 14 per cent to ₹1,130.55 on the BSE. The stock plunged 18 per cent to ₹1,075 in intraday trade. The stock had hit a 52-week low of ₹1,018 on November 23. These stocks have corrected by 43 per cent and 46 per cent, respectively, from their respective

52-week high levels. Apart from that, shares of Gujarat Gas declined 9 per cent to ₹442.80 on the BSE in intraday trade on Monday. The stock has settled 7 per cent lower at ₹453.35. In comparison, the BSE Sensex was down 0.31 per cent at 77,339.

IGL, in an exchange filing, said that based on a communication received by the company from GAIL (India) — the nodal agency for domestic gas allocation — there has been a further reduction in domestic gas allocation to the company effective from November 16, 2024.

