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GAIL (India) Ltd won the prestigious 15th CIDC Vishwakarma Award in the 'Achievement Award for Best Construction Projects' category for its Barauni – Guwahati Natural Gas Pipeline project (BGPL). GAIL Director (Projects) Deepak Gupta and Executive Director (Projects) A K Tripathi received the award on behalf of the company at a function in New Delhi on Thursday MPOST

Gas utilities set for strong Q4 on healthy volumes, lower cost

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INDIA'S GAS UTILITIES and city gas distribution companies are expected to end the financial year 2023-24 with healthy growth primarily on the back of lower costs of gas and stronger volumes, as per analysts.

"Lower gas costs, stronger volumes, offset by ₹4-12 per kg price cut taken in CNG (compressed natural gas) by Indraprastha Gas (IGL) and Mahanagar Gas (MGL) may drive a steady 11% on year improvement in Ebitda and 7% on year jump in PAT (profit after tax) for CGDs," said ICICI Securities in its preview.

However, on a sequential basis, while IGL is estimated to witness 11% growth in its Ebitda at ₹628 crore, MGL might see a decline of 7% in its Ebitda to ₹419 crore due to lower realisation and range-bound gas costs, according to Emkay Global.

"IGL's volume growth would be nearly 6% on year. MGL could see

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better volume growth at 9% from last fiscal," said Emkay Global in its report.

Gujarat Gas - the leading CGD company in Gujarat might see a recovery in its volumes in Morbi region, leading to 11% growth in its overall volumes to 10.2 mmscmd (million metric standard cubic meters per day) sequentially. Ebitda per scm (standard cubic meters) would expand by 37% on quarter to ₹6.5 on lower gas cost, as per analysts at Emkay. The company's net profit is expected to remain flat on year at ₹374 crore, but up 70% from the previous quarter.

Moreover, stronger gas demand, driven by higher domestic supply and moderate prices is expected to drive a 3.4 times jump on year in

Ebitda of the country's largest natural gas company GAIL. The company may see a 2.6 times increase in its profit after tax in the last quarter of FY24, said ICICI Securities.

"Apart from higher transmission and trading volumes, GAIL can see the benefit of much stronger trading earnings against a very weak Q4FY23 led by stronger margins," the brokerage said. "Petchem segment could see the benefit of lower gas costs and LPG segment may see stronger realisations supporting earnings."

Analysts at Emkay estimate GAIL's gas volumes to be slightly up from the previous quarter in Q4FY24. The firm expects GAIL's standalone net profit at ₹2,874 crore, largely flat from the previous year. "Petchem earnings should improve further on lower gas costs and approximately 100% plant utilisation levels. LPG earnings are likely to rise, as Aramco's OSPs (official selling price) have increased nearly 6% on quarter," it said.

