

City Gas Distribution sector



BP WEALTH

Gas Utilities | Event update

27th February, 2019

Petroleum and Natural Gas Regulatory Board (PNGRB) launched 10th CGD Bidding Round on 06th November 2018, for development of City Gas Distribution (CGD) networks for the 50 Geographical Areas (GAs) which includes 124 districts (112 complete and 12 part), spread over 14 States and Union Territories (UTs) in India. Around 225 bids from 25 entities were received up to 05th February 2019. Based upon the bids evaluations, PNGRB in its Board meeting held on 26th February 2019 approved issuance of Letters of Intent (LoI) to the 12 successful entities for following 50 Geographical Areas (GAs):

Sr. No.	Name of Bidder	No. of GA	State
1	Adani Gas Ltd	2	Madhya Pradesh, Uttar Pradesh and Chhatishgarh
2	Bharat Gas Resources Ltd	2	Madhya Pradesh and Jharkhand
3	Consortium of LNG Marketing Pte. Ltd. & Atlantic Gulf & Pacific Company of Manila Inc	9	Andhra Pradesh, Karnataka, Tamil Nadu and Kerela
4	Consortium of Think Gas Investments Pte. Ltd & Think Gas Distribution Pvt. Ltd.	1	Madhya Pradesh
5	GAIL Gas Ltd	4	Jharkhand, Madhya Pradesh and Uttar Pradesh
6	Gujarat gas Ltd	6	Haryana, Punjab, Madhya Pradesh and Rajasthan
7	HPCL	9	Uttar Pradesh, Uttarakhand and West Bengal
8	IOC	9	Bihar, Jharkhand and Madhya Pradesh
9	Indian Oil Adani Gas Pvt Ltd	1	Uttar Pradesh
10	IGL	3	Haryana, Rajasthan and Uttar Pradesh
11	Rajasthan State Gas Ltd	1	Madhya Pradesh
12	Torrent Gas Pvt Ltd	3	Uttar Pradesh
Total		50	

Source: PNGRB, BP Equities Research

Sector Outlook

Positive

Stock

Company under coverage	Indraprastha Gas Ltd
Target Price (Rs)	315
BSE code	532514
NSE Symbol	IGL
Bloomberg	IGL IN
Reuters	IGAS.BO

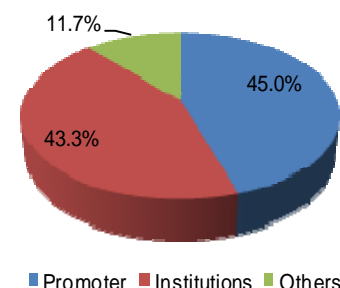
Key Data

Nifty	10,842
52WeekH/L(Rs)	320/215
O/s Shares (Mn)	700
Market Cap (Rs bn)	203
Face Value (Rs)	2

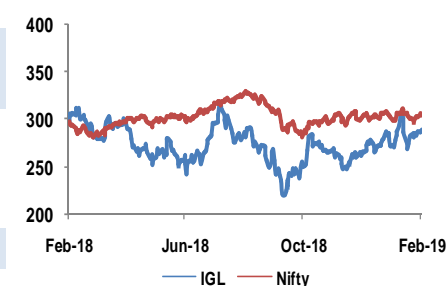
Average volume

3 months	20,81,120
6 months	22,37,690
1 year	24,77,020

Share Holding Pattern (%)



Relative Price Chart



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At present, CGD authorisation has been given by PNGRB for 178 GAs covering 280 districts (263 complete and 17 part) spread over 26 States and UTs. These cover approx. 50 percent of India's population (as per 2011 census) and 35 percent of its geographical area. In addition, CGD operations are being carried out in 5 districts, authorisation for which is either under consideration of PNGRB or is sub-judice. With the completion of 10th CGD Bidding Round, CGD would be available in 228 GAs comprising 402 districts spread over 27 States and Union Territories covering approximately 70 percent of India's population and 53 percent of its geographical area.

As per the commitment made by the various entities in the 50 GAs approved for issuance of Lols in 10th CGD Bidding Round, 2,02,92,760 domestic PNG (piped natural gas) connections and 3,578 CNG (compressed natural gas) stations for transport sector would be installed largely during a period of 8 years up to 31st March 2029, in addition to 58,177 inch-km of steel pipeline. Further, the entities would be authorized to supply natural gas to industrial and commercial units in their respective GAs as per the limits provided in the CGD Authorization Regulations. Year-wise approximate phasing of the creation of physical infrastructure by the entities as per CGD Authorization Regulations would be as under:

Year	Period	No. of PNG Connections	No. of CNG Stations	Length of Steel pipeline (in inch km)
1	01.04.2019 to 31.03.2020	-	-	2,909
2	01.04.2020 to 31.03.2021	20,29,276	526	8,727
3	01.04.2021 to 31.03.2022	20,29,276	526	11,635
4	01.04.2022 to 31.03.2023	20,29,276	526	11,635
5	01.04.2023 to 31.03.2024	20,29,276	526	5,818
6	01.04.2024 to 31.03.2025	39,59,552	526	5,818
7	01.04.2025 to 31.03.2026	39,59,552	526	5,818
8	01.04.2026 to 31.03.2027	39,59,552	358	5,817
9	01.04.2027 to 31.03.2028	99,000	22	-
10	01.04.2028 to 31.03.2029	198,000	42	-
Total		20,292,760	3,578	58,177

Source: PNGRB, BP Equities Research

With this, Authorization letters/Lols for all the GAs covered under 10th round for development of CGD Network, have been completed. As per provisions of the CGD Authorisation Regulations, authorization shall be granted to the successful bidders after receipt of the requisite Performance Bank Guarantee from the concerned entities within specified period of 30 days.

**Disclaimer Appendix****Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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