

GAIL increases domestic gas allocation to IGL by 31%

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STATE-OWNED GAIL INDIA has increased domestic gas allocation to Indraprastha Gas Ltd (IGL) by 31% with effect from January 16, increasing the share of domestic gas in the company's CNG (compressed natural gas) segment to 51% from 37% earlier, the company said on Thursday.

The company has also tied up additional regasified liquefied natural gas (RLNG) volumes of around 1 mmscmd (million metric standard cubic meters per day) on term basis at competitive prices with one of its major suppliers. "The revision and signing of additional volumes shall have a positive impact on profitability of the company," IGL said.

Earlier in November, GAIL had reduced domestic gas allocation by 20% to the company which impacted IGL's profit margins. Following the development, shares of IGL rose 3.75% to ₹422.95 on Thursday before closing at ₹418.70, up 2.71% from the previous close.

As per guidelines by the oil ministry, domestically produced APM natural gas is to be allocated to city gas distribution companies for priority segments, specifically domestic PNG and CNG (transport). 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 for these segments.

The government in October and November last year had cut supplies of domestic gas to city gas retailers by as much as 40% in view of limited output, prompting city gas retailers to hike CNG prices by ₹2-3 per kg.

Govt Raises Allocation of Cheap Domestic Gas to IGL

Our Bureau

New Delhi: The government has increased the allocation of cheap domestic gas to city gas distributor Indraprastha Gas Ltd (IGL), which will boost its profitability, the company said in a public filing.

"As per the communication received from GAIL (India) Limited (the nodal agency for domestic gas allocation), the domestic gas allocations to IGL have been revised upwards by 31% with effect from 16th January 2025, increasing the share



of domestic gas in compressed natural gas segment from 37% to 51%," the company said.

IGL has also tied up additional regasified liquefied natural gas (RLNG) volumes of around 1.0 mil-

lion metric standard cubic meters a day (MMSCMD) at "competitive prices", the company said.

The government had in recent months sharply cut the allocation of cheap domestic gas to city gas

companies. This had pushed up input costs for these CNG retailers and caused temporary supply issues. This also hammered the stock prices of these companies.

"The revision (in allocation) and signing of additional volumes shall have a positive impact on the profitability of the company," IGL said.

The shares in IGL, valued at about ₹29,300 crore, closed 2.7% higher on Thursday when the benchmark Sensex ended 0.7% lower. IGL shares are down nearly a quarter in three months.