GAIL Investors' & Analysts' Meet 2024 - Mumbai
17th May 2024

- **Mr. Harshvardhan Dole - Vice President, IIFL Securities:**

- I am Harsh Dole, I work at IIFL securities. It's my pleasure to host GAIL Senior Management. The GAIL, of course, needs no introduction, India's premier company in the energy value chain. Today, to discuss the Q4 FY 24 as well as FY 24 performance, we have the senior management team of GAIL. During the discussion, they will not only share the performance highlights of the year gone by, but also share some insights into how FY 25, 26, etc. are looking. And of course, subsequent to that, the floor will be open for Q&A.

- The management is represented by Shri Rakesh Kumar Jain, Director of Finance. Shri Jain is a cost management accountant by profession. He has rich and varied experience of around 32 years working in oil and gas sector and as a regulator. Prior to his appointment as Director Finance, he has held position of ED F&A, HOD in GAIL. He also holds position of Chairman in Indraprastha Gas, GAIL Global (USA) amongst other companies. Besides serving a long tenure at GAIL, he was on deputation to PNGRB as a sector regulator. During his stint at PNGRB he was actively engaged in review of tariff regulations, the most critical thing, conceptualization of unified tariff, authorization of CGDs in 9th and 10th round of bidding.

- Next, we have Shri Sanjay Kumar, Director (Marketing). Shri Kumar is a graduate in Mechanical Engineering from IIT KGP. He also holds an MBA. He joined GAIL in 1988 and subsequently has grown up the ranks, working in various functions such as gas marketing, CGD business, LNG sourcing, shipping, business development, transmission and so on and so forth. This cross functional experience has enabled him to gain deep insights into all aspects of GAIL and the entire value chain. Before assuming the charge of Director Marketing, he was Managing Director of IGL, one of the largest city gas distribution companies in India. Presently, apart from being a member of board of GAIL, he is also chairman of GAIL Global (Singapore), Konkan LNG terminal, Bengal Gas Company amongst other companies. Please welcome. *(Applause)*

- We also have Shri Sashi Menon ED finance. He joined GAIL in the year of 1992. He possesses enriched experience of over three decades in oil and gas sector. He is Head of Finance and Accounts at GAIL. Please welcome Mr. Sashi Menon. *(Applause)*

- And last but not the least, Shri Praveer Kumar Agrawal. He is B.Tech in Electronics and Communication from IIT Kanpur and also holds an MBA degree in Marketing Management. He joined GAIL in the year 1989 and carries over 30 years of experience in marketing CGD, joint venture functions and so on and so forth. Currently, he holds the position of Director in Central U.P. Gas Limited, while occupying the post of ED Marketing in GAIL, please welcome Mr. Agrawal. *(Applause)*

- I request Shri Rakesh Kumar Jain to make opening remarks and begin the proceedings. Over to you, sir.

- **Mr. Rakesh Kumar Jain – Director Finance, GAIL India Limited:**

- Thank you. Harsh. A warm good afternoon to everybody and heartening to see you in such a large gathering. As always, wonderful to meet you all. Yesterday, GAIL has announced its annual results for '23, '24 and Q4 FY 24. Just to give brief highlights of those results. Of course, you must have gone through our results through website and also SEBI website, but just to take you through those results.

- On a yearly basis, GAIL clocked the turnover of ₹ 1,30,284 crores against ₹ 1,43,976 crores in FY 23, a decrease of 10%. And this decrease is mainly on account of softening of natural gas prices. However, this decrease has been partly offset by an increase in our volume in marketing, transmission, petrochemicals, etc.. The PBT increased by 75% to ₹ 11,555 crores as against ₹ 6584 crores and PAT by 67% to ₹ 8836 crores against ₹ 5302 crores last year. The robust performance during FY 24 is primarily driven by better physical performance across all major segments. On a yearly basis, consolidated turnover in FY 24 stood at ₹ 1,33,130 crores as against ₹ 1,45,531 crores in last year. The consolidated PBT up by 74% in current financial year to ₹ 12,595 crores as against ₹ 7256 crores in FY 23. The PAT increased by 76% to ₹ 9899 crores as against ₹ 5616 crores in last financial year. During the year, the company has paid a total dividend of ₹5.50 per share amounting to ₹ 3616 crores.

- Now I will take you through the quarterly performance highlights for Q4 24. The gross turnover stood at ₹ 32,250 crores in the Q4, as against ₹ 34,168 crores in Q3 FY 24 and there is a decrease of 6%, mainly due to decrease in price of our LNG in Natural Gas marketing segment. The PBT for the quarter stood at ₹ 2842 crores as against ₹ 3694 crores in Q3 FY 24, mainly due to lower trading margins in gas marketing segment, lower dividend income and increase in depreciation cost due to additional capitalization and revision in residual value of underground pipelines. The PAT during the quarter stood at ₹ 2177 crores as against ₹ 2843 crores in the Q3 of FY 24 for the regions in the indicated.

- Consolidated financials for Q4 as compared to Q3 FY 24, the consolidated turnover in the current quarter stood at ₹ 32,744 crores versus ₹ 34,678 crores in the previous quarter, down by 6%. The PBT in the current quarter is ₹ 3099 crores versus ₹ 4075 crores in Q3 FY 24, down by 24%. The PAT is ₹ 2469 crores versus ₹ 3195 crores in Q3 FY 24, down by 23%.

- Before I take you through the physical performance, I would like to inform you that GAIL Board has approved laying of C2C3 liquid pipeline from Vijaipur to Auraiya, having estimated project cost of ₹ 1792 crores and with a commissioning period of 32 months. This project will enhance the feedstock availability at Pata Petrochemical plants, which in turn augment capacity to almost a million tons of polymer and also reduces energy consumption and carbon footprint. Now I will take you through the physical performance.

- The physical performance on yearly basis, gas marketing volume stood at 98.45 MMSCMD in the current year as against 94.91 MMSCMD in FY 23. Natural gas transmission volume stood at 120.46 MMSCMD in the current financial year as against 107.28 MMSCMD in FY 23. Polymer production stood at 777 TMT as against 442 TMT in Financial Year 23. LHC production stood at 996 TMT as against 934 TMT. LPG transmission stood at 4396 TMT as against 4335 TMT. In terms of quarterly physical performance, gas marketing volume stood at 99.99 MMSCMD in current quarter as against 98.14 MMSCMD previous quarter. Natural gas transmission volume stood at 123.65 MMSCMD in quarter four as against 121.54 MMSCMD in previous quarter, that is Q3. The capacity utilization was 59%. Polymer production stood at 248 TMT as against 205 TMT last quarter. LHC production is stood at 265 TMT against 249 TMT in previous quarter. LPG transmission stood at 1114 TMT as against 1095 TMT in previous quarter. As you know, GAIL has also six CGD directly in its fold. Now, I will take you through the infrastructure and the performance of those CGD's. GAIL is having infrastructure of 189 CNG stations and 3,42,948 DPNG connections as on 31st March, 24 and 6G is allotted to GAIL. During the current quarter that is Q4, 24 new CNG stations and 52,897 new DPNG connections were added. The physical volume for Q4 for these 6 CGDs were 0.33 MMSCMD. In next two years, GAIL targets to add over 80 new CNG stations in six geographical area just I shared with you and 1,50,000 new DPNG corrections.

- Now, I will take you through the performance highlights of our own 100% subsidiary, that is GAIL Gas Limited. During financial year 23-24, turnover of GAIL Gas stood at 10,944 crores as against ₹ 10,530 crores in financial year 23. There is increase of almost 4% in turnover and this increase is mainly on account of increase in volume CGD segment and CNG and PNG by 16%, and increase in bulk trading volume by 19%. PBT for GAIL Gas increased to ₹434 crores as against 400 crores in financial year 22-23 and increase of 9%. PAT increased to ₹323 crores as against 297 crores in Financial Year 22-23. The physical volume during financial year 23-24 increased to 6.46 MMSCMD from 5.69 MMSCMD in Financial Year 22-23.

- Now, I will take you through the highlights for quarter four for GAIL Gas. Gross turnover stood at ₹2,853 crores as against ₹3,154 crores in Q3 Financial year 24, decrease of 10% and this decrease is mainly on account of decrease in bulk trading volume by 9% and industrial by 4%. Profit before tax stood at ₹121 crores as against ₹154 crores in Q3 Financial year 24. PAT stood at ₹92 crores as against ₹113 crores in Q3 financial year 24 down by 19%. The physical volume decreased to 6.88 MMSCMD in Q4 financial year 24, decrease of 4% mainly on account of decrease in bulk trading volume by 9% and industrial volume by 4%. During financial year 24, 94 new CNG stations and 68,695 new DPNG connections were added. During financial year 24, 114 new CNG stations and 1,10,103 new DPNG connections were added by GAIL Gas. During Q4 financial year 23-24, GAIL Gas along with its joint ventures and Subsidiaries added 63,164 new DPNG connections and 79 CNG stations having infrastructure of 9,76,000 GAIL Gas and its group companies DPNG connections and 570 CNG stations. There is another subsidiary of GAIL, which is Bengal Gas Limited. As on 31st March, 2024 Bengal Gas Limited has installed 20 CNG stations, laid 267 kilometer of pipeline, added 5124 DPNG connections.

- During the quarter 4, 7 CNG stations were added and 30-kilometer pipeline was also installed.

- Now, I will also take you through the project performance. The projects which are taken up by GAIL, Mumbai-Nagpur-Jharsuguda pipeline. As you know this pipeline is of 1,755 kilometer. Activity for laying this pipeline are in full swing and this pipeline in totality is expected to be completed by October 24 and Mumbai, Nagpur section of this pipeline is likely to be completed by June 24, that is next month. Regarding Jagdishpur-Haldia-Bokaro-Dhamra pipeline, this pipeline is of 3289-kilometer, out of that 2986 kilometer of pipeline have been commissioned and remaining part that is Durgapur, Haldia pipeline is expected to be completed by next month, that is June 24.

- Srikakulam Angul Pipeline, this pipeline is of 420-kilometer. Work is under progress and likely to be completed by next month, again June 24. Spur lines are anticipated to be completed by September 24. Gurdaspur, Jammu natural gas pipeline, this pipeline is having length of 160 kilometer and likely to be completed by July 26. Dhamra Haldia pipeline, this pipeline is of 253 kilometers of length and this is Odisha section have been completed and remaining part is expected to be completed progressively by again next month June 24.

- Now, I will take you through the other projects which GAIL is taking up. PDHPP at Usar, the capacity of this plant is 500 KTPA, project cost is 11,256 crores, completion date April 25 next year. PPF Pata, the capacity of this plant is 60 KTPA, project cost is 1299 crores, completion date by December 2024.

- IPA at Usar, capacity of this plant is 50 KTPA, project cost is 530 crore, completion date by December 2025.

- GAIL Mangalore Petrochemicals Limited, as you know, this plant we have acquired through NCLT process erstwhile JBF Petrochemicals, capacity of this plant is 1250 KTPA. Project costs 4200 crore and plant again is expected to be completed by March 2025. Total CapEx for financial year 24 is ₹11,425 crore and mainly on pipelines, petrol camps, CGD projects, operational CapEx, equity contributions etc.

- Now, I will take you through this segmental outlook for short-to-medium term. Natural gas transmission, as you know that and I shared with you just now, average transmission volume for 23-24 has been 120.46 MMSCMD and this is in line with the guidance which we have been giving like 119-120 MMSCMD, which is actually exceeded those to 120.46.

Now, we expect that in coming two years that is this current financial year 24-25 and 25-26, our volumes are likely to increase by 10 to 12 MMSCMD on per annum basis that's how we are expecting that this year we may end up with average volume of 130, MMSCMD to 132 and then 25-26 we may be achieving around 140 to 142 MMSCMD.

- Gas marketing volume, gas marketing businesses exhibited robust performance due to better arbitrage and various optimization measures like destination swap, shipping optimization, time swaps, GAIL clock gas marketing profits of almost 6000 crore - to be precise 5966 crores including one time custom duty receivers of ₹155 crore during financial year 24 and which is in line with our guidance which we revised in during results of Q3 in Earning Call to 5500 crore. Now, we have actually achieved 5966 crores. In terms of next year's guidance, we expect that we will earn marketing margin in the range of 4000 to 4500 crores at least.

- For the gas marketing volume, we expect the gas marketing volume to increase from current level of 98.45 MMSCMD to 105 MMSCMD during financial year 24-25. Polymer production as you know that petrochemical plant has done significantly better as compared to last year and we have been giving through our various guidances that this financial year we will end up almost at breakeven level and through financials you must have known that we are almost at breakeven level.

- In terms of performance, production stood at 777 TMT as against 442 TMT last year. During the year, we also had gross margin of that is EBITDA level 421 crore as against negative gross margin of 508 crores in financial year 23. Petrochemical segment mainly due to optimization of inputs, improvement of operational efficiency. These results have happened. Further during next financial year, we expect that petrochemical plant will run at a normal level that is around 8,10,000 tons, which will be more than this year and we are likely to earn normal or reasonable amount of profits during 24-25.

- LHC production stood at 996 TMT as against 934 TMT in financial year 23 and posted a PBT of ₹769 crore during financial year 24. GAIL is also effectively involved in LPG hedging to protect our margins. Basically, we time-to-time see how the futures of propane and butanes are trading and we lock our margins so as to give a reasonable stability to our profitability.

- Renewable energy, GAIL has a very modest presence in renewable energy. Currently, we have 134.7 MW of alternative energy out of which 118 MW is wind energy projects and 16.7 MW are solar energy projects including smaller units. Company has set a target for itself for setting up 1-3 GW of renewable energy by 2030, that is additional 1 GW by 2025 and another 2 GW by 2030.

- This is all from my side and thank you very much once again for joining us here taking interest in GAIL. Thank you.

- **Mr. Harshvardhan Dole - Vice President, IIFL Securities:**

- I would request the officials of GAIL to take ahead the proceedings through presentation. Anjana Ma'am, please.

- **Ms. Anjana Sanjeeva -- General Manager Finance, GAIL India Limited:**

- Good Afternoon. On behalf of GAIL, I welcome all the investors and analysts to this Meet for results of FY23-24. So, this is the Safe Harbor statement. Moving ahead, mission of the company is enhancing quality of life through clean energy and beyond and be the leader in natural gas value chain and beyond with global presence creating value with global - creating value for stakeholders with environmental responsibility. So, this is our company's vision. This is the broad outline of the presentation. We'll start with company overview, take you through the performance highlights, then we'll have a look at the industry outlook and strategy.

- Company Overview. Major business portfolios. So, GAIL is having 16,240 kilometers of NG pipeline network and the long-term portfolio of 15.5 MMTPA of natural gas. In petrochemicals, we have a capacity of 8,10,000 tons at Pata and 280 tons at BCPL. In the LPG and liquid hydrocarbons, we have 5 processing plants with a total capacity of 1.4 MMTPA and 4.58 MMTPA of LPG transmission capacity. In the E&P, we have participation in 13 blocks and presence in US and Myanmar.

- Renewables, we have a total renewable share of 135 MW, including wind and solar.

- GAIL is present in 72 GAs out of total 307 GAs through its own and with associates and JVs. So, this is our global presence and we are present in Russia, US, Egypt, Singapore, Myanmar, and China. This is the shareholding pattern of GAIL as on 31st March, 24. Out of total paid up equity share capital of ₹ 6575.1 crores, 51.52% is held by Government of India, President of India, 14% is by FPIs, and rest is by banks, mutual funds, oil PSUs, LIC and others. The market cap of the company as on 31st March, 24, stood at 1,19,108 crores. GAILs Market Cap crossed 1 trillion mark for the first time and share price touched all time high of ₹196.35 on BSE during 23-24. During 23-24, GAIL paid a dividend at the rate of 55% total ₹ 3616 crores that is ₹5.50 paise per share.

- Moving on to performance analysis. Major highlights of the FY23-24. GAIL secured an excellent MOU rating for FY22-23 from DPE. GAILs asset and market cap surpassed 1 trillion mark. GAIL paid a dividend of 55% of the paid-up capital for FY24. We received nil comments from CAG for the accounts of 22-23 that is 14th in a year in a row. GAIL achieved highest ever annual gas transmission volume of 120.46 MMSCMD. GAIL has entered into long-term agreement with M/s Vital Asia and ADNOC LNG for an aggregate volume of approximately 1.53 MMTPA of volumes starting 2026. We achieved highest ever total annual LPG transmission volume of 4.395 MMTPA in FY23-24. GAIL Vijapur secured first position with National Award for Excellence in Cost Management from the ICMI in manufacturing sector.

- GAIL signed an agreement with BPCL for 15-year supply of propane for upcoming petrochemical plant at Usar. GAIL was conferred with authorized economic operator AEO Tier 3 status, which is the highest level of accreditation. Qatar Energy LNG and Petronet LNG Limited signed an LNG SPA of 7.5 MMTPA in February 2024 out of which 4.5 MMTPA is for GAIL. GAILs credit rating, domestic AAA with stable outlook, International Baa3 with Stable outlook (Moody's) and triple BBB negative with stable outlook Fitch that is capped to Sovereign Rating of India. Moving on to physical performance. We sold a total volume of 98 MMSCMD as against 95 MMSCMD in FY23 and we transmitted a total volume of approximately 120 MMSCMD in FY24. Petrochemical sales stood at 787, which is back to normal levels.

- Liquid hydrocarbon sale stood at 998000 tons. LPG transmission was 4396000 tons, which is showing a rising trend, and the gas marketing mix, 38% is my APM. Then, we have RLNG spot midterm and overseas sales, which we are making. Similar is the gas transmission mix, which includes my domestic gas and RLNG. In the natural gas sector wise supply, 44% is my domestic gas and in FY23 there was a mix of 44% domestic and 44% RLNG and 13% was my overseas sales out of which major chunk was consumed by fertilizer 38%, power 10%, and CGD 25%. The mix has changed to 51% is RLNG, 41% is domestic, and my overseas sales has gone down to a number of 8%. Overseas sale is shifted to domestic market due to increased demand by fertilizer, power, and CGD sectors. The fertilizer demand has increased, so is the power and CGD demand.

- Over to financial performance. My turnover is down from ₹ 1,43,976 to ₹ 1,30,284. However, my EBITDA margin is up by 66%, PBT is up by 75% and PAT is up by 67% to ₹ 8836 crores. These are some of the - one of transactions for FY23-24. In the Gas Marketing segment, there is positive one-off totaling to ₹234 crores of some indirect tax refunds. In my gas transmission segment, there is a negative one-off of ₹346 crores on account of we booked a higher price gas and some provisioning we made in some cases. In petrochemical segment, there is a positive one-off of ₹178 crores and other segment, there's a negative one-off of Rs. 110 crores. This is how my balance sheet looks like as on 31st March, 2024. The total assets stood at ₹1,09,528 crores. Non-current assets worth Rs. 91,000 crores and current assets totaling ₹18,528 crores. Capital employed stood at ₹85,446 crores. My net worth stood at ₹56,131 crores and long-term loans outstanding were ₹13,513 crores.

- Moving on to key financial ratios. My PAT to Net Worth jumped from 10% to 16%. Return on capital employed rose from 10% to 14%. Debt to equity ratios to that 0.29 times. My share price was at 181 as on 31st March, 2024. Earning per share increased from ₹8 to ₹13 per share and my market capitalization was 1,19,108.

- My financial performance. Overall financial performance, consolidated basis. My turnover stood at ₹1,33,130 crores as against ₹ 1,45,531 crores. My gross margin increased from ₹10,323 crores to ₹16,986 crores and my PBT increased from ₹7,256 crores to ₹12,595 crores, an increase of 74% and my PAT increased from ₹5,616 Crores to

₹9,899 crores, an increase of 76%. This is the revenue reconciliation on consolidated basis. This includes GAIL and other associates' revenue, which after elimination it is ₹1,33,500 crores and similar is the PAT reconciliation with our JVs and associates. After fine adjustment consolidated PAT is ₹9,899 crores.

- This is my capital expenditure profile. In FY23-24, there was a total CapEx of ₹11,426 crores out of which around 30% is on pipelines, 30% is on petrochemicals, and another 29%-30% is on operational CapEx, equity contribution, and others. My projection for next year is around ₹11,500 crores out of which ₹2,650 crores on pipelines, ₹5,200 crores on petrochemicals, and ₹2,100 crores on equity contribution, operational CapEx, and others. This is my ongoing projects, major projects, which are ongoing. Some are commissioned, some are ongoing.

- So, there are main 5 pipelines we are expecting to be commissioned in this financial year. Durgapur-Haldia pipeline, Dhamra-Haldia pipeline, KKMBPL 2, Srikakulam-Angul pipeline, Mumbai-Nagpur-Jharsuguda pipeline, and another 610 KTA petrochemicals project at Usar and Pata. They are under various stages of project execution and total approved CapEx on this account is ₹13,000 crores for ongoing projects.

- GAIL is included in FTSE Good Index 4 series for the sixth time in a row. Affirming the company's strong commitments towards environmental, social, and governance practice in oil and gas sector. We have target to be net 0 by 2040 and we are actively taking steps towards ESG. These are our CSR initiatives. We have GAIL Unnati, Saksham for differently abled. We have Arogya for health and sanitation. We have Ujjwal for education. We have Harit for environmental. Then we have Kaushal for skill development and Sashakt, this is towards women empowerment. We spent a total of 175.71 crores under CSR initiatives for FY23-24, which amounts to 2.4% of our last three years average profits. Our major CSR highlights are; 210 meritorious and marginalized students received residential coaching at GAIL Utkarsh Centers at Kanpur, Varanasi, and Haldwani. GAIL Kaushal, 760 candidates trained at GAIL Institute of Skill at Rajahmundry and Guna. 229 candidates were trained in plastic product manufacturing. GAIL provided support to 536 candidates at Skill Development Institute, Raebareli. 40 mobile medical units operated across 22 districts in 11 states of India. Further GAIL is supporting the hospital extension at Badrinath Dham. In FY23-24, GAILs CSR has supported and impacted more than 10 lakh lives through CSR initiatives.

- Now, we'll take you through the industry outlook and I'll request Mr. Praveer to take you through the industry outlook.

- **Mr. Praveer Agrawal – Executive Director Marketing, GAIL India Limited:**

- Good afternoon. I welcome all of you to this Investors and Analyst Meet. On behalf of GAIL, a warm welcome to you. I'll take you through the industry outlook of natural gas segment. We find that the global energy system is evolving continuously across the world. New energy policies are you know, every country is thinking of new policies. The transition to 0 carbon technology is going on, energy security concerns are there because of various geopolitical concerns also, and of course there is an economic and population growth which is also going to drive the - it is going to result in further you know evolution of global energy balance. Some tensions in energy markets have receded recently, but, however, numerous risks still remain and the current relative calm may not last. Continuing fighting in Ukraine and risk of protected conflict in Middle East and also periods of extreme weather major hazard. They're all major hazard for energy security. The pattern of investments in recent years, they are towards more electrified, renewable rich energy systems. Energy transitions do not bring an end to traditional risks and so global oil and gas trade is increasingly focused on flows between Middle East and Asia and find that there are risks in this region in transportation of LNG.

- We find that energy security is a vital element for fuel importing countries and similarly, the Industrial strategies and clean economy vision are equally important. Natural gas is a key bridge fuel for renewable energy mix transition and will continue to play a crucial role in energy security. If we look at the gas demand, we find that the buyers pursue long-term supply for energy security and there was upswing in contracting. If we look at the graph, we find that in last two or three years they were more long-term contracts and shows the industries commitment to LNG. Milder winter, high gas storage levels, modest economic recovery in China, and lower demand in Europe they all help balance the global gas market during 2023. Lower spot prices, increased buying in more price sensitive markets throughout Asia. So, whenever the spot prices go down, there is increase in price sensitive markets and there is limited new supply, which has kept the prices high. So, so there is a delicate balance between these two. Starting 2025, we find that there will be good surge in new LNG projects and it is set to tip the balance of the markets and concerns about the natural gas supply and it is expected that almost 250 BCMs of new projects will be added. The liquification capacity will be added by 2030 and out of these more than half of new projects are either in USA or Qatar. We also find that there is going to be declining domestic gas in some of the Asian countries and also, they'll be growing power demand. So, basically the gas consumption in South and Southeast Asia will be increasing with time. So, the global energy market will continue going into 2040s and maybe later than that and mostly driven by industrial decarbonization and in strengthening demand in Asian countries.

- The primary energy mix if we look at that, we find that the gas is ~54 MMSCMD. It is about 6.45% and it is around 54 MTOE and it is slated to increase in future and as we expect that it might grow up to 15% in future. So, the Indian energy scenario, if you look at it, the decarbonization target is 2070. 500 GW non fossil fuel based power generation capacity is there and energy self-reliance by 2047, that is what we are targeting at. So energy demand in India is growing rapidly and primary energy consumption is expected to more than double by 2050. As we find that as the country grows and as people get more disposable income, the energy demand continuously grows and that, if the basket of energy will grow and if within that, the part of natural gas will further grow, so it will bring lot of growth to natural gas sector. Energy demand in India is growing rapidly and primary energy consumption is expected to more than double by 2050.

- India's role in global oil market is expected to expand substantially towards 2030 with significant implications for its oil trade balance, climate ambitions and energy security goals. So there will be healthy economic expansions and dynamic population, urbanization and industrialization growth. As industries grow, the demand for gas will also grow. India's growth critically depends on energy security. India's expenditure on energy imports is present at 20% of the annual budget and our growth to world transitions its energy ecosystems, so basically what is happening is that the cost is laying very close to the growth of gas.

- The government has made considerable headway with energy reforms and continues to focus on greater energy security, infrastructure development and market liberization. This is about the historical scenario of gas. There has been sort of muted growth. Last year FY24, we saw almost 187MMSCMD of gas consumption across India and we can see almost 50% of it was imported gas and 50% was net domestic protection which included the recent addition of HPHT (high pressure high temperature) gas from KG Basin & if you look at the sectoral break-up of this, we find that fertilizers are the major consumers and then apart from that, there are other sectors like power, CGDs and others. And we find that the CGD sector is the main growth driver and it is expected that the growth in that sector will be around 20% or more, depending on the policy interventions.

- If we look at natural gas consumption in India, India is the 4th largest LNG market and will be one of the biggest drivers for future LNG demand growth although we are almost 15th in total gas consumption in the world. But in LNG market, we are 4th largest in the world and Indian buyers announced almost 11.65MMTPA of sales purchase agreements since 2023. Part of it was mentioned in the last presentation and that was around, that was about 7.5 MMTPA contract which was signed by PLL. So recent signings have narrowed the gap between contractual supply and demand, increasing demand and peaking domestic gas production and there is a need for more term deals to reduce exposure to the spot market. So as and when, we find that growth is there, we will go for more deals. There is a requirement for more long-term deals to reduce the exposure to spot market.

- India's current policies focus on fuel switching through promotion of natural gas. Government is making all efforts to improve affordability of natural gas. You might have heard about Unified tariff. So Unified Tariff is there in the pipeline transportation. So what happens is, if the distance is beyond a certain limit, if it is more than 1200kms, the cost of transportation remains the same. So there are 3 zones upto 300 kms, there is a particular rate. From 300kms to 1200kms, there is another rate. From 1200kms onwards, the rate is same. So that…..so all those regions which are very far away, the tariff will remain same, if they are beyond 1200 kms. So apart from that, the natural gas pricing was linked with the crude oil prices for the domestic gas and that there is significant decrease in prices of PNG for households and CNG for transportation. Also government mandated HPHT Gas, they gave certain set of guidelines wherein they prioritize the CGD sector and their bids for their own CNGT and PNGD consumptions and then the 2nd priority was to fertilizer plants and then LPG producers and power plants. And also they capped trader's margins to restrict hefty margin being charged to downstream customers. So all these things and several other things are being done by government to improve affordability of natural gas for Indian customers. Domestic gas production is witnessing a rising trend. So the HPHT gas, we find that further growth is anticipated with more fields expexted to come online and increase availability of domestic gas. It will improve, it will reduce basically the import quantities and also we find that lot of gas is available North East which we expect to come, to be used, more of usage for that gas will be there in the near future.

- We find that India, One Nation - One Grid concept is increasingly being brought to reality. We find that with the green lines, when they are actually laid, so almost all of India will be covered through various criss cross pipelines and there will be a more robust grid. Already there is a grid kind of thing wherein the gas supply is done through various sources and one kind of gas can travel to other parts of the grid. But going forward, the connectivities are going to increase and which will result in better reliability of gas across India.

- If we move to the next part, we find that in city gas distribution, a very good ecosystem has been made. In the entire India, we look at the green part, it was almost 300 geographical areas were awarded to various entities and then in the 12th round, remaining 7 GAs were……almost 99-100% land of India has been, various geographical areas have been made and they have been awarded to various entities across India and each of those entities are working for their segments, basically 4 segments - PNG Domestic, CNG Transportation and C&I Commercial and Industrial Sectors. So they are all working on those sectors. CNG stations, almost 6000 CNG stations are there which are selected to grow to 18000 till 2030 and DPNG connections, almost 1.25cr. connections are there which are, which may increase upto, even 10 times of that in the next 5-6yrs. So with increased focus of governmental CGD sector, it is expected that the growth will be there as I said, maybe more than 12% of that and we will be beneficiary of that because we are also sort of wholesaler to them. we supply the gas to most of these CGD entities and also we are having almost 72 GAs through our own companies, subsidiaries and joint ventures

- Now coming to petrochemical business outlook, India's per capita consumption of plastics is just 14kg versus China's per capita consumption of 83kgs. You can see how much potential is there. World average per capita consumption is also 39kgs while US consumes as high as 93kgs per capita. So we are at 14 and world average is at 39 and China is at 83, USA is 93. So lot of growth potential is there in petrochemical business. India's per capita consumption is at the lowest in Asia. Future polymer demand growth in India is estimated at 8-9% per annum. Indian polypropylene PP market grew at 18% and 8.5% respectively in 2023-24. We sold almost 1000 KTA of polymers, out of which around 800 KTA of GAIL and 250 KTA of BCPL, we market that quantity. The polymer capacity enhancement is under progress and the details have been given by the management.

- And also, we will be doing lot of diversification in PTA etc. So growth drivers are there for petrochemical business. Because of per capita consumption being low as well as lot of capacity addition which is being done, so it is expected that there will be good growth in topline as well as bottom line for GAIL.

- Now coming to next part, we find that in bio gas, GAIL is doing quite well. We have already given 403 Letters of Intents to various companies and also we are market leader in bio gas though our innovative CBD-CGD Synchronization scheme. You might have heard about this, through this scheme we buy gas. Anybody process bio gas in India, GAIL has a scheme wherein we buy that gas and sell it to local city distribution companies. So more than 80 tripartite agreements we have signed with city gas companies and in last 1yr., the volume of biogas has grown almost by 7-8 times, although the numbers are low, the base is small but still we are the market leaders in bio gas marketing. Apart from that, we have the target to setup almost 26 plants within few years and we have also formed a JV with one of the companies.

- We come to hydrogen. We have already tested hydrogen blending in one of the JVs and the best thing about gas is that, it is…….in case in future any company wants to switch over to renewables like bio LNG or biogas or hydrogen or green ammonia or syngas, whatever options they want to choose, the natural gas pipeline will be very useful to them. So that is one of the reasons why many industries which are planning to become future ready. They find that it is better to switch to gas now so that in future they are, they will be able to switch to any of these fuels including of course natural gas whenever it is the technology is such that the cost effectiveness is there. and also we are setting up one 10 megawatt electrolyser for production of hydrogen in Vijaipur. So that is there.

- Apart from this, in renewable energy, we have total installed RE capacity is 118 megawatt in wind and 14megawatt in solar power. And apart from that, we have a target of almost 1 GW by 2025 and 3 GW renewable energy installed capacity by 2030. There are ongoing 2.64 megawatt rooftop solar plant at Pata and 1.8 megawatt ground mounted solar plant at Vijaipur. 3 megawatt capacity solar roof top plants are also being installed at various stations.

- Now coming to the next part, which is small scale LNG, we have been pioneer of that in India. We have already installed 2 small scale LNG plants in Vijaipur. We have also signed an MOU with Galileo for manufacturing of skids in India. The truck loading facility at Dabhol, so there are 2 truck loading bays etc. Apart from this, for small scale LNG, we are also planning a pilot project very soon for biogas. So all those places where the distance is more than 75kms and if the volume is more than a certain amount, then we are planning to start a pilot project so that is also, we have requested MOPNG to give permission for that. The LNG and CNG transportation promotion of gas in heavy transport, mining etc., pilot project has been executed on dual fuel LNG in mining. LNG, CNG, dispensing stations at Nasik, Savrolli, Ajmer, Mandideep, Bhubhaneshwar, Cuttack. So basically the ecosystem for LNG, in LNG is being made and CNG infra in Varanasi is also very special because we use, we converted a lot of boats to CNG , almost 738 boats are running on CNG.

- Then I also wanted to tell you all that about the energy security that we have recently secured some volumes from across the world. From VITOL, we have signed 1 MMTPA agreement from 2026 onwards till 2036. We also signed an agreement for 0.53 MMTPA volume ADNOC Gas UAE till the year 2036. Again and as I said that, the Qatar Energy and PLL agreement renewal has already been done and we have chartered a long term vessel, GAIL Urja which is scheduled to be delivered soon. So these are various activities GAIL has done for ensuring the energy security. So that's all from us. These are the touch points for our communication with you all.

- **Mr. Harshvardhan Dole - Vice President, IIFL Securities:**

- Thank you, thank you for taking us through the key highlights as well as the key initiative that GAIL intends to take. Ladies and gentlemen, the floor is open for Q&A. My one request, as you ask the question, I would request you to pronounce your name and the organization that you represent while asking the question. Over to you.

- **Mr. Nitin – INOQUEST Advisors Pvt. Ltd.:**

- Ya, my name is Nitin from Inoquest Advisors. Can you share whatever last initiatives you have shared about 1000cr., where we are putting money in the next 3-5yrs. and what are the …….because majority of the revenues will start flowing in after 26. So when do we see the revenue flowing in number? What are the expected numbers from beyond 26? Majority will be electrolysers and green hydrogen related initiative, Qatar and other things.

- **Mr. Rakesh Kumar Jain – Director Finance, GAIL India Limited:**

- You want to know where we are incurring capex in the coming 3yrs.?

- **Mr. Nitin – INOQUEST Advisors Pvt. Ltd.:**

- Ya, coming 3 yrs. for 25-26-27, where we are spending for the new initiatives.

- **Mr. Rakesh Kumar Jain – Director Finance, GAIL India Limited:**

- Ok, new initiatives.

- **Mr. Nitin – INOQUEST Advisors Pvt. Ltd.:**

- Ya.

- **Mr. Rakesh Kumar Jain – Director Finance, GAIL India Limited:**

- So currently, as my colleague has informed that new initiative includes one of the initiatives, hydrogen. So as on date, we are putting only the pilot plant. There is 10MW PAM based technology, 4.3 metric tonnes of hydrogen production every day. So since we are putting this as a pilot plant and then we will see what are the economics and where from demands are. So then we will take it forward. So as on date, there is no definitive capex plan for this initiative. Renewable energy he said but we will not say renewable energy as initiative, this is our stated statement that we have planned to invest from in renewable energy upto 3 GWs by 2030 and we plan to invest for 1 GW by 2025. We have been taking lot of initiative in this regard. We are looking for opportunities for acquisitions of already existing assets. We are evaluating, where we feel that it meets our stated statement and also the commercials are viable. We are also looking for putting up green field project on our own. Small scale LNG, he has said, it's not a kind of new energy. It is actually, we are putting in 2 plants to take the gas or take the gas from where pipeline is not accessible, gas are not transportable. There we have an intent to invest more. What we have done, we have commissioned these two and now based on the assessment of requirement, where gas is available, as I said, the isolated fields so that we will see that those gas can be monetized and how and at what price available. Because those gas we are not able to take it. secondly, where we can take those gases, where pipelines are not accessible. So we have planned certainly to invest. Those are not very heavy investments considering the size of GAIL because in 2 plants, we have invested almost 150cr., 75cr. rupees each. So we will certainly look forward for an opportunity in this area and do that. I think these are the 2 new initiatives you said and anything else you want to add?

- **Mr. Nitin – INOQUEST Advisors Pvt. Ltd.:**

- Something on Qatar ADNOC, if you can share something more?

- **Mr. Rakesh Kumar Jain – Director Finance, GAIL India Limited:**

- I think my colleague director, Director Marketing will be a better person to share on this.

- **Mr. Sanjay Kumar – Director Marketing, GAIL India Limited:**

- These are not new initiatives. New initiatives, we are also like people who are putting their foot in this business area and like many others, we don't know how hydrogen will pan out. Nobody knows in fact. Renewables are a necessity as my Director Finance told, we will definitely invest in that. Qatar and ADNOC are new LNG sourcing. We have added about 10mn cubic metres of gas to our portfolio, about 8mn cubic metres of gas I think which will start in the next 4yrs. Definitely in 4yrs., maybe in 3yrs. also. This is basically for our cash cow, the gas business. So there directly, the revenue will increase, the profitability will increase because the volumes that we are planning to add some more LNG sourcing in our portfolio so that the gas volume grows and we maintain our market share or even exceed it, both in marketing as well as in transmission.

- **Mr. Andrey Purshottam – Cogito Advisors LLP:**

- My name is Andrey Purshottam. We are part of Cogito Advisors, which is a family office which my wife Sangita and I, invest in equity in the Indian market. I have 2 questions. One is relating to elaboration of your global outlook on natural gas. My limited understanding of this business is that the demand in India is very price elastic. So it is both elastic to the price of gas and relative to other liquidated hydrocarbons. Now if the supply demand situation in the global scenario is such that America, maybe Qatar possibly is going to increase supply of gas, there are going to be more export terminals etc., will this lead to substantial decrease in the price of gas in terms of the next 12 months? And therefore in that context, would your volume increase about 10% or so that you have planned for next year, appear a little conservative? So my question is really, could you and how will the global scenario change if for any reason there is a resolution on the Ukraine Russia conflict? How does the dynamics of the situation change?

- **Mr. Sanjay Kumar – Director Marketing, GAIL India Limited:**

- I think we may be conservative if all these things sort out. The 10% may become much more, the growth maybe more pronounced than that. We also understand that if based on the volumes of US and Qatar which is likely to come in the market in the next 3-4yrs., the market would remain, the LNG prices would remain within a range, you know below $10. Whenever the prices have been stable, $8 or $9 or $10, the market in India has grown like anything. we also have a lot of business outside India. So we maintain that we should grow by more than 10% in the next few years if the prices are within range. All the geo politics is pointing towards that.

- Your other question was about, what if the Ukraine crisis was sorted out? It has already become a non-event now, non-issue now. It is no more an issue. Europeans have managed their supply without Russian supplies now. 140 BCM has now I think gone down to 30 BCM this year and it is not impacting the total LNG market. Time has sorted out that problem and the good efforts of the Europeans.

- **Mr. Andrey Purshottam – Cogito Advisors LLP:**

- Europe is not likely to resume its gas purchase from Russia is what the understanding on the political stances. So if that gas, if the Russian gas gets diverted to countries like India, it would further increase supply. Right? And therefore reduce prices.

- **Mr. Sanjay Kumar – Director Marketing, GAIL India Limited:**

- Very unlikely that we get Russian gas through pipeline and GAIL is a very active player in LNG market. So LNG market is…..I am not referring to any political statement about sanction and this and that but the total LNG market is impacted by any over-supply or any under supply. Even when one plant goes into maintenance, unscheduled maintenance, the prices shoot up $1 or $2 because LNG is basically a very, not a very wide market, not a very deep market. One cargo is 3.5 TBT or something like that. It's a lumpy volume but the numbers are very low. As compared to crude oil, the gas trading is not so pronounced yet in the world. So any over supply will bring down the LNG prices which will go towards $7 or something like that but don't forget that LNG market is a highly cyclic market. It actually behaves in a curve. Since the oversupply is going to come from Qatar and from US, the market is already discounting that. The prices that you see today, 2 yrs. ago, the prices at this time were about $20, you know, 40,50,60$, $70. Today the prices are at $10. The markets are already discounting that kind of scenario that there is an oversupply and that is why, there was one problem and the prices went up by 2.5$ in the last one month.

- **Mr. Andrey Purshottam – Cogito Advisors LLP:**

- Sir, my 2nd question was on the renewables. Now you talked about a 3GW ambition by 2030. And if you set the seconds, the fact that India's demand in 2030 is slated to about 900 GWs. My question really relates us to , are your efforts really material in this market and why not focus on your core business of gas? What does your emphasis on renewables bring to the party apart from efforts towards a cleaner environment etc. and softer goals? Why are you in this business?

- **Mr. Sanjay Kumar – Director Marketing, GAIL India Limited:**

- Main reply will be given by Director Finance but we never said that we are leaving our core business of gas or we are reducing our focus on that. it will continue to be our main business. If tomorrow we are moving towards Viksit Bharat, in 2047, we foresee ourselves as a very big company. I would not go into the figures because there might be implications on that and the volumes are also multiplying like that.

- **Mr. Andrey Purshottam – Cogito Advisors LLP:**

- That is not my implication. My implication is, why are you in this business at all when such a large business…..?

- **Mr. Sanjay Kumar – Director Marketing, GAIL India Limited:**

- 3 GWs, you said it is against 900, 3 GW is not a big share. Is it worthwhile to be there?

- **Mr. Rakesh Kumar Jain – Director Finance, GAIL India Limited:**

- You are right. If you see 3 GWs, if we actually reach to that level, we are saying that we have is not material. But you see, we are conscious of 2-3 facts. One that, currently we are in the core business, that is gas and we know that gas has a longer life than any other fossil fuel. Even if we go by various studies, gas has a life even beyond 2050. Till that, it will at least go on increasing. But we as a responsible organization want to go into the alternative energy so that we can at least start with, begin with, have experience with this small investment, that's why we are also going in hydrogen and we make ourselves future ready when this requirement increases so much. So if you think that you are in a business which is core business going to last for so many years and then you start after 50yrs. or 30yrs., then you all of a sudden find that you are nowhere. So we as a responsible organization wants to have those capabilities develop with us and when it so requires, we switch over full on.

- **Mr. Andrey Purshottam – Cogito Advisors LLP:**

- Thank you Sir.

- **Mr. Sanjay Kumar – Director Marketing, GAIL India Limited:**

- See, one point my Director Finance missed, this is also required for our net zero ambition. See, by 2035, we want to make our scope 1 and 2 zero (100% reduction) and scope 3 by 35% reduction. This is an important step towards that. That figure is basically linked to that, 3 GWs.

- **Mr. Yogesh – Dolat Capital:**

- Sir, Yogesh here from Dolat Capital.

- **Mr. Praveer Agrawal – Executive Director Marketing, GAIL India Limited:**

- I just want to add to that. See, there are renewable electrons which is electricity and renewable molecules. So in renewable molecules, there are 2 kinds of things – either liquid or gas. So liquid already, people are working on liquids, ethanol is there. But in renewable gas, CBG will be there, green hydrogen will be there, green ammonia will be there and then of course there may be, at least these 3 things will be there, in future some other things may also be there. So one of the main components will be renewable biogas. In that we have, apart from investing ourselves and making or producing biogas, we have come up with a scheme where we don't have, we have not done a lot of investment but basically we have made a software, we have made a portal wherein various, all the producers, any producer of biogas in India can sell gas to GAIL and we do a lot of value addition in that and then that gas is sold to local CGT entity and we are already market leader in that. we have more than 50%, more than 60-70% of the market share in that. So biogas for hydrogen, already as Sir said that we have already made our plant, one plant we have made for testing. We have already in the pipeline, we have tested upto 5% and 5% of 180mn is also a huge amount. So in future, whenever hydrogen comes, from wherever across the world, we are able to procure hydrogen or in India if green hydrogen is made, we will be making our pipelines ready for hydrogen and whenever ammonia comes or whatever. So in renewable, gaseous molecules, we are and we would like to remain market leader. So that's it from my side.

- **Mr. Yogesh – Dolat Capital:**

- Ya Sir, Yogesh here from Dolat Capital. So the questions are related to the regulatory side. So recently we have seen PNGRB board member has made a statement that the GAIL's gas pipeline capacities are revised and the new integrated tariff pipelines will be finalized soon. That's the one thing. So can you throw some light on that side? That's one question. 2nd question is again, last year only the PNGRB has finalized the integrated pipeline tariff, Rs.58 per MMBTU and we are realizing little bit higher, close to Rs.66 per MMBTU. So will it get affected in the new revision? So what will be the impact? So can you throw some light on both these questions?

- **Mr. Rakesh Kumar Jain – Director Finance, GAIL India Limited:**

- So our tariff was announced in March 2022 and applicable from 1st April 2023. In terms of regulatory provisions, tariffs to be revised in three years, and it can be revised prior to that if there are major changes in the parameters based on which tariff was revised. This can be done either on our initiation or PNGRB can take *suo moto* call.

- So when our tariff was revised, I am talking in terms of capacity, the capacity considered by PNGRB was on higher side as compared to the capacity determined by PNGRB now. I think PNGRB must have web hosted the revised capacity for integrated pipeline. The revised capacity determined by PNGRB is on lower side as compared to the capacity considered by PNGRB in tariff revision. So if tariff revision on account of capacity is done, then we have positive on that side.

- Second, our tariff, when it was notified in March 2022 and applicable from 1st April, soon after the announcement of tariff, we submitted our grievances, our submissions that PNGRB has moderated on certain parameters, but which we are not agreeing with. And one of the significant parameter is consideration of fuel gas price which PNGRB considered $3.61 per MMBTU. And as you know that even APM price is not $3.61 per MMBTU. And currently, GAIL has no allocation of APM gas price.

- Third, order itself says that HPHT price can be considered for the fuel consumption and HPHT price is around $10. Therefore, that revision is actually available to us. So we soon after filed an appeal. That appeal is under consideration by PNGRB. We understand in the absence of member legal, that is not processed. Meanwhile, PNGRB has issued GSPL tariff order which considered the higher price than the price given to us. So that delta is available to us. That single factor, I am not talking of all other moderations… that single factor itself gives, on NPV basis, at least 7 to 8 rupees per MMBTU. I am not even talking of capacity consideration by PNGRB. Therefore, there is a positive available to us in terms of tariff revision. That is one thing.

- Second, the question that we are realizing Rs. 66, I think that figure is not correct. Our tariff announced by PNGRB is 58 rupees 60 paise. We might be earning around Rs. 60 or Rs. 59 or Rs. 61 depending on quarter-to- quarter it changes. Sometime it can be lower also. And regulatory provision are very clear that any risk or reward with respect to the zonal distribution of tariff remains with the entity. And this difference is coming because sometime the volume flow or gas flow is more in the later zones, i.e. Zone 2, Zone 3 where tariff is higher. Sometimes it is lower in those areas. For example, now Dhamra has come. So, Dhamra… the customers on eastern side were earlier being supplied from say Dahej, now being supplied from Dhamra terminal. So, the tariff we used to get at, say Zone 3 or Zone 4 now has gone to Zone 1. So, these changes will continue to happen and our tariff will, to that extent, vary.
- But to specifically answer to your question, this is as per regulatory regime, it is non-adjustable. Even if it goes up, we cannot go and say you give us.
- **Mr. Yogesh – Dolat Capital:**
- Okay. And second question is again related to gas transmission volume and gas trading volume. So, in last one year, gas transmission volume has gone up by close to 1230 MMSCMD. However, the gas trading volume has inched up by hardly 3 to 4 MMSCMD. So, why is the gap increasing between them? So, are you not able to convert the whole transmission volume, incremental transmission volume to the trading side?
- **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**
- It is not like that. Actually, you know there are some government orders, some kind of priorities which have been given by Government of India, Ministry of Petroleum and Natural Gas or Department of Fertilizer to some sort of domestic gas, some categories of domestic gas, some categories of consumers. So, this question is… we are addressing this question. We are answering this question rather. But these are… like for instance, if there is an order that HP/HT gas in the next bidding, CGD entities will get priority. So, they book all the volume. Whatever volume comes, it replaces the earlier RLNG or there might be some incremental demand also. So, those volumes are bid by somebody else and instead of sales, they become transmission volume. But we are hopeful that these volumes have reached their demand, the peak of their demand, so the future growth in our marketing would also continue.

– To sum up, to answer your question, although the transmission figures would have increased, have increased in last one year, but it is a result of certain kind of priorities given by different ministries to domestic volumes, which has resulted in shifting of volume from our sales to our transmission.

– **Mr. Yogesh – Dolat Capital:**

– Even for the future guidance, you are giving us guidance of 130 to 132 MMSCMD. So, do we expect the same kind of a gas trading?

– **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**

– No, transmission has not gone down. Our guidance of transmission is 130 to 132 million and 140 in the year after that. See, this natural gas is… once a customer is connected, he would continue to get gas from our pipeline. Who is selling gas is very important. We are the premium marketer also in the country. We are the leader in that. But if there is an order that so and so RLNG segment customer would be replaced by say HT/HP customer, then they get the priority. In the bidding we cannot compete. If there is 4 million cubic meter of gas on bid, all of that is booked by CGD customers. So, they become the owner of that gas, they would transmit that gas through our pipeline instead of buying it from us. That is the kind of shift which has happened.

– But the domestic gas increment in last 4-5 years of 30-35 million has almost reached its peak. So, we hope the growth now would be based on RLNG, or even if on domestic, we are ready to compete if there are no priorities or so-called reservations given to a kind of category of customers.

– **Mr. Yogesh – Dolat Capital:**

– Thanks a lot, sir.

– **Mr. Gagan Dixit – Elara Capital:**

– Hi, sir. This is Gagan Dixit from Elara Capital. Two questions. First, your 50% of your CapEx goes on this petrochemical side, I can see. So, can you share your outlook on the propane supply, something similar to that you have shown on the LNG? That is my first question.

– Second question is about, you mentioned that there is lots of Northeast gas is coming. That is why also you are building the infrastructure, pipeline infrastructure. So, what is your view on the, this Guwahati-Barauni pipeline? First about the status of it. And also what is your utilization you expect in future, support from the Northeast on the supply side? That is my second question, sir.

– **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**

– I will answer the second question. The pipeline is now commissioned up to Guwahati. We expect the utilization to be significant in the coming years because there is a refinery in that and there are many CGD entities in that pipeline. There are two refineries. One refinery is already functioning. The Noonmati refinery is also being connected in next few months. So, next financial year, it should have good utilization. The capacity of that pipeline assumed is about 2.5 million cubic meter only. About the CapEx, you can answer.

- **Mr. Rakesh Kumar Jain - Director Finance, GAIL India Limited:**
- No, he was asking about BPC…
- **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**
- No, no. BGPL I have answered. He was asking about…
- **Mr. Rakesh Kumar Jain - Director Finance, GAIL India Limited:**
- So, you are asking about the propane supplies tie-up of...
- **Mr. Gagan Dixit – Elara Capital:**
- Yeah, yeah. So, outlook on the propane side. Something like you had mentioned about the LNG, that around ~230-250 BCM LNG is coming. So, any view on the propane side, how that supply environment is looking for the next five years?
- **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**
- We don't have the data presently with us. We will send it to Elara Capital.
- **Mr. Gagan Dixit – Elara Capital:**
- Yeah. And so, my final question is about the status of the Dabhol terminal.
- **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**
- Dabhol terminal breakwater job is in progress. We have commissioned the truck loading facility, two bays are functioning. So, two immediate projects that we are currently working on is ambient heater system in Dabhol, so that when the power plant is not running, then also it can operate at 5 or 6 million ton per annum. And the second one is adding two more truck loading bay in the longer run. Longer run means after one year or two years, we will be working on making the capacity of this terminal at 13.5 million tons i.e. more than 10 million tons; doubling it.
- **Mr. Gagan Dixit – Elara Capital:**
- Thank you.
- **Mr. Ramesh – Nirmal Bang Securities:**
- Hi, this is Ramesh from Nirmal Bang. Thanks a lot for the presentation. Sir, when you are talking about this uncertainty on the gas marketing segment, where you say that the

allocation of HT/HP gas is limiting your potential for growth. So, how do you risk that and how do you expect to grow that business? So, beyond FY25, you have shown a growth of around 7 million cubic meters a day. So, if you take the next three years, assuming that… because you are dependent on the growth in LNG demand in the country for gas trading. So, how do you rate that in terms of your achievable volume growth in gas marketing? Because if you take Reliance or ONGC, they would like to grow their business in the KG Basin, right? So, if that keeps growing, isn't there a risk to your marketing volume? So, how do you address that issue? Because that is one of the key businesses for you.

- **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**

- Sorry, actually, your voice was not very clear through the microphone.

- **Mr. Ramesh – Nirmal Bang Securities:**

- I have a bad throat. What I am asking is…

- **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**

- What I understand what you are asking is, how do you expect your growth to be there if the LNG market is so uncertain? Is it like that?

- **Mr. Ramesh – Nirmal Bang Securities:**

- Yeah. So, basically, you are saying that you have a constraint in growing the marketing volume because of the allocation of HT/HP gas, where you are losing out on the opportunity to market that, right?

- **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**

- No, if there is a government decision that so-and-so volume of this particular sector, for instance, fertilizer, would be filled up by HT/HP gas, we can't help it. You know, it's a government order. They…

- **Mr. Ramesh – Nirmal Bang Securities:**

- Sir, I understand that. What are you going to do for the investors? How do you grow the business?

- **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**

- That is what I am telling. The LNG market is going to be very subdued in next 3-4 years because we are expecting about 100 million tons per annum, which is about 400 million cubic meter per day of gas coming in the market in the next 4 years. And if the LNG market is subdued, the growth will come. That is the experience that we have.

- **Mr. Ramesh – Nirmal Bang Securities:**

- So, beyond ‘26, can you assume the same kind of addition in marketing volume, so 98 to 105, that 7% growth is possible over ‘26?
- **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**
- So, also the other important aspect is the kind of customers that we are connecting. We would like to inform you that in the… out of 308 geographical areas in the country, our pipelines are near about 250… I think 250 or 230 geographical areas are near to our pipelines. So, all these hookups… we call them hookups, means they are the points where we sell gas to these districts where the demand would come.
- Now, you would have seen in our presentation that there is a target to connect 12.5 crore domestic houses. Even if it goes to 7 crores or 8 crores, this requires 30, 40, 50 million cubic meter per day of gas. Similar is the growth that is there in CNG. These demand, they very much… even if the prices are slightly higher, this demand would come. That is our experience in the past.
- And not to forget about the peaking volume of gas. So, our main plank of volume growth for GAIL is CGD and peaking power. Peaking power plays very important role in our gas, and the steel and other industries, in that priority.
- **Mr. Ramesh – Nirmal Bang Securities:**
- Okay. That explains it. The next question is on the housekeeping and accounting. Now, you have seen an increase in depreciation and there is a capitalization of interest of around 400 crores. So, in terms of your own reading of the movement in debt and the benefit from the assets capitalized, how do you see the transmission earnings going up to offset the impact of the depreciation at the EBIT level, say over the next FY25? And how are you going to recover the additional interest you will have to charge in P&L because it will move from the capitalized interest to your revenue account? So, if you can address these two thoughts, I will be grateful.
- **Mr. Rakesh Kumar Jain - Director Finance, GAIL India Limited:**
- Thank you. Actually, additional depreciation is arising out of primarily two reasons. One, as you touched upon, that we are capitalizing additional pipelines. And second, that is specific for this year, we have actually reviewed the residual value of our pipeline assets. We used to keep 5% value as a residual or salvage value, because when we abandon our pipeline, we will take it out and 5% will be value. So, this year we reviewed that taking out the pipeline, the buried pipeline will be costlier as compared to the salvage value. Therefore, we have decided that we will not keep 5% value and we will charge it. So, because of that accounting, there is an additional impact.
- Now, coming back to again your question, that we are capitalizing the new pipelines, there is a depreciation when these pipelines will start actually giving revenues, so we have capitalized a portion of the Jagdishpur-Haldia pipeline this year and that is a significant

capital expenditure done and we have capitalized. The next year, we have given our guidance that we will be actually increasing our volume from 120 to 130 to 132. That is significant increase of 10 to 12 MMSCMD. Largely, that increase will come from these pipelines only. Because Eastern sector, as marketing was telling in respect of Barauni-Guwahati pipeline, and similarly the other leg which have been capitalized, we are having anchor customer on those lines. So, you will see that at least 4 to 5 million volume, if 10 million or 12 million volume increases will come from those pipelines and that will be a significant revenue, and there will be benefit to top line and bottom line both.

- **Mr. Ramesh – Nirmal Bang Securities:**

- So how about the interest capitalization at the PBT level, because that will also impact your increase in interest next year.

- **Mr. Rakesh Kumar Jain - Director Finance, GAIL India Limited:**

- Interest, yes, interest cost will be there, no doubt. But if you are interested in amount, I do not have for those pipelines. But yes there will be impact, but that impact is not significant because largely we are funding through our internal generation. As you see, that our borrowings are not increasing to that extent, the kind of capital expenditure we are doing. There is an impact, but not to that extent which can be cause of concern.

- **Mr. Ramesh – Nirmal Bang Securities:**

- Sir, one last thought in terms of your initiatives on biogas. So, you are buying that at a fixed price and you are also having a JV with TruAlt. So in terms of your economics of sourcing the gas and placing it, because there are so many sources of gas, what is the kind of economics for the biogas? And how much of that will be in your balance sheet, and what are the terms for this TruAlt, if you can explain?

- **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**

- We cannot divulge the terms of our joint venture currently because something is going on there with TruAlt. But there are two ways through which we purchase gas. First one is our own plants,. So, in Ranchi we are making our own plant. And whatever happens in TruAlt, also will be coming to… it can be sold in two ways - directly as a CBG station wherein this replaces the CNG, and through our synchronization which Mr. Agrawal was referring to, in which we buy CBG (compressed biogas) from any producer. And we supply that to the nearby or that location in C2 CGD entity. So, there we buy it at something like Rs.1,280 or Rs.1,300… or how much is it now? Rs.1,290. And, through Ministry of Petroleum and Natural Gas' approval, we are able to socialize that cost on the APM, non-APM volume of about 21 million cubic meter per day. That is the mechanism.

- But it is actually… the CGD entity gets it at the APM, almost the APM price only. That is the mechanism currently going on. This is done in order to promote biogas. And we believe this scheme is really benefiting that biogas segment.

- **Mr. Ramesh – Nirmal Bang Securities:**
- So you will earn some marketing margin on that?
- **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**
- We are getting our normal marketing margin.
- **Mr. Ramesh – Nirmal Bang Securities:**
- Okay, thank you very much.
- **Mr. Shubham Shukla – Vogayer Capital:**
- Good evening everyone. This is Shubham Shukla from Voyager Capital. I have few questions around our pipeline tariffs. So first, when are we expecting our tariff revision to come?
- And second, I just want to understand the vision of PNGRB when it comes to our pipeline tariff. Is it something like windfall or something? Basically, I want to understand how the board sees it, like for trader and as well as end consumer.
- **Mr. Rakesh Kumar Jain - Director Finance, GAIL India Limited:**
- First one I understood, but second I am not able to. What is second question?
- **Mr. Shubham Shukla – Vogayer Capital:**
- I want to understand how the board sees it, like for the trader and as well as for the end consumer? Like, the overall profit sharing, the tariff hikes. I understand the difference comes from the assumption of differences in two entities based on their CapEx, OpEx and volumes.
- **Mr. Rakesh Kumar Jain - Director Finance, GAIL India Limited:**
- First question is, when we are expecting tariff revision? There are two ways we are expecting our tariff revision. First, we have filed an appeal with PNGRB subsequent to the revision of tariff, and that PNGRB sees with that matter. We understand that because the member legal is not available, I was answering… giving the answer to a similar question. So, it is very difficult for us to give any timeline, but we expect at least in 6-9 months that should happen.
- Second way of tariff revision is that we approach PNGRB because there are changes in the parameter, like capacity and also the gas price. So we understand PNGRB will ask submissions from us because it is not only for our pipeline, other pipelines' capacity might have been revised. So all the pipelines tariff we will be submitting. And I was also telling that in case of integrated pipeline, there is some reduction in our capacities, so positives

are expected. So maybe this year we will submit our application. We are expecting that that communication will come. So that will take care.

– Regarding second question, if I understood you, sharing of profit and all that. So, PNGRB is nowhere entrusted with that, to come into the pricing part of it. So that's not an issue.

– **Mr. Shubham Shukla – Vogayer Capital:**

– Okay, thank you.

– **Mr. Kirtan Mehta – BOB Capital Markets:**

– Good evening, sir. This is Kirtan Mehta from BOB Capital Markets. One question on gas marketing. Out of the 6,000 crore profit nearly that we have made in FY24, could you give us a bifurcation in terms of what was from the back-to-back contract with the customers where the profit was logged in the agreement, and what proportion of that profit was attributable to benefiting from the market opportunities?

– **Mr. Rakesh Kumar Jain - Director Finance, GAIL India Limited:**

– So we will not be able to give you the break-up from where we earned and why. But I can give you in terms of contract or quantities. So, we have 14 MMTPA of contract, and around 12 MMTPA of contract we have signed with our downstream customers which are all back-to-back basis. When I say back-to-back, like we have sold crude basis. We have marketed on downstream to crude basis. If you have source on Henry Hub link gas, we have also marketed on Henry Hub. So remaining 2 MMTPA or around 2 MMTPA which we have not actually sold on back-to-back index; we have marketed every gas whatever we have sold. We actually log those margins also through paper trading. We look for the opportunities in the market and take index swaps. In case we have marketed Henry Hub at Brent, then we buy Brent and sell crude, and this way we are doing that. So we have largely marketed almost 12 MMTPA of contract on back-to-back basis and 2 MMTPA we are actually locking our margins through trading. That's how the break-up I can give to you.

– **Mr. Kirtan Mehta – BOB Capital Markets:**

– Right sir. In terms of FY25 when we are guiding for 4,000 crore of profit, what proportion of that is already sort of locked in at this point of time?

– **Mr. Rakesh Kumar Jain - Director Finance, GAIL India Limited:**

– So when we are giving you guidance… rather now we are giving a bit upward guidance. We expect at least, I am using the word at least, 4,000 to 4,000 crore rupees of profit from marketing during this year. And when we give you guidance, we look back to our contracts. What are the back-to-back contracts? How much marketing margin is available to us? What kind of APM gas we are selling? What kind of marketing margin assurance? And thirdly, when we have not sold the same index, how much marketing margin we have locked? So our guidance is based on those certainties only. And you can assume that when guidance we are giving is based on certainty, not any speculations.

– **Mr. Kirtan Mehta – BOB Capital Markets:**

– Thank you sir. One more question was about the gas consumption demand across India. So when we are guiding for 10 to 12 MMSCMD growth for our volumes, what's your forecast for the India consumption growth for FY25 and FY26 for natural gas?

– **Mr. Rakesh Kumar Jain - Director Finance, GAIL India Limited:**

– No, no. We have given transmission volume will increase during this year 10 to 12.

– **Mr. Kirtan Mehta – BOB Capital Markets:**

– Correct sir.

– **Mr. Rakesh Kumar Jain - Director Finance, GAIL India Limited:**

– So, country level volume, if you have to see in a ballpark basis, we hold 70% infrastructure in the country. If we are able to increase through our network 10 to 12, you can just work it out, maybe 15 million should increase. My director of marketing will correct me.

– **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**

– During this year, we will cross 200 MMSCMD of annual daily consumption in the country. If that answers your question.

– **Mr. Rakesh Kumar Jain - Director Finance, GAIL India Limited:**

– So that means around again 15 MMSCMD, around 180-185 MMSCMD.

– **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**

– Yeah, 185 was last year.

– **Mr. Rakesh Kumar Jain - Director Finance, GAIL India Limited:**

– So again I said 15 MMSCMD.

– **Mr. Kirtan Mehta – BOB Capital Markets:**

– Just to get bit more granularity in terms of how do you expect… basically part of it will come from the ONGC's field growth in kg. So, what proportion of the LNG growth you are assuming in this forecast?

– **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**

- See LNG has already grown. It is likely to be about 25-26 million tons i.e ~95-100 million cubic meter of LNG will be there. That is the point.
- **Mr. Kirtan Mehta – BOB Capital Markets:**
- Thank you, sir.
- **Mr. Somaiya - Participant:**
- Hi, sir.
- **Mr. Harshvardhan Dole - Vice President, IIFL Securities:**
- In the interest of time, let's take that as the last question.
- **Mr. Somaiya - Participant: Avendus Spark**
- Yeah. Sir, one, when we are saying that next couple of years 20 MMSCMD of volume, I am Somaiya from Avendus Spark. So when we are saying 20 MMSCMD of volume growth next couple of years, which are the sectors? Has fertilizers, Sindri, Barauni, Gorakhpur, has it fully ramped up? And what is the volume expectation from CGDs? If you could just break up this 20 MMSCMD into this end market, that would be helpful.
- **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**
- 20 million cubic meter per day. The fertilizer plants that you have referred are just about, you know, ending their teething period. So some of that demand would come from them. The average demand, if you calculate the full volume consumption divided by 365 days, so 3-4 million cubic meter would come from that. The remaining would be from other sectors, mainly from CGD entities.
- **Mr. Somaiya - Participant:**
- Any particular industrial pocket we see as a big opportunity within this 20 MMSCMD?
- **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**
- See, that is the analysis of CGD entities. A very important question was raised about how do you foresee this demand to be there? So, I had answered that we are near 250 geographical areas. And we are very quickly connecting them also. Most of them are already working on getting their gas through pipeline. If a geographical area gets gas through pipeline, it is like a boon for them. Because when they get gas through cascade or through LNG mode, the costs are higher by rupees 10 per meter cube. That's a challenge that they are facing. And that is why realizing that we have been progressively connecting most geographical areas… In fact, to tell you, some of the geographical areas are approaching us for second connectivity, and we are working very expeditiously to connect, to give them second… this thing also. Because if there is a customer, if there is a

connectivity, it would add to our transmission volume and it would also increase the scope of my marketing volume. That is the point.

– **Mr. Somaiya - Participant:**

– Sir, one last question from my side? So in terms of CapEx, so this year we are more on Petchem. So from pipeline standpoint, we are almost done. Should we kind of expect pipeline CapEx going forward to be relatively low? That's one.

– And second, in terms of transmission tariff, what would be the impact of the newer pipelines on transmission tariff? Thank you.

– **Mr. Rakesh Kumar Jain - Director Finance, GAIL India Limited:**

– Currently, we are still executing the KKMBPL pipeline. Some leg of Jagdishpur-Haldia pipeline. Mumbai-Nagpur-Jharsuguda pipeline, I said so, and Shirkakulam-Angul. Then we got the Gurdaspur pipeline. And then board has yesterday only sanctioned 1,792 crore rupees of CapEx for another pipeline, C2-C3 pipeline. So we have fairly good amount of CapEx available to be incurred on pipeline. It's not going that like that there is no CapEx available. Yes, for coming one year, we have good amount of CapEx on petrochemicals. So we will be incurring CapEx on petrochemicals. So it will be kind of a balanced situation for at least coming two years.

– This year, we have incurred almost 30-33% on both pipeline and petrochemicals, and remaining on operational CapEx and CGD. Next year also, the situation is likely to remain in similar range.

– **Mr. Somaiya - Participant:**

– The last question was on transmission tariffs. So the newer pipelines that are coming, the Shirkakulam-Angul, Mumbai-Nagpur-Jharsuguda. So what are the impact on transmission tariff going forward at a company level?

– **Mr. Rakesh Kumar Jain - Director Finance, GAIL India Limited:**

– First, the transmission tariff has been notified or approved through a bidding route. The kind of volume we are able to get because this pipeline is still under execution, we are now working on the customer side or locking these volumes. I think our Director of Marketing will be able to tell. So, once the pipelines are nearing completion, we will also be tying up the customers for transporting the gas. Maybe fairly idea can be given by Director of Marketing.

– **Mr. Sanjay Kumar - Director Marketing, GAIL India Limited:**

– See, although Director of Finance referred this to me in a different sense, but I would like to say, we have bid for these pipelines, and they are going to add to our tariff revenue. We have properly analysed these tariffs and got this approved through our different committees and put this up to our board. And then board authorised us to do this bidding. And the tariff may be in the public domain also. It will add to our revenue. As far as this pipeline is concerned, there are many steel customers and some of them have signed transmission agreement. We are also now trying to conclude sales agreement with some customers in the Srikakulam-Angul or the remaining part of Jagdishpur-Dhamra-Haldia pipeline.

- **Mr. Somaiya - Participant:**
- Thank you.
- **Mr. Harshvardhan Dole - Vice President, IIFL Securities:**
- Ladies and gentlemen, thanks. On behalf of IIFL Securities, I would like to thank GAIL Management for giving us an opportunity to host this event. I would also like to thank you, the investors and analysts, for attending this meeting and the active participation. If any of your questions have remained unanswered, feel free to write me or the Investor Relationship cell of GAIL and I am sure they will revert ASAP. On behalf of management, I would like to invite you to join us for the high tea, and we can continue the discussion offline. Thank you and have a great evening.

END OF TRANSCRIPT