## GAIL India | UBS | May 30, 2022

Amit Rustagi:

A very good afternoon to my friends from the analyst community, investors, and portfolio managers. I welcome you all to GAIL India Limited Investors and Analysts Meet 2022. I'm Amit Rustagi, Executive Director of Research for UBS Securities in India, governing energy and effective planning sector. It's my pleasure to now welcome the GAIL management team led by Shri Manoj Jain Ji, Chairman and Managing Director, Shri R.K. Jain Ji, Director of Finance; Shri Sumit Kishore Ji, ED Marketing, and Mr. Shashi Menon, ED Finance.

Amit Rustagi:

Though GAIL management doesn't require an introduction, I would like to briefly introduce Shri Manoj Jain Ji and Shri R.K. Jain Ji. Mr. Manoj Jain, a mechanical engineering graduate and an MBA in operations management, possesses rich and diverse experience encompassing more than 36 years with GAIL in the areas of business development, project, O&M, petrochemicals, pipeline integrity management, and marketing, which has allowed him to gain insights and knowledge across multiple business units and functional areas. Mr. Manoj Jain is also currently chairman of GAIL Global (USA) Inc., GAIL Global (USA) LNG LLC, Mahanagar Gas Ltd., Brahmaputra Cracker and Polymer Ltd., and GAIL Gas Limited. He is also one of the directors on the board of Petronet LNG Ltd.

Amit Rustagi:

Mr. Rakesh Kumar Jain is a cost and management accountant by profession. He has rich and varied experience of around 30 years of working in oil and gas sector and regulatory. Prior to his appointment as Director of Finance, Shri Jain held the position of Agricultural Director at Pune, actuary in GAIL. Additionally, he holds the position of Director in Indraprastha Gas Limited, GAIL Gas Limited, GAIL Global (USA) Inc., GAIL Global (USA) LNG LLC, Patna Gas Limited, and Bengal Gas Limited. Earlier he was on the board of Ratnagiri Gas and Power as well.

Amit Rustagi:

I would also like to express my gratitude to the entire GAIL team for working around the clock during the pandemic, to maintain uninterrupted and safe transmission of natural gas and LPG supplies to the crucial downstream utilities. Thanks to the dedication of each of the staff for selflessly working at the front lines to ensure that there is no supply disruption. I would also like to appreciate GAIL's management for driving GAIL through challenges of the pandemic and recovering swiftly to report highest ever consolidated EBITDA and profit after tax during financial year 2021-22. Obviously, you will hear more from the management more drove this performance.

Amit Rustagi:

Also, I would like to congratulate GAIL management for paying record dividends to its shareholders, and performing two consecutive share buybacks back-to-back. And now, I would like to hand over the proceedings to Shri Manoj Jain Ji, for his opening comments. Thank you, sir.

Manoj Jain:

Thank you, Mr. Amit. My dear friends from investors and analysts community, Mr. Amit, my colleagues, a very good afternoon to all of you, and a warm welcome to GAIL's Investors and Analysts Meet 2022. It's such a wonderful feeling to see you all in person. We are thankful to for all of you for taking out time to attend this meet. Last time, I think we had this meeting in 2019. And last two meets were through online systems only due to the pandemic, but now we are back and we can meet each other freely.

Manoj Jain:

The results for the quarter in the year ending 31st March 2022 have been declared on 27th May 2022. I take pleasure to state that during FY22, GAIL has achieved highest ever yearly financial results on all the three parameters. That is, turnover, PBT, and profit after tax. For FY22, GAIL achieved gross turnover of 91,426 crores, an increase of 62% over previous year. Profit before tax stood at 13,590 crores, registering a growth of 113% over previous year. Further, profit after tax jumped 112% to be 10,364 crores. This is the first time that our PAT has surpassed the five-digit figure of 10,000 crores. The robust performance is primarily driven by better physical performance in natural gas marketing and transmission segment and better price realization across all segments.

Manoj Jain:

As Mr. Amit has already pointed out, they are largely due to the team GAIL, which has ensured that the volumes are flowing through all the times even during last year beginning again when the pandemic again came back. And also in January this year when the third wave came, all our plants were running uninterruptedly, and there was not a single disruption of any of the performance at any of the plant. And we have been able to supply PNG as well as LPG as well as petrochemicals to all our consumers without any failure. On a consolidated basis the GAIL recorded a turnover of 92,636 crores, in FY22 versus 57,208 crores in previous year, up by 62%. The PBT jumped 100% in FY22 to 15,464 crores.

Manoj Jain:

The profit after tax increased to Rs 12,256 crores up by 100%. During the year, company has declared an interim dividend of Rs 9 per share, amounting to Rs 3,396 crores. The board has recommended a final dividend of Rs 1 per share subject to approval of shareholders on paid-up equity, making the total dividend for the year to Rs 10 per share. This is the highest ever dividend paid by the company. In absolute terms, we will be paying a higher dividend of Rs 4,440 crores for FY22.

Manoj Jain:

GAIL has also announced buyback of around 5.7 crore shares at a rate of Rs 190 per share. The total CapEx for FY22 is 7,700 crores, mainly on pipelines, petrochemical, CGD projects, operational CapEx, equity contribution, and E&P. In the next three years, the total CapEx is expected to be around 30,000 crores mainly on pipelines, petrochemical, CGD, operational Capex, equity contribution, and E&P, and also some of the renewables.

Manoj Jain:

GAIL's LNG portfolio for 14 million tons and diversity in supply sources and supply indices. The company is well-poised to cater to the needs of the customer and actively contribute towards the national goal of a gas-based economy. The company is also tying up new gas sources to meet the emerging gas demand in the domestic market as well as to maintain its international portfolio. The company has also embarked upon alternate energies like green hydrogen, renewable, and biofuel project, which are operational importance and would likely provide a transition to the future. I'll not take much time with the detailed analysis as the same will be covered by the presentation of our ED Finance and ED Marketing. They're in there and they will be giving you the insights about the various parameters. Thank you very much once again in joining in large numbers. Thank you.

Crew:

Can we have it, Mr. Sashi.

Sashi Menon:

Good evening, ladies and gentlemen. Thank you all so much for spending your time for this analysts' meet. I understand you have been shuttling between two locations. We have a small presentation for you. It's on?

Crew:

Yep.

Sashi Menon:

I think you have to change the slides. Yeah. I need to go back to the first slide, safe harbors treatment. Enhancing quality of life through clean energy and beyond: this is our mission. Our vision is to be the leader in natural gas value chain and beyond with global presence, creating value for stakeholders with environmental responsibility. This is the ... All of you have seen the presentations before? So these are our major business verticals, gas transmission and marketing, over 14,385 km of gas network and growing, long-term portfolio up to 14 MMTPA. Petrochemicals, 15% domestic market share, capacity of 800 KTA and 280 KTA at BCPL. LPG and liquid hydrocarbons, we have five processing plants, 1.4 MMTPA of capacity, 4.5 for MMTP of LPGtransmission capacity. E&P, we have participated in 12 blocks, presence in US and Myanmar. Renewables, we have 118 MW wind power capacity, 13.8 MW solar power capacity, and our CityGas distribution, presence in 67 GA's out of 295 GA's through our subsidiaries, GAIL gas and Bengalgas, TNGCL and 8 CGD JVs.

Sashi Menon:

Next, due to our global presence, we have, as you already know, presence in USA, Egypt, Singapore, Myanmar, China, and we also have presence in Indian Energy Office of Russia. This is a sustainability development initiative. GAIL embarked upon the journey of adopting GreenCo rating. In the last two years, five GAIL sites have achieved GreenCo rating: GAIL Vijaipur, Gandhar, Vaghodia, and VSPL pipeline having at GreenCo Silver rating. GAIL Pata has been rated Gold category under the GreenCo rating system, and an additional rooftop solar PV plant of 2.64 MW capacity underway GAIL Pata r plant. GAIL has commissioned a heat-recovery steam generator, HRSG, plant in GAIL Vijaipur for waste heat recovery. GAIL is included in the FTSE4Good Index Series for the fifth time in a row, affirming the company's strong commitments toward ESG practices in oil and gas sector. GAIL is currently in process of building India's largest green hydrogen plant and has undertaken a pilot project plan, line feasibility of HCNG.

Sashi Menon:

This is the shareholder partner of GAIL which you already know as on 31 March, the President of India holdings of 51.45 and the rest of the holdings you already know. GAIL board approved buyback of ~5.7 crore shares at a price of 190 per share aggregating to Rs.1,083 crores on 31st March 2022. During a FY21-22 GAIL, incurred a dividend of 90% of equity capital. GAIL board declared fund dividend at a rate of Rs 1 per equity share in its board meeting held on 27th May,2022 subject to approval of shareholders.

Sashi Menon:

This is the snapshot of our Corporate Social Responsibility embodied under GAIL Hriday umbrella. GAIL has achieved spend of 203 crores at a 3% of profit against the mandatory 2%. Some of our flagship initiatives in CSR are as listed: GAIL Ujjwal, focused on education; GAIL Kaushal, skill initiatives; GAIL Arogya, health and sanitary initiatives; and other focus areas. Especially in COVID, we spend about 87 crores to contributions to PM CARES fund, PSA plants, oxygen concentration regulators, etc.

Sashi Menon:

Performance highlights, media highlights for FY22. GAIL annual report financial statements for the year 2021 has won Gold Shield in ICAI awards for Excellence in Financial Reporting for 2021. received review and comments from CAG for accounting accounts of financial 2021 third year in a row. Credit rating stands at domestic AAA international BA3 with stable outlook from Moody's, , BBB-, with negative outlook which is equal into sovereign rating of India. During FY21-22, GAIL operating dividend of@ 90% of paid up capital for the GAIL board declared final dividend of RS 1, as I shared earlier.

Sashi Menon:

GAIL retired high cost loan by exercising call option, the bonds series 2015 which was issued at 8.3% and amount of Rs 500 was prepaid, 500 crores was prepaid. Tax refunds of 200 crores pertaining to vivad se vishwas scheme was received by GAIL with the 18 AY out of total 21 AY attaining final settlement under the scheme. GAIL board approved Buyback of 5.7 crore shares at a price of 190 per share aggregating to 1,083 crores. Highlights, highest ever LPG oil transmission 4.199 MMTPA transmitted in 21-22 surpassing the previous highest of 4.163 MMTPA in the last financial. Both VSPL and JLPL recorded the highest ever LPG transmission individually.

Sashi Menon:

GAIL has successfully commissioned India's first project for blending hydrogen in CityGas station on 31st January 2022. GAIL board accorded approval setting up 10 MW electrolyzer for producing green hydrogen at a project cost of 231 crores out of 4.3 TPD PEM electrolyzer for green hydrogen projects has been placed, on M/STechnimont limited on 11th May '22.

Sashi Menon:

GAIL charter hired another LNG vessel, Grace Emilia. The vessel was delivered to GAIL on 14th March, 2022 for initial period of five years at a competitive charter rate. Successfully obtained approval from Competition Commission of India for acquiring IL&FS group's 26% stake in OTPC, ONGC Tripura Power Company and completed acquisition of the same on 4th January 2022. GeM Portal procurement has reached a record of 2,593 crores against the MoUtarget of 1335 crores. These are our physical performance both in the ... If you look at the left, gas volume, there is gas transmission, gas marketing.

Sashi Menon:

Gas transmission stood at 111 MMCMD compared 104 last financial and gas marketing stood at 96 compared to 89, gas marketing mix is to your right. APM stands at 43% and we have RLNG 21%, SPOT 9%, midterm 16% and overseas around 10%. Similar is the gas transmission mix. Petrochemicals sales stood at 790 TMT FY22 compared to 871 last financial. Liquid hydrocarbon sales of 1,004 TMT compared to 1,138 in the last financial, LPG transmission at stable levels of 4,199 TMT.

Sashi Menon:

This is the profile of the natural... next slide please. This is the profile of natural gas sector sales. It's compared to FY21 to FY22, if we look at the left, out of total sales of 89.2 MMCMD last year, almost 38% went to the fertilizers, 14% to power, 22% to CGD, 6% to others overseas, and 19% others. "Others" covers steel refinery and petrochemicals etc. This slide also shows the domestic and the RLNG profile. The green is RLNG that is almost 42% and 46% in this year. The previous one. One slide back. Yeah, thank you.

Sashi Menon:

This is the standalone financial for performance, first ever that is FY22 turnover of 91,426 gross margins, 15,876. We have profit before tax of 13,590 crores PAT of 10,364 crores. This is a snapshot of the balance sheet. Capital employed 67,610, net worthof 49,920 crores, and loan outstanding of 5,953 crores. Key financial ratios Pat toNet worth was 21. Return on capital employed is at 20, Debt equity at 0.15, share price went to 156 and earning per share is 23. Market capitalisation is 69,137. This is the consolidated financial performance- turnover 92,636 crores, gross margin 18,086. We have a profit before tax of 15,464 and a profit after tax of 12,256.

Sashi Menon:

This is the revenue reconciliation. I will not read out the figures. This is going to be available to you also. So this is the revenue reconciliation on consolidated basis of FY22. PAT, if you come here. PAT Reconciliation is, as shown in the slide, 12,256 profit after spend, capital expenditure FY22 and the projections for FY23 7,700 crores. This FY22, 54% towards the pipeline projects, equity participation 12%, operating CapEx is 21%, and the rest as shown on the slide, almost similar performance next year with major CapEx in the pipeline sector

Sashi Menon:

... performance next year, with major CapEx happening in the pipeline sector. We can come to the next link. Actual CapEx and capital domain commitments, these are the different major projects that we have in hand. I'll just run through the expected completion date. Dhamra-Angul, December 22; Dhobi-Durgapur, 30th June 22; Bokaro-Angul, June 22; Durgapur-Haldia, June 23; Barauni-Guwahati, June 23; Dhamra-Haldia, 30th June 23; KKBMPL is February 25; Srikakulam-Angul, July 23; Mumbai-Nagpur-Jharsuguda, 2023; and major PC, a Petrochemical project, that is PDH PP that is coming near year in Usar. Expected completion is in April 2025, and the polymer PP plant in Pata is January 2024. I would now request Sumit to take this presentation forward. Thank you.

Sumit:

Good afternoon, gentlemen. I'll just quickly take you through the industry outlook, where I'll be first giving you a glimpse of what has been happening in the international market, and then we'll quickly run through what has been happening in the Indian market and specially with respect to GAIL. Now, we all are aware that all the governments of major economies have been struggling with the idea of how to achieve net-zero, and the climate change is a thing which has been bothering all the nations.

Sumit:

The role of natural gas, we feel, while this energy transition is going to happen, it'll still be very important, especially during the transition. We all know that fossil fuels dependency will decrease but as we switch over from the fossil fuels to the renewables, especially in economies like India and China where coal is still playing a major role, gas will continue to play a major role, and especially there'll be more and more industrialization shifting towards these countries like India and China. So, gas will continue to rule as a transition fuel.

Sumit:

Next slide. So, while some of the major changes have happened in the geopolitical scenario in last few months, it's an eyeopener for all of us. The race to net-zero, whether it is too fast or the countries are trying to reach that energy transition, whether they are taking care of the energy transition, or the energy security aspects while they are rushing to the net-zero is a question mark.

Sumit:

Now, this kind of energy shock, whether this was the first event or there will be more such events, we're all struggling to find it hard. But one thing is certain, we cannot choke the investments in the UNT sector, and that's the realization now which is happening very fast. In these circumstances we understand that gas will play a major role. It's a dual role that gas will be playing. It will be replacing the fossil fuels, especially the liquid fuels. And especially where the industrialization is taking place in countries like India and China, gas is a much better fuel compared to the solid fuels like coal, et cetera. And it will help in reducing the carbon footprint also. So, that's how we see things playing out in the next few decades.

Sumit:

This slide again shows countries like India and China, they are using natural gas and renewables to a lesser extent compared to other global major economies. The share of natural gas is definitely going to increase in these two countries, where the coal is having a very high percentage. So, that's already a given. We all have to see at what pace it is going to happen.

Sumit:

Next slide, please. See, this broadly shows how even in the difficult year, where at least half of the year many of the countries were struggling to fight the COVID pandemic, still the imports have grown to the extent of around 6% world over. This has been mainly driven by countries like China which have increased the imports to a large extent. And China has now taken over as number one LNG importer, earlier it used to be Japan.

Sumit:

There is major new sources emerging, the increase in the shares of exporters has been mainly driven by the US, especially the Henry Hub lean gas. This again is the country-wide LNG importing list, and China has become the number one and India continues to remain at number four. Most of the growth is in the future, next few years is expected to come from these two countries and other Asian countries. India is still among the top 13. We are at the 13th sequence, as far as gas consuming countries are concerned. We see lot of potential because the percentage of natural gas in the energy mix is only 6.7%.

Sumit:

So, there is a lot of potential and we are certainly going to jump few places in the next decade. As far as energy consumption is concerned, China is of course the biggest contributor in the global energy consumption, it's at 26%. India is also quite important at 5.7%, but if you look at the projections how natural gas and primary energy consumption is going to grow, we are expecting it to double. The India energy consumption is going to double by around 2050.

Sumit:

Mainly very energy intensive activities are going to get relocated to countries like India and some other Asia-Pacific countries, and they are going to drive the requirement of natural gas. Role of natural gas will continue to remain important, especially it is near to zero carbon. It's near to zero carbon, it's important to understand. Of course, in future, natural gas also has the possibility to produce green and blue hydrogen. If you look at the domestic gas consumption pattern, how it has been, fertilizer and power as usual, especially in the year 21-22, they were the major drivers of consumption.

Sumit:

Future is going to belong, if you see the pie chart which is down below, it's the projection for around 2030. CGD and the industrial segment are going to drive the growth in the next decade. Of course, some consumption is also expected to increase in refineries, the steel sector and others.

Sumit:

Normally, fertilizer segment and the power segment will still continue to be the backbone of the consumption. But as we grow towards 2030, the ambition of the nation is to achieve 15% natural gas in the overall energy basket. So, the drivers will, of course, be the newer areas.

Sumit:

The gas infrastructure is definitely in place for this new growth which we are expecting. The terminals are coming up. We already have a 40 mm TPA capacity, it's going to be around 1.5 times. Upcoming terminals Dhamra, Shara, Jaigarh, Jafrabad, and of course the ball also we are carrying out breakwater activities. So, that will also be available full season next summer onwards.

Sumit:

As far as pipeline is concerned, it's going to be around 1.8 times in the next three or four years. The infrastructure would be in place. The growth driver, the CGD sector ... Now practically with the new rounds of 11th and eighth round of the CGD roll out, practically the whole of India is now covered with the GAs, and 88% of the country's area and 98% of the country's population is virtually covered under the CGD ambit. Already around 4,400 CNG stations exist. This number is expected to reach 10,000 by 2030. The household PNG connections are expected to reach five crores by 2030. So, this is the growth story emerging.

Sumit:

As far as the Petchem segment is concerned, we see a lot of potential as the GDP grows and the economy grows. The per capita plastic consumption of India is only 11 kg, whereas in countries like China it is 45 kg, and even other developing countries it is 30 kg. There's going to be lot of growth in this segment. This growth is going to be primarily driven by the packaging industry, the eCommerce industry, the automobile segment and the agricultural as the advancement chapter in the irrigation sector.

Sumit:

We expect around seven to 7 1/2% growth in the plastic consumption in the country. As GAIL, we're going to lay new capacities. In Usar we have the 500 KTA PP plant and another 60 KTA in Pata which are going to come in next two, three years.

Sumit:

Now, that's the stable businesses of GAIL. We are still looking at other segments, and we're getting ourselves future-ready. So we're doing things in hydrogen CBG. It's renewables. Hydrogen, we've already placed order for the 10 megawatt electrolyzer at Vijaypur.

Sumit:

As far as CBG is concerned, we all are aware that GAIL has been made responsible for blending of CBG in the CNG, PNG segment as authorized by the Government of India. And we're already six GAs are getting CBG made gas in the segment and this number is going to grow in future.

Sumit:

GAIL is itself setting up a 5 tons CBG plant at Ranchi. In Ethanol, We're already looking at two-three sites, where we're going to set up Ethanol facilities. In renewables, we have an ambitious target of achieving one gigawatt renewable power. So, that's how we're looking at other emerging segments also to diversify our portfolio. Thanks. That's all.

Amit:

Now may I request the participants to have their questions? I would request please introduce yourself before raising the question. Now the floor is open for Q&A. Thank you.

Manish Jain:

Hi. I'm Manish Jain, and wanted to understand your initiatives pertaining to hydrogen. What are the challenges that you foresee in blending hydrogen in your existing pipelines, specially the old pipelines and the new pipelines? And if you can just give us a roadmap for the next one, three, five years, that would be good.

Management:

Thank you. Primarily what we're looking at use of hydrogen in two ways; one is producing the green hydrogen. For that we're putting out a 10 megawatt electrolyzer at one of our process plants at Vijaypur in Madhya Pradesh. That will be powered by the renewal energy. That order we have placed and the project is going to be completed in 18 months time.

Management:

As far as demand for that 10 megawatt electrolyzer is concerned, there are probable options with respect to fertilizers as well as mixing in the natural gas pipeline, and supplying to end consumers separately also. It all will depend upon, one is the government policies which we are expecting, maybe in next few months will be finalized and coming, especially with respect to mandatory obligations, at fertilizers, refinery, and other sectors.

Management:

Regarding the second aspect of mixing of hydrogen with the natural gas pipeline, we have already started one of the pilot project in January 22, in Indore, and we're supplying to one of the city gas distribution network. Up to 2% we got the approvals from the PESO as well as PNGRB regulators, and that is continuing for the last four months.

Management:

The first draft report on their results has also come in. The 2%, there is no adverse impacts, so metality-wise it is satisfactory. Now we intend to go for more percentage and increase the approval of regulators, to move ahead. That is one part.

Management:

Secondly, we're also looking at, with the support of EIL, that lab based studies on the impact on these various materials of natural gas pipelines. As far as the differentiation between new and old pipeline is concerned, we understand from the world why is it studied that up to X52 grade pipes. Probably, some of the European countries have gone up to 18%, whereas in above 52 grade, which we are using X70 and X80 grade pipes, probably they feel that the percentage may be slightly lower. That needs to be firmed up. So, we are working on how it can be worked. Associated with the pipeline is the various accessories like valves, vents, that also studies are being under them. The most important part is the impact on end user. Because if a user is fertilizer plant, or user is a household kitchen, or user is the automobile vehicle, impact on all these areas also need to be elaborated and also tested.

Management:

We have also commissioned those studies. So, primarily at this stage we're working on the hydrogen space with respect to ascertaining the technical viability and the compatibility with respect to pipelines. So, as such, at this stage the planning for one, three, five years may not be that much reliable from that perspective, but from the green hydrogen perspective we intend to go up to around 35,000 tons of hydrogen making by 2030. That is our tentative estimate, but we need to firm up all these within next 18 months to two years when all these studies, as well as government policies will be cleared. So, primarily, the firm plans after 18 months are contingent upon the government policies with respect to the hydrogen mandatory obligation, with respect to the tariff exemptions of renewable with the hydrogen location advantages and also the end users compatibility.

Manish Jain:

Thank you so much.

Probal Sen:

Hello, Sir. Am I audible?

Management:

Yes.

Probal:

This is Probal here, from ICICI Securities. I had a question regarding the gas pooling policy that has been put in place. Obviously, a couple of things. One is that the priority of mixing that you'll be doing, what we read from the document that's come is 'HPHT gas followed by term and followed by spot. So is there a pre-mixed formula that will be evolving as we go along? How we will actually practically be doing it? That's one.

Probal:

Secondly what will be the tenure of the pricing that will be there? From what we understand the initial pricing communicated to the players is for the first 15 days, whereas the document mentions allocation being done on a quarterly basis of the volumes. So how will that actually play out? If you can just clarify for us. Thank you.

Management:

Pricing will be on monthly basis. So, for the fact, as it started on 16th of May, so it was for 15 days. From 1st June we'll have the pricing for June. The primary reason for this monthly pricing is that presently there is no HPHT gas available, and also no long term RLNG is available, so we are procuring Spot RLNG for mixing. So, depending on the arrival of the Spot cargo, we are doing it on the monthly basis which is being allowed by the government.

Management:

Second part is the priority of mixing, as you rightly know that APM and Non-APM is the first priority, whatever is available, for this sector. Then a small element of CBG, whichever is available will also be added to it. Then after that if HPHT is available, then that will be the priority. Then the long-term LNG and the Spot LNG, and depending on the availability will be the priority. So, that is the priority which has been decided, but after all it will be deliberated and once either long term RLNG or HPHT is firmed up. So, that will become a part of that pool, because long term, if it is mixed up, it has to remain for a long term. So, that will become a part of earlier practice.

Manish Jain:

Sir, if I can ask just a small follow up. The term LNG would include the US Henry Hub gas that we have in our portfolio? Is that an option for us to blend it?

Management:

As of now, no, because that entire gas of Term LNG has been sold out. Otherwise, we would have done from the day one. But now whatever will be available, probably we'll be sourcing it.

Manish Jain:

Thank you very much, sir.

Speaker 3:

Hello. I'm audible. Thank you very much for your detailed presentation. So, in going back to the earlier question on the pool gas supplies. So there's a figure of $8 / MMBTU just being quoted-

Speaker 3:

There is a figure of eight dollars per MMBTU which is being quoted as the current price for the CGD sector. So is that based on gross caloric value? Net caloric value? And does it include the plant transportation tariff on a levelized basis for all of the CGD companies?

Management:

This is uniform basic price so it does not include any transportation tariff. That is one. And secondly, it is on the basis of gross caloric value.

Speaker 3:

So, the actual delivered cost to the CGD companies will include the difference in transportation?

Management:

Yeah. Not only transportation but and other taxes also.

Speaker 3:

Okay. Okay so but for CNG there is VAT in Delhi, right so?

Management:

True but in some states it is.

Speaker 3:

Yeah, okay.

Management:

Yeah.

Speaker 3:

And the second follow up question is, now in terms of the long term growth for transportation and marketing. So it's really 22% or thereabouts is CGDs. So that seems to be the only sector that you have any flatten in terms of growth. So on the fertilizer from it is obviously the three new fertilizer plants on will give you some growth.

Speaker 3:

So in terms of your transportation and marketing volumes, what are the kinds of growth we can expect in FY '23 and then moving forward?

Management:

For next three years we expect that in the sales, the growth will be 6 to 8%. And for the transmission, 8 to 10%.

Speaker 3:

So this will be primarily driven by CGD?

Management:

It will be primarily driven and the transportation will primarily driven by CGD as well as refinery and also the fertilizer plant which impacts two in this year. Some of the plants came middle of the last year and some two plants are more here to come which will be coming this year.

Speaker 3:

Just one last thought. Now looking at gas pricing policy. For the new CGD's it starts at 6,000 SCM's per day and then you have in increments. So look at the planning that is going into the new CGD applications, timeline for reaching a particular month or the peak volumes.

Speaker 3:

So doesn't this inhibit the potential for achieving break even or viability for the new CGDs? What is your thought on that? And will some backstopping have to be done for the new CGD's in terms of the allocation of gas for CNG and also PNG. What are your thoughts on that?

Management:

The first quarter the government has allowed us up to 6,000 that is allowed to them. 100% of this unified base price. Whereas in other cases it still has to be a quarter lag. And so for that purpose and this new CGD has a small advantage but you are right that volume is too small to make any difference much significant.

Management:

Second part is that if supposed some CGD ties up through CBD in that area. So that will be above that allocation of CGD that is allowed additionally.

Speaker 3:

Okay, thank you very much

Management:

Thank you.

Reena Shah:

Sir. I have a question from my side. My name is Reena Shah. I'm from Elara Capital. Sir, I wanted to understand this pooling, how this benefit GAIL in terms of volumes or margins. And in which segment will it benefit?

Management:

With the pooling of CGD, if you look at... If you actually for not only GAIL but also for the CGD company that most of the CGD players who have the authorization, they are a small player and probably they don't want to directly import the RLNG and they do not have the requirement of the cargo like that.

Management:

So that aggregated volume can be imported by Gail, that helps them as well as Gail. Gail in turn will charge only a fixed, a small marketing margin which Gail is already charging for all the CGD volumes.

Reena Shah:

Okay.

Management:

So from that perspective the audition volume will be coming to Gail with that fixed marketing margin from the Gail's perspective. And from the consumer's perspective there will be sales from the of importing this large volume and then how to store that and all those problems.

Reena Shah:

Okay. And for one more question. In last quarter we have seen transmission volumes going down. Is it because of Omicron impact only or is it because of higher LNG prices? How do you see higher LNG practices impacting your transmission volumes going forward. That's it.

Management:

Primarily the impact of transition volume going down was because of Omicron as well as shutdowns which were taken by some of the plants including our own petro chemical plant in the month of March. But you are right that some of these small industries, which were on gas, they are also slightly but that impact is not significant.

Management:

Going forward we feel that the impact in all the fertilizer plants as well as our own plant has come back on the stream. So from June onwards, this impact will not be there and there will be growth in the transmission volumes. Plus we are also expecting that coming forward in the month of August, September and October, the demand from power will also be coming back so that will also add to the volumes.

Reena Shah:

Okay, okay. Thank you, sir. That's it.

Speaker 6:

So this is from Prabhudas Liladhar. So I just had a query. Like you will be supplying gas volumes to the CGD companies. But what happens to companies like IGL which has already tied into medium to short term contracts? What happens to their volumes?

Management:

Actually they've already tied up this volume because they need that gas. That primarily they are catering to that volume of the commercial & industry entity. Which immediately they might have used for this... adding to the CNG pool. But now since their commercial portfolio has increase, they can apply for that.

Management:

And in any case, companies we have kept the take or pay at 60% level.

Vishnu:

Hi, this is Vishnu from Spark Capital. I have a few questions. Firstly on the pipeline division we have close to having multiple lines that are coming up in '22 and '23. So do you have any volume commitment? Especially when you go towards the steel sector, Jharsugud all this, Bokaro and all these places. Do you have any volume commitment from these potential clients there?

Vishnu:

And when you say 8 to 10% volume growth that you'll do on the transmission site, how much are you penciling in that would come from these pipelines? If you could just help and understand that.

Management:

Yeah. This 8 to 10% is for transmission, 6 to 8% from sales So obviously the sales part will be Gail's, which will be adding to both transmission. and all those customers, yes. You know that they are already three big fertilizer plants are connected. Fourth plant also already running. Then have got which will be connected.

Management:

And all these three plants, as well as the CGD on the route in as well as also will be connected maybe and we will just have to either complete or recharge that entire section will be connected to all the pipeline.

Management:

So the volume of transition will be primarily done by these fertilizer plants, refineries and CGD entities. Volume for sales will be primarily driven by these three fertilizer plants, as well as the CGD which are the Gail & JVs'purview. And also directly that the steel and industries which we expect in 1.5 to 2 million MMSCMD initially, maybe in a year's time.

Vishnu:

We have multiple lines going to the same location. So when you say this fertilizer plant of the line does cater to a lot of them. But how do you see the other lines, let's say if I'm saying the line or let's say even the Jharsuguda line or the Sirkakulum- Angul line, those lines are not really helpful for .. fertilizer plants I mean.

Management:

No actually, those lines have been designed that they will. That line is primarily between, whatever the consumers come, it will be connected to that and connected both sides from the grid. So it's part of the National Grid. So the connection at both the ends. Similarly, Mumbai to Nagpur to Jharsuguda, so it is actually connecting Mumbai to Nagpur we intend to connect somewhere December this year and maybe up to Jharsuguda maybe in the next year '23.

Management:

So this will also be again, a part of the National Grid. The connection to the grid helps in two ways. One is the all the enroute and are connected. And secondly, it also helps in providing an alternate route in case of any safety or any requirement. And at the same time the pressure are healthy and we are able to cater to a large volume of consumers when all the pipelines are maybe running at full capacity.

Vishnu:

So we have total of award 30,000 cr capex where I think I can see that I think about 16,000cr is done. So in effect only 14,000 will go towards by playing division. Is that right?

Management:

I'll just check the number, what you said? 30,000 crore what we are talking is-

Management:

... total for the coming years. Not that what we already spent.

Vishnu:

No. I mean the approved cost, they are numbers coming to-

Management:

Yeah, that is the pipeline but then around 9,000crore for petrochemical project. We just wanted to start near Albaugh. And the second one is the importer. And then we've got E&P Capex which will be coming up. Then we've got CGD Capex which will be coming up. Then we are also equity contribution which we'll have to give to our division and other CGD companies. And then we are also looking at one gigawatt of renewable energy in the next three years.

Vishnu:

My question is that actually that once we have done with these liness, more or less the incremental capital towards pipeline division will be much, much lesser because most of the pipelines will be done by then. Maybe two years out we may not really require a lot of pipelines.

Management:

And look at from the perspective of a basic model, vs an advanced models. The basic model of our National Gas Grid consists of the 34,000 km of pipeline. Which you are right, that will be completed in the next three years or so. But if you look from a country like our versus a country like US where lakss of kilometers of pipeline is there. We are 34,000 is nothing.

Management:

So more, many lines and new connecting lines will be definitely coming up. Now we are talking about lines coming up to Gurdaspur to Jammu to Srinagar. We are also talking about the pipeline in the northeastern region. So there are many, many more opportunities which are available and will be available. Definitely will have to work from the basic grid, then how we can further mash this grid to advanced.

Vishnu:

And just last one from my side. Even that these are commission and the tariff is going to be higher for them. How are you able to fix customers with unified tariff coming in? Or when do we expect that to kick in? Any thoughts on that?

Management:

Thank you.

Management:

So Unified Tariff has already be notified in a different form. But that has not been implemented because of various implementation issues. So we hope that PNGRB, and we understand that PNGRB working on sorting out those issues to work out that model or regulation impelemtable. So one of the way which PNGRB floated a concept paper in 2017 is the entity level or unified tariff and then the larger level or at the country level.

Management:

So the PNGRB, we understand has already started the process of doing that. And then in that process they are working for arriving at a capacity for unified network. So we hope that it will come and then once that is done then certainly we will be able to see that model

Vishnu:

Any timeline for that?

Management:

Timeline is for regulator to do that. But since now more and more pipelines are coming up and that additive tariff may become prohibitive for the development of gas market in the hinterland and the areas which are far from the source, certainly that will be done maybe in a year or so. That's what we understand and we will not be able to give any time line for that. And PNGRB has already started working on that.

Vishnu:

Thank you.

Sabri Hazarika:

Yeah, good evening. This is Sabri Hazarika from EmkayGlobal. I have a question with respect to the petrochemical plant, where would you be sourcing the propane for this new plant? Would it be internally from Gail's system gas or would it be imported from outside.

Management:

It will be imported propane. That's why we have chosen the location of Alibaugh and we are already primarily agreement with BPCL who are in any case bringing a lot of imported propane into the country. So we'll be also bringing along with them. Our other requirement is a fraction of what they bring every year.

Sabri Hazarika:

So it will mostly come from Middle East?

Management:

Yes.

Sabri Hazarika:

And what will be the amount of propane metric?

Management:

It will be 600,000 tons per annum

Sabri Hazarika:

Okay. And lastly, what is the project hire of this petrochemical plant? Or equity IRR?

Management:

Yeah. It will be above the threshold of Gail's projects.

Sabri Hazarika:

And 15, 16% of or little bit different?

Management:

I'm not saying it's not.

Sabri Hazarika:

Okay. Thank you.

Management:

Thank you.

Speaker 8:

Hello. A follow up question. So looking at the earnings prospects for the next one or two years. I'm not going to ask for a guidance, but gas marketing is at the peak, transmission may deliver some growth because of the volume growth.But in Petrochemicals and in LPG there are pressure points. Because of petrochemical margins globally what we see are down.

Speaker 8:

An LPG of the problem of the increase in the gas price. So how do you manage these challenges say in the next FY '23, FY '24? Is there any backstopping you can expect for LPG given that's also priority sector? And in petrochemicals, how do you see the margins in the next 6 to 12 months?

Management:

For the current FY '23, we feel that margins are going to remain more or less in the similar range. Probably because of the two reasons. One is that our transmission volumes will increase. So that will lead to some growth in our profitability in that perspective.

Management:

Similar on the trading front also, now this year we've done a lot of stabilizing efforts, and we have got that basis risk which is also reduced to a considerable extent. And the hedging is also extended. So from that perspective we expect that between 2000 to 2500crore stable earning is an assured one. And beyond that depending on the volatility we can depend on.

Management:

And if you look from petchem side also as well as LPG the price is so far running good. And feel that similar prices will prevail because of the uncertain global scenario also. And since we do have long term gas allocated to our Petrochem, we feel that the margins may be similar to last year.

Management:

And for LPG and LHC, though the prices are much better than last year, so cost is definitely has also because of gas cost has increased because APM gas price has increased. But we have also started hedging activity for LPG. So that is also giving some to us some stabilityto us.

Speaker 8:

So you mentioned hedging. Can we get some and in the case how much are hedging on the gas marketing side and on the LPG side?

Management:

Numbers. So primarily we. If you talk of US gas... If you talk of this year because hedging is a continuous activity and done at appropriate timing. Talk of this year or almost we are bringing 13.5 MMSCMD of gas to India from United States.

Management:

So one of the jobs we did in recent past that almost 7 million of gas we have tied up on back to back basis.Where there is HH plus some marketing margin. So through that extent we are price risk free.. And second what we have done almost, 1.5 to 2 million of gas which we have sold other than the HH Index already haedged. .

Management:

And for the US gas we will be appropriately heading because we will look for the market opportunity to hedge. So currently almost 9 mmcmd out of 13.5 mmcmd, we have tied up either back to back or we will hedged.

Speaker 8:

And on LPG, how much will be the hedge?

Management:

LPG we have just begun. So earlier we were not hedging LPG, only this year, last March, we have started hedging. So it's only a small beginning, almost 23,000 tons of LPG we have hedged

Speaker 8:

Okay. One last thought question – More of a philosophical question – Look at the interanational energy agency. They are pointing to the government in emissions and gas processing. The Indian policy doesn't seem to take of this. So is there any background discussion going on in terms of within emissions? How are we in the CGDsector and the whole gas processing planning to tackle this? Or is it's something that's already in control? So I'd like to understand that.

Management:

One part is that we feel that the energy transition will be the concern for sustainable environment as to one. So from that perspective we are promoting gas as compared to liquid fossil fuels. And the same time we are also working on hydrogen because hydrogen is much talked about but less worked upon.

Management:

So we are trying to work out the standards for the country for the hydrogen arena. And once those are firmly in place especially with respect to how pipelines can carry hydrogen and up to a percentage then probably that philosophy or the policy or the guidelines or the regulations will drive us maybe in the next 8 to 10 years towards the hydrogen sustainable future there.

Management:

If you mix with the natural gas definitely it will also help us in reduction of carbon footprint. Just a gradual process we are

Speaker 8:

Yeah, I appreciate that. Maybe we can take it often. But you're looking in

Speaker 8:

Yeah I appreciate that. Maybe we can take it off then, but you're are looking at methane emissions, that's usually a bigger concern because that has a lot more damaging impact on the climate change. Unfortunately the Indian policy, we have not paid enough attention according to my reading, I may be wrong, so that's possibly food for thought.

Management:

From the gas perspective, I considered it once, maybe around seven, eight years before, we had already done one study for emissions, and we found that our systems being very nicely maintained, actually the emissions is major concern when there are leakages. So we found that our systems were well maintained and very well taken care of. At that point of time, it was not having significant impact.

Management:

Again this year, we have started a study for Net Zero, and for GHG emissions. So maybe in a year's time, those results will also be again available. So we can work on those if there are any concerns.

Speaker 10:

That's very interesting. Thanks a lot.

Speaker 12:

Pinakin from JP Morgan, sir. So three questions. On the CGD sector, sir, can you give more details in terms of the pricing and volume? For example, you said pricing is monthly. So for the month of June, you would have a sense of what will be the blended portfolio price of the gas, because it's going to be supplied to the CGD sector. And how does that compare with the $6.1 which the government has announced? And also for example, for the month of June, what is the spot component of this supply viz-a-viz what it was in March?

Management:

Well, for 16th of May, it was $8.04, as compared to that 6.1. And for the June also, the final price probably, people are working today and tomorrow with the team. But we expect that it will not be very far off from the May price.

Speaker 12:

And what will be the spot component of that supply? So that there is APM,the HPHT and that is SPOT

Management:

HPHT that is not available. So that's why that's not there. APM is a large percentage, and maybe 90% and RLNG is in the range of around 10% or so. The exact number I don't remember. But it's around 10% or so.

Speaker 12:

And sir, just regard, in a discussion, in terms of the availability that you go and book a spot at LNG, it is for how many months before? Because the expectation is that spot LNG prices could again surge, starting October, November this year. And you know this year's high. So we're just trying to understand, is this a very short term thing which will differ from month to month?

Management:

With respect to CGD?

Speaker 12:

Yes, sir.

Management:

As of now, for the first quarter, government has mandated that you buy spot RLNG. So maybe 'til June and/or maybe ... for July also. And then by that time, we get the figures of June end, and the new demand will become forthcoming after the quarter numbers are frozen. And then based on the new demand, and in the meantime we are also looking for long-term RLNG opportunities. So if we are able to tie up something, then probably that can fit into, or else there is an expectation that in September, some HPHT biddings may come. At that time, we'll have to work on that.

Speaker 12:

Thank you, sir. Sir, just to reconfirm, you mentioned gas trading margins of two to two and a half thousand crore, right, for F23. That implies a sharp decline from F22-

Management:

No, what we are trying to say, the concerns for that. Last year there was a negative margin. This year there is a positive of 4000cr something. So what we are trying to give you the aspect, that this year and the last year, the changes is that are volatile. We had already said that we already tied up back to back from a trading perspective, with a fixed margin. So that's all accounted for. It's going to give us assured number of days and there, so we are not expecting that there is going to be anything which is below this number, as was the case with last year.

Speaker 12:

Sir, just to clarify, if spot LNG prices in F23 would have the exact same trajectory as F22, should we have the same EBITDA, or should we have two and a half thousand crore?

Management:

It needs to be better than today.

Speaker 12:

It needs to be better?

Management:

Yeah, because definitely, everything is same, we have got additional volumes. It should be better than this, FY22, if everything remains same.

Speaker 12:

And lastly, I mean, any comments on the impact of windfall tax and everything? Has the government found it out, there's any discussions going on? How do you view it, sir?

Management:

Yeah. So far, we have not been sounded by anyone. Number one. Number two, from the logical perspective, what we feel is that transmission is a regulated activity. So there is no question, it is around 30% of our total earnings. Similarly Petchem and LPG, and are the market driven. And market So that also doesn't fall in the. And even the gas trading part, if you look from the Indian perspective, what all we are doing, 90% of that is against fixed margins. So I don't think that it's a pass through for GAIL so probably that we fall into the definition. I have doubts about that.

Speaker 12:

Understood, thank you very much, sir.

Mohan:

Yeah, so, Mohan here. I just want to understand, many industries are trying to decarbonize between now and 2030 and '40. Now do you visualize newer industries moving into gas, particularly something like steel, which is largely dependent on coking coal, or other coal users, which could be new, totally new lines of business for us?

Management:

In steel industry, I don't know the primary furnace ... even the existing blast furnace can take up to 30% of gas with minor modification. So that's a good area where they can look into. And we understand that some of the big players in this industry are trying for that, for decarbonizing their operations, at least in India. And once they get connected to the pipeline, that provides an opportunity for them to work upon those area. But primarily, what we feel that the drive for natural gas demand, while most of the industry try to decarbonize, but many of the industry actually trying to shift from more polluting to less polluting. Because transitioning in a knee-jerk reaction we have already seen worldwide. If world cannot sustain, how this industry can sustain?

Mohan:

Correct.

Management:

Like a look from the NCR perspective. Now, the entire NCR area is slowly, slowly graduating to gas from coal,FO, LSHS. So that's a big area which is coming. And the third and the significant area is that most of the refineries are now getting into petchem mode of operation. The conversion of 10-15% is now going up to 24% or so. So that can definitely need more gas for that purpose. That's also one of the big areas which is coming up for big gas.

Mohan:

And longer term, if the hydrogen economy truly happens, how much will be the investment needed to use our existing pipelines? Can they be modified totally to carry full hydrogen, or new pipelines have to be set up?

Management:

At this stage I will not speculate. This is because this is a technical thing, and once you do experiment, up to what percent existing pipeline can take, then first we can answer for that. Secondly, if it is 100%, there is no problem, because even today also, our industry have internal piping and pipelines which are purely for hydrogen. That is already available. And even in the petchem plant, which we are coming up in Alibaugh, I think there were 24 thousand tons of hydrogen which will be available as a byproduct to the plant. Because it's Propane hydrogenation plant. So hydrogen will be available as a byproduct.

Mohan:

Okay, thanks.

Speaker 13:

Good evening sir. My question is with regard to the possible INVIT of the pipelines. I read ... I mean, there was a news item that floated around a few days back, that the send back to the PPAC. Are there any updates on the upcoming from your end?

Management:

Ask that one again?

Speaker 13:

Yes sir. The INVIT of the pipelines that we have.

Management:

Yeah, actually, INVIT is one of the method of asset monetisation. And while we are working on that, around 4000cr of pipelines are proposed. But which mode it will be finally decided, INVIT is one mode there are other options are available. So that is yet to be finalized.

Speaker 13:

Thank you sir.

Speaker 14:

Good evening, sir. from Credit Suisse. Wanted to check on the HVJ, the pipelines. Actually they must already be about more than 65% utilized, and fixed minimum return on 75% utilization. So, given the large increase in the CGD demand and fertilizer demand that's going to come, wouldn't GAIL need to put another expansion of HVJ, or do you think that with URJA GANGacoming in, some volumes will get diverted and the additional CapEx would not be required?

Management:

Actually, if you look from the total pipeline for utilizing only, 55% of our pipelines. Whatever 110 mmscmd that we are transporting, we can easily double it without any any expansion. if you look from Hazira and from Dahej, both are meeting a place called Vagodhia and and then they're parallelly running into the same right of way.

Management:

So if I remember correctly, there are 108 million-

Management:

107.

Management:

107, MMSCMD of capacity which is available. Out of which presently we are utilizing to the extent of, I think, around like 70.

Management:

70. So there is still a scope for improvement. This was a huge number. But definitely, as and when needed there, we are prepared.

Speaker 15:

So, sir, you would rather go to 100% utilization, versus adding a new line once you reach 75?

Management:

No, it's actually parallel, right? FromVijapur to UP. We have already laid one more spurpipeline. So because we wanted to cater this Phulpur and then up to Kolkata and maybe up to Northeast. And similarly from Dhamra it will also connect. So wherever we find that in future 5 years down the line, there is going to be a constraint, we can look for that. And even today also, when the pipelines are running, some of the our compressors are not running. So we can further enhance the capacity by just running those additional compressors.

Speaker 15:

Okay. Understood. And third, on the Urja Ganga pipeline. So, what portions of the pipeline are functioning as of now, or nothing is functioning?

Management:

No, no, there are many portions which are functioning. Like phase one is completely functioning for the last four years, and then the phase two also, up to Durgapur it is functioning. One fertilizer plant is continuously running. And then we have got but just about to Ranchi. And then we are also connecting maybe in this month of June itself, this Bokaro Angul section. And then maybe in the month by August, we'll be connecting Dhamra entire Orissa region of 800 kilometers will be connected. Jamshedpur will also be connected by June.. So maybe for certain that by December, except for West Bengal portion, the entire Urja Ganga project will be commissioned. And West Bengal also we expect to commission by June '23.

Speaker 15:

Okay. Understood, sir, thank you.

Speaker 16:

This is Kirtan Mehta from BOB Capital Markets. Would you share the current status of the Bangalore leg of Kochi-Bangalore pipeline? There has been some resistance from the farmers in terms of right of way. So is there any development where the new route has been found?

Management:

As you rightly said, resistance from the farmers. We have reached from the Kerela side upto Coimbatore. So that part of 48 kilometers is done. Similarly from Bangalore, we have reached upto Krishnagiri we have some part. There again, 30 kilometers we have laid. So now we are trying to reach from both the side slowly, slowly. But as you are rightly there, 180 or 190 kilometers in between where it covers part of the Krishnagiri, Dharmapur and then Salem. The four districts are there. Where the issue is there about delays by the farmers. So we are working with the Industry Department of Tamil Nadu Government , and one alternate route was found out, and survey was being done on that route. And broadly we have worked out around 50% on that survey. But then there were some issues, still some farmers wanted some more changes. So again, second meeting took place with industry, Ministry in Tamil Nadu and now we are further working whether there is some possibility of, along the highways can be for certain part of the pipeline. So that is being worked out. It is yet to be finalized.

Speaker 16:

Thank you, sir. One more question on the fertilizer side. Would you be able to sort of run us through the current status of different fertilizer plant?

Management:

Matix fertilizer is taking full quantity. Ramagundam fertilizer is taking full capacity. Gorakhpur plant also has started this month taking full quantity. And Barauni and Sindhri they are just taking commissioning gas, and One, maybe the Matix can be one. That is also already working on full capacity.

Speaker 16:

Right, thank you.

Amit:

Maybe, shall we take this as a last question?

Nitin:

Hi, sir. Good evening, this is Nitin from YES Securities. So my question is related to the geopolitical situation that's panning out between Russia and European Union. So EU is basically saying that they want to reduce their dependence on Russian gas moving ahead. Does that open up opportunities for us, as a country, to import more, and do we have the supply chain aligned to import more gas from Russia, and does our Gazprom contract Has the flexibility to import more, so what are your thoughts on that, and what are you planning with respect that.

Management:

From the geography, you see they're directly bringing from Russia, is the longdistance that is one part. The Gazprom contract is a long-term contract, which is a portfolio contract. So they have the flexibility. They can buy from Russia. Also they can buy from Cameroon or other countries also. So that way we are able to manage that portfolio. If there was one area that it has got some problem or some opportunity either way, then those can be brought into that long-term contract.

Management:

Similarly for the spot cargos, we float the tenders. So any trader or as well as any player can participate, and he might bring from anywhere, so from that perspective, whatever cheap gas we have available, we are ready to take that.

Nitin:

But is there a possibility, like on the lines of crude oil import, where we are evaluating probably cheaper import of crude oil from Russia, is there a possibility of cheaper import of gas as well? I mean, do we have any such conversations going on?

Management:

I don't think there's anything substantial for in there.

Nitin:

Thank you, sir.

Amit:

Now I request we go to Rwibhu for vote of thanks.

Rwibhu:

Good evening everyone. I am associate director of research for UBS Securities in India. It has been an honor, on part of us to be a part of this insightful meet. On behalf of GAIL India Limited, and UBS Securities, I would like to extend my heartfelt gratitude to Sr. management, and heads of the various departments, who handled the event throughout. Finally, I would like to thank all the analysts, investors, and experts for being present here, and help us make this event a grand success. Thank you one and all.