HINDUSTAN TIMES, Delhi, 5.1.2024
Page No. 16, Size:(9.92)cms X (7.75)cms.

GAIL (India) Limited and TruAlt Bioenergy Limited, the largest producer of ethanol in India, have signed a Term Sheet for GAIL's equity participation in TruAlt's joint venture company Leafinti Bioenergy Limited, which owns and operates India's second Compressed Bio Gas (CBG) plant.

BUSINESS STANDARD, Delhi, 5.1.2024
Page No. 21, Size:(12.98)cms X (20.16)cms.

GAIL AND TRUALT BIOENERGY ANNOUNCE USD 72 MILLION INVESTMENT THROUGH CBG JOINT VENTURE

GAIL (India) Limited, the country's leading natural gas company, and TruAlt Bioenergy Limited, the largest producer of ethanol in India, have signed a Term Sheet for GAIL's equity participation in TruAlt's joint venture company Leafinti Bioenergy Limited which owns and operates India's second Compressed Bio Gas (CBG) plant.

TruAlt Bioenergy and GAIL India shareholding in the JV would be 51% and 49% respectively. The Investment in setting up the CBG plants will exceed over $72 million and will be funded through a combination of debt and equity. However, this will be subject to favourable outcome of due diligence and requisite approvals.

Speaking on the occasion, Shri Rajeev Kumar Singhal, Director (Business Development), GAIL said, "CBG has emerged as a viable alternative to imported fossil natural gas. The signing of the Term Sheet is a step in the right direction considering the emphasis on cleaner and greener fuel and country's vision of Atmanirbhar Bharat."

On the establishment of the partnership, Shri Vijay Nirani, Founder and Managing Director, TruAlt Bioenergy said "We have been spearheading the production of Ethanol and various other Biofuels since 2012, to advocate for more sustainable energy practices. With the immense support of the Government of India to create a Biofuel based Economy, TruAlt Bioenergy has emerged as one of the leading dedicated Bioenergy companies and also one of the largest contributors to India's landmark Ethanol Blended Petrol (EBP) program. Through this partnership we aim to create a robust ecosystem for CBG in India allowing for a smooth transition to economical and ecological sources of energy."

Shri Subhransu Sekhar Biswal, Director, Leafinti Bioenergy said, "This is indeed an important milestone for us and will revolutionize the bioenergy landscape. Other than Biogas the plants will also yield fermented organic manure which can be used for organic farming and contribute to sustainable agriculture practices. This venture is expected to employ over 600 people".

TIMES OF INDIA, Delhi, 5.1.2024
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GAIL inks pact with leading ethanol producer

GAIL (India) Limited and TruAlt Bioenergy Limited have signed a term sheet for GAIL's equity participation in TruAlt's joint venture company Leafinti Bioenergy Limited which owns and operates India's second compressed biogas (CBG) plant. TruAlt Bioenergy and GAIL India shareholding in the JV would be 51% and 49% respectively. The JV company will process over 600 million kgs of organic waste like agricultural residue, sugarcane press mud, spent wash and other decomposable waste per annum, to produce over 33 million kgs of CBG, nearly 20 million kgs of SFOM and over 30 million kgs of LFOM per annum. The JV aims to create a robust ecosystem for the production of CBG from diverse waste and biomass sources alongside the growing potential CNG.

MINT, Mumbai, 5.1.2024
Page No. 4, Size:(23.44)cms X (12.38)cms.

Gail's earnings outlook promising

Manvi Agarwal
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Gail (India) Ltd's shares have rallied substantially over the past six months, gaining as much as 50%. Investors appear to be thrilled about the volume prospects of the state-run company's gas transmission business amid robust demand.

There is also some optimism around the potential turnaround in the petrochemicals business, despite a loss at the (earnings before interest and taxes) ebit level in the past four quarters.

But not everyone is convinced. Earlier this week, Kotak Institutional Equities analysts downgraded Gail's stock to 'sell' from 'reduce'.

"As we noted last month, we believe that despite the recent strong gas consumption data, India's medium-term gas demand outlook is weak and long-term outlook is even weaker," Kotak's analysts said in a report on 1 January.

Despite weak profitability, Gail's further large capital expenditure in petrochemicals (petchem) has been a key worry, they added.

As such, the petchem business profitability is expected to recover gradually. However, it does help that the ebit loss of the petchem business narrowed sequentially in the September quarter (Q2FY24) aided by cost optimization measures. This, combined with a significant outperformance in its gas trading business, led to Gail's profits surpassing market expectations in Q2.

Gail's profits surpassing market expectations in Q2.

Upward path

Gail's gas transmission volume as well as profit are expected to rise year-on-year in FY24

Note: Ebit is earnings before interest and tax; mmscmd is million standard cubic meters per day

Source: Company, Motilal Oswal Financial Services

PRANAY BHARDWAJ/MINT

The management is now confident about surpassing the FY24 gas trading ebitda guidance of ₹3,500 crore, after the business clocked earnings of ₹2700 crore in the half-year ended 30 September (H1FY24). This is expected to reach ₹4,000 crore in FY25.

Gail anticipates its gas transmission business volumes to be at 120 mmscmd (million standard cubic metres per day) in FY24 and rise to about 132 mmscmd for FY25. In FY23, transmission volume stood at 107 mmscmd.

The drop in international gas prices, in tandem with strong demand and anticipated higher tariffs, is likely to benefit the company.

Furthermore, the expected softening of LNG prices globally, due to the forthcoming commissioning of substantial capacities in the US and Qatar is likely to drive demand. Notably, the rising demand for LNG helps boost Gail's transmission business. Plus, increasing availability of domestic gas from producers, such as Reliance Industries Ltd, Oil & Natural Gas Corp. Ltd, and Oil India Ltd, is also likely to help.

GROWTH DRIVERS

THERE is some optimism around the potential turnaround in the petrochem business

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Against this backdrop, Motilal Oswal Financial Services expects transmission ebitda to account for 46% of total ebitda in FY26, up from 40% in FY23. "This should improve the earnings stability," said Motilal Oswal in its report dated 28 December.

To expand the pipeline network, Gail has a capex plan of ₹3,600 crore for FY24. Total capex plan for FY24 stands at about ₹10,500 crore. Over the medium-term, Motilal Oswal's analysts estimate Gail to report a free cash flow of ₹4,560 crore in FY26 (versus negative ₹4,530 crore in FY23) despite its capex mounting 64% over FY24-26E (versus the average for FY19-23).

Meanwhile, the company is actively assessing the monetization of its city gas distribution (CGD) assets. It aims to unlock substantial value from its investment in Gail Gas. Among other options, Gail may merge geographical areas with Gail Gas and list it. However, a weak demand outlook in the CGD sector raises concerns.

For now, the sharp appreciation in the stock suggests that investors are largely factoring in the positive development, potentially limiting future gains. Investors should watch out for improvement in return ratios, utilization rates and recovery in earnings of its petchem business.

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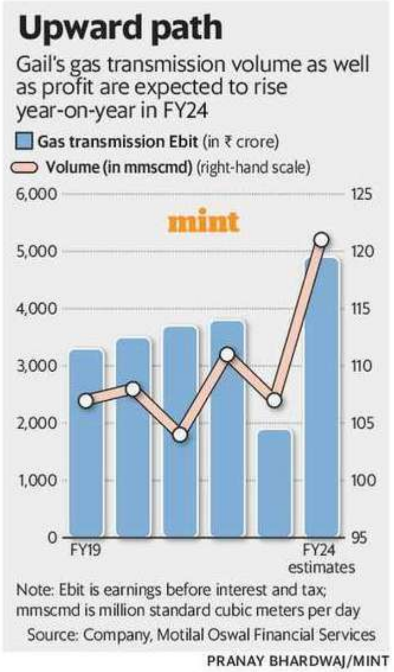

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