

GAIL Plans to Set Up 1,500 KTA Ethane Cracker Unit in MP, Invest ₹60,000 cr

Our Bureau

Mumbai: State-run GAIL India on Monday said it plans to set up a 1,500 KTA ethane cracker project at Ashta in Madhya Pradesh's Sehore district with an investment of ₹60,000 crore.

ET was the first to report on GAIL's plans in its May 21 edition.

The plant will have a product slate of various ethylene derivatives, the company said.

Ethane is a component of natural gas. An ethane cracker breaks down ethane into ethylene, which is the key chemical input for making plastics, adhesives, synthetic rubber, and other petrochemicals.



In a regulatory filing, the company said it has submitted its request to the Madhya Pradesh state government to provide suitable enablers for the project.

"Around 800 hectares of land will be provided by the MP Industrial Development Corporation Ltd, for which the state government has already initiated the process," GAIL said, adding that investment approval from GAIL's board shall be sought after a favourable outcome on enablers.

A 70-hectare township is also proposed in the project. The ground-breaking ceremony of the project is expected to take place by February 2025 and commercial production is expected to start in 2030-31.



GAIL urges M.P. govt to facilitate setting up of ethane cracker unit

Rishi Ranjan Kala

New Delhi

State-run GAIL said it has urged the Madhya Pradesh government to provide enablers for setting up India's largest ethane cracker unit, which may entail an investment of around ₹60,000 crore.

The gas utility intends to set up a 1,500-kilo tonnes per annum (ktpa) ethane cracker project, along with a green-field petrochemicals complex, at Ashta tehsil of Sehore district. Ethane is used to produce plastics, anti-freeze and detergents.

"GAIL submitted its request to the Madhya Pradesh government for providing suitable enablers. Around 800 hectares of land shall be provided by the MP Industrial Development Corporation, for which the State government has already initiated the process," the Maharatna company said in a filing on BSE.

The investment approval from GAIL's Board shall be sought after a favourable outcome on enablers. The mode of financing is yet to be decided, it added.

Earlier this month, the MP government approved the project, which is expected to generate 15,000 jobs during the construction period and about 5,600 as operations begin. A 70-hectare township is also proposed in the project. The ground-breaking ceremony is expected by February 2025 with commercial pro-

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duction likely in FY31. At present, GAIL has a petrochemicals capacity of 8,10,280 tonnes.

Indian oil and gas companies such as GAIL are expanding their petrochemicals business to create more revenue lines. Besides, the demand for petrochemicals is increasing in the country, led by expanding industrial, construction and manufacturing segments.

For instance, GAIL, ONGC and Shell Energy India have signed a tripartite Memorandum of Understanding (MoU) to explore opportunities for import of ethane and other hydrocarbons and development of evacuation infrastructure at Shell Energy Terminal, Hazira in March this year.

CAPEX PLANS

GAIL spent 30 per cent of its total capex of ₹11,426 crore in FY24 on petrochemicals. In FY25, it projected a capex of around ₹11,500 crore, out of which ₹5,200 crore, or roughly 45 per cent, will be on petrochemicals.

GAIL Mangalore Petrochemicals plant, acquired through the NCLT process (erstwhile JBF Petrochemicals), is expected to be completed by March 2025.

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