

GAIL Scouts for LNG Sources, Plans to Grow long-term Volumes by 50%

Co committed to ensuring that domestic demand is well supplied, protected from price shocks, says CMD Sandeep Kumar Gupta

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New Delhi: GAIL is planning to tie up 7-8 million tonnes per annum of long-term liquefied natural gas (LNG) from diverse sources as it bets big on domestic gas demand and aims to play a leading role in India's transformation into a gas-based economy, its chairman has said.

"GAIL is committed to ensuring that the domestic demand is well supplied and protected from price shocks. To do the same, GAIL is looking to grow its long-term volumes by at least 50% or 7-8 million metric tonnes per annum in a staggered manner till 2030," GAIL chairman and managing director Sandeep Kumar Gupta told ET in an interview.

The company is in talks with suppliers in several countries including the US, Qatar, the UAE, and other countries east of India, he added.

Gupta, the former finance chief of Indian Oil Corp, took over as the chairman and managing director of GAIL last October in the middle of a global energy crisis that had cut off a fifth of its LNG supplies after a former German unit of Russia's Gazprom stopped supplying.

"We managed well. The supply cut to our customers was much smaller as we brought in our US volumes to meet their demand," said Gupta. After the global markets cooled off this year, the supplies resumed but GAIL has learnt its lessons.

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International LNG prices have fallen sharply from their highs in 2022 but are "still unaffordable for many customers in India, especially power plants," said Gupta, adding that the domestic demand will pick up once prices drop further. He expects domestic gas demand to grow at 7-8% annually given the planned city gas expansion, expected demand from power plants, and net-zero ambition of companies.

In addition to enhancing its gas marketing business, GAIL is also ramping up its petrochemicals and pipelines capacity with an aim to grow its revenue and profit by "one-and-a-half times of our best till now" by 2030, Gupta said.

The rise of electric vehicles, however, presents a challenge to compressed natural gas (CNG) vehicles. "States want to look more environment friendly, so want to electrify public transport. But the electric grid is lar-

gely grey. Besides, electric buses are still very expensive compared to a CNG bus," said Gupta.

The current pace of CNG vehicle conversion is not as much as "we would want" because there is no price certainty, he said. "Price of domestic gas, which is supplied as CNG, is currently capped but nobody is sure how long it will remain so."

An abundant global supply of gas is expected from 2027 as several exporting countries are ramping up liquefaction capacity, Gupta said. "Unlike in oil, there is no cartel of gas suppliers and so the abundant supply should bring down prices to affordable levels."

As the country moves towards becoming a gas-based economy, it should consider building strategic gas reserves as it would "help us shield from short-term volatility," he said.

GAIL, which plans to raise a debt of ₹5,000-7,000 crore this fiscal year for capital spending, recently raised about ₹1,500 crore, Gupta said.



GAIL's Rakesh Kumar Jain honoured with "Public Sector CFO of The Year" award

GAIL is delighted to share that Rakesh Kumar Jain, Director (Finance), GAIL (India) was honoured with the prestigious. "Public Sector CFO of The Year" award for excellence in CFO category at the 10th Edition of National Awards for Excellence in ceremony held at Taj Lands End, Mumbai on 13th July, 2023. Jain has made revolutionary changes in finance functions with stellar leadership, outstanding commitment, associated processes and path-breaking digital initiatives that bring value to the organization, maximizing stakeholder return.