



GAIL EYES STAKE IN ASSETS ABROAD

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NEW DELHI: State-run Gail (India) Ltd is in talks with several entities to acquire stakes in foreign gas-producing assets, said chairman and managing director Sandeep Kumar Gupta as India pushes efforts to achieve energy security. The company is interested in assets that are either already producing or on the verge of producing gas, Gupta said in an interview.

"We always keep looking out for possibilities the world over and if there are assets, especially if there are producing assets available or near-producing assets available, we will be more than interested to have our stakes in those assets. Several discussions are also going on," he said.

Gail has participating interest in two blocks—A1 and A3— in Myanmar and 20% stake in a shale gas joint venture in Eagle Ford Basin, Texas, US. The company is part of a consortium in two offshore exploration and production blocks in Myanmar.

The emphasis on more producing assets is in line with the government's target of increasing the share of gas in India's energy mix to 15% by 2030 from the current 6%.

Gail seeks stakes in gas assets abroad

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These blocks produce around 15.33 million metric standard cubic metres per day (mmscmd) of gas which is supplied to China through South East Asia Gas Pipeline Company Ltd in which Gail is also an equity partner, according to its annual report for FY23.

Primarily a natural gas infrastructure, marketing and trading company, Gail’s revenue from exploration and production (E&P) business accounted for about

0.8% of its total revenue from operations in the last financial year. Operational revenue from E&P stood at ₹1,134 crore, out of the overall revenue from

operations of over ₹1.45 trillion.

The move comes after a unit of Russian state-run Gazprom reneged on its contracted supplies to Gail starting May 2022, for around a year on

high spot prices.

Gazprom’s former subsidiary, Gazprom Marketing and Trading Singapore (GMTS),

had signed an agreement with Gail to supply 2.5 million tonnes of liquefied natural gas per annum for 20 years, starting in 2018-19.

Speaking on the matter, Gupta said: “That supply has been fully restored. We are getting full cargoes...supplies under that contract are progressing well.”

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Gupta also said that the company would look for more supplies through long-term contracts to ensure a stable price regime and curb the impact of volatility on consumers. “Our long-term contracts are of very high quantity and definitely spot contracts are much smaller. Spot supplies are vulnerable to the price fluctuations. So, basically we, as a buyer of natural gas, and our consumers, both of us want a stable price regime to explore that the operations are carried out.”

The Gail CMD said discussions are underway with some neighbouring countries to import gas on their behalf to help them meet their demand.

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