BUSINESS LINE, Delhi, 24.3.2023
Page No. 6, Size:(4.39)cms X (8.78)cms.

## JM Financial

**GAIL INDIA (BUY)**

Target: ₹125
CMP: ₹105.05

We attended GAIL's analyst meet on Thursday. During the interaction, the management highlighted that the revised integrated tariff of ₹58.61/mmbtu is a positive for the company and is likely to result in its gas transmission segment annual revenue increasing by ₹2,000 crore to around ₹8,000 crore at Q3-FY23 volume of 104mmcmd, and rising further to over ₹9,000 crore in FY24 assuming gas transmission volume jumps to 120mmcmd.

The management expects the government to accept the Kirit Parikh committee recommendations before March. It confirmed that gas supply from Gazprom was being restored gradually and guided for transmission volume of 120mmcmd in FY24 and growth of 5 per cent CAGR thereafter. It also guided for gas trading EBITDA of ₹3,500 crore in FY24 and said over 50 per cent of US LNG volume had been sold in India back-to-back on US HH (Henry Hub) benchmark. On the petchem front, the management disclosed that the Pata petchem plant was operating at 100 per cent utilisation and reiterated its aggressive capex plans on the petchem business.

We have raised our FY24-25 EBITDA by about 4 per cent to account for the revised gas pipeline tariff and higher petchem utilisation; our TP has been revised to ₹125 (from ₹120).

ECONOMIC TIMES, Delhi, 24.3.2023
Page No. 14, Size:(13.06)cms X (13.84)cms.

**REGULATOR'S HIKE** in integrated tariff by 47% to raise operating profit by 15-18% for FY24; softening spot LNG to aid transmission volumes

# GAIL Gets a Tariff Pipeline to Higher Profits and a Hot Stock

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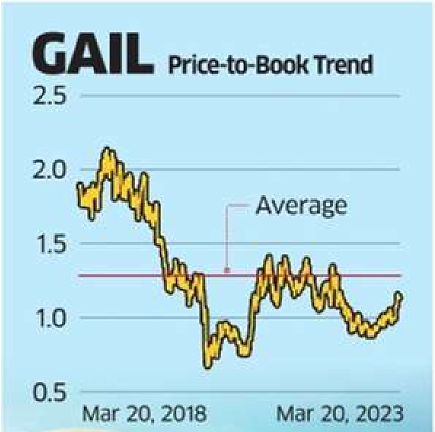
**ET Intelligence Group:** The earnings prospects of GAIL (India) are expected to improve after the upward revision in integrated pipeline tariff by the country's gas regulator. The stock has gained more than 10% over the past month on expectations of higher tariffs.

An integrated tariff means customers will be charged the same rate for 10 pipelines. Earlier there was a separate tariff for each pipeline based on the capital expenditure (capex) and the utilisation rate.

The Petroleum and Natural Gas Regulatory Board (PNGRB) has increased the integrated tariff by 47% to ₹58.6 per million British thermal units (mmBtu) compared with the FY22 level. It covers 10 pipeline networks including Hazira-Vijaipur, DVPL-GREP, and Dahej-Uran. The new tariff would be effective from April 1.

GAIL reported a gas transmission volume of 107 million standard cubic meters per day (mmscmd) in the first nine months of FY23. Based on that, the new tariff would result in incremental revenue of more than ₹2,000 crore and operating profit (Ebitda) of over ₹1,300 crore. The projected Ebitda for FY24 may be upgraded by 15-18% once the analysts take into account the new tariff.




The blended tariff for gas transmission has been in the range of ₹42-43/mmBtu in the past two years. GAIL's transmission volume is likely to recover amid softening spot LNG prices, with nearly 4 mmscmd incremental volume from fertiliser plants in Sindri and Barauni and about 3 mmscmd volume from the city gas distribution segment.

In a recent analyst meeting, GAIL's management guided for a transmission volume of 120 mmscmd in the next fiscal year and an annual growth of 5% thereafter. If the company delivers more than 120 mmscmd of transmission volume, it would mark a record.

The company's revenue increases by around ₹90 crore for each incremental mmscmd of gas transmission. There may also be further tariff improvement if the gas regulator considers new gas prices based on the Kirit Parekh committee recommendations for domestic gas. The gas transmission segment accounts for about 30-60% of GAIL's operating profit (Ebit).

At Thursday's closing price of ₹105.1 on the BSE, the stock was traded at a one-year forward price-earnings (P/E) multiple of nine. The company's valuation has dropped significantly compared with the long-term average P/E of 11 after the extent of the tariff increase in 2019 disappointed investors. The stock may once again appeal to investors given the latest tariff revision, improving gas volumes and a rising share of the utility business where the company receives a fixed pre-tax return on equity.

ECONOMIC TIMES, Delhi, 24.3.2023
Page No. 12, Size:(9.80)cms X (10.19)cms.

# 'Former Gazprom Unit to Resume GAIL LNG Supply'

Our Bureau

**New Delhi:** A former unit of Russia's Gazprom is resuming liquefied natural gas (LNG) supply to GAIL after suspending it last year, Rameswar Teli, minister of state, petroleum & natural gas, has said.

SEFE Marketing and Trading Singapore (SMTS), formerly Gazprom Marketing and Trading Singapore (GMTS), has "informed that they shall be able to supply two cargoes in March 2023 and two in April 2023," Teli told parliament.

SEFE cited force majeure and suspended supplies to GAIL last May after the outbreak of war in Ukraine. The war deepened the global energy crisis, sending gas prices to record high levels, with LNG cargoes going to the highest bidders. Global LNG prices are now near normal.

"In its annual delivery plan and in their latest communications, (SMTS) have maintained their alleged force majeure stance citing various reasons such as Russian sanctions on its LNG source/portfolio and mandate from German authorities (BnetzA) for ensuring energy security for Europe for their inability to deliver LNG cargoes," Teli said.

**INBOUND SHIPMENTS**

SMTS has informed that they shall be able to supply two cargoes in March 2023 and two in April 2023

**RAMESWAR TELI**
MoS, Petroleum & Natural Gas

SMTS still maintains its force majeure stance but has offered to supply four cargoes to GAIL, he said.

GAIL has a 20-year deal with GMTS for purchase of 2.5 million tonnes of LNG annually or about 36 cargoes. "In view of limitation in supply of LNG carried out by GMTS, GAIL had imposed certain supply regulations on regasified liquefied natural gas to downstream customers from mid-July 2022 to mid-March 2023," Teli said.

# LNG: Former Gazprom unit commits 4 cargoes to India

## SMTS says cargoes will be delivered by end of April

OUR CORRESPONDENT

**NEW DELHI:** A former unit of Russian energy giant Gazprom will supply 4 shiploads of LNG to state-owned GAIL (India) Ltd for the first time since it halted supplies in May last year, Union minister Rameswar Teli said on Thursday.

Sefe Marketing and Trading Singapore Pte Ltd (SMTS), erstwhile Gazprom Marketing and Trading Singapore Pte Ltd, will "supply two cargoes in March 2023 and two in April 2023," Minister of State for Petroleum and Natural Gas Rameswar Teli said in a written reply to a question in LokSabha.

GAIL had in 2012 signed a 20-year deal with Gazprom Marketing and Trading Singapore (GMTS) to buy 2.85 million tonnes per annum of LNG. Supplies started in 2018 and the full volume was to reach in 2023.

GMTS had signed the deal on behalf of Gazprom. GMTS was moved to Gazprom Germania and in early April, Gazprom gave up the ownership of the German unit without giving a reason and placed parts of it under Russian sanctions.

This followed West slapping sanctions on Russia for its February 24 invasion of Ukraine.

Sefe Marketing and Trading Singapore Pte Ltd (SMTS), erstwhile Gazprom Marketing and Trading Singapore Pte Ltd, will 'supply two cargoes in March 2023 and two in April 2023,' MoS for Petroleum and Natural Gas Rameswar Teli said

It invoked force majeure and stopping supplies from June 2023.

Sefe, formerly GMTS, "in its Annual Delivery Plan and in their latest communications have maintained their alleged force majeure stance citing various reasons such as Russian sanctions on its LNG source/portfolio and mandate from German authorities (BnetzA) for ensuring energy security for Europe for their inability to deliver LNG cargoes", the minister said.

However, "while SMTS maintains its force majeure stance, as on date SMTS has informed that they shall be able to supply two cargoes (shipload) in March 2023 and two in April 2023," Teli added.

To mitigate the shortfall in Russian supplies, GAIL imposed supply cuts to users from mid-July 2022 to mid-March 2023, he said.

"These regulations were within the contract executed by GAIL," he said. "In order to meet the shortage, GAIL had sourced spot LNG volumes from domestic/international market and also partially/fully stopped its petrochemical complex at PATA plant for fulfilling supply obligations to the customers," the minister said.

Under the deal, GMTS was to progressively increase supplies to GAIL. It shipped 2 million tonnes of LNG in 2021 and was to supply 2.5 million tonnes or a minimum of 36 cargoes in calendar year 2022.

The full volume of 2.85 million tonnes is to be reached in 2023.

GAIL received one cargo of LNG in June 2022 and nothing after that. Company officials said Sefe was supplying cargoes from its non-Russian portfolio in Egypt, United Arab Emirates and the United States.

MILLENNIUM POST, Delhi, 24.3.2023
Page No. 10, Size:(7.99)cms X (8.08)cms.

In order to raise awareness about environment and biodiversity, the Consulate General of India here screened the film 'Interactions', produced under the auspices of the United Nations with integration of GAIL (India) Limited. The screening was done on Thursday in the presence of Indra Mani Pandey, Ambassador & Permanent Representative of India to the United Nations and Sunil A Achaya, Consul General of India at Geneva as part of the 'Azadi ka Amrit Mahotsav' celebrations.

DAINIK JAGRAN, Delhi, 24.3.2023
Page No. 10, Size:(6.75)cms X (11.59)cms.

# गेल को एलएनजी देगी गैजप्रोम की पूर्व सब्सिडियरी

**नई दिल्ली, प्रेट्र :** केंद्रीय पेट्रोलियम और प्राकृतिक गैस राज्यमंत्री रामेश्वर तेली ने गुरुवार को लोकसभा में बताया कि रूसी ऊर्जा कंपनी गैजप्रोम की एक पूर्व सब्सिडियरी गेल इंडिया लिमिटेड को एलएनजी को चार कार्गो शिप की आपूर्ति करेगी। सेर्फ मार्केटिंग एंड ट्रेडिंग सिंगापुर पीटीई लिमिटेड (एसएमटीएस) और गैजप्रोम मार्केटिंग एंड ट्रेडिंग सिंगापुर पीटीई लिमिटेड मार्च में दो और अप्रैल में दो कार्गो शिप की आपूर्ति करेंगी।

DAINIK JAGRAN, Rastriya Sanskaran, 24.3.2023
Page No. 10, Size:(5.46)cms X (9.01)cms.

# गेल को एलएनजी देगी गैजप्रोम की पूर्व सब्सिडियरी

नई दिल्ली, प्रेट्र: केंद्रीय पेट्रोलियम और प्राकृतिक गैस राज्यमंत्री रामेश्वर तेली ने गुरुवार को लोकसभा में बताया कि रूसी ऊर्जा कंपनी गैजप्रोम की एक पूर्व सब्सिडियरी गेल इंडिया लिमिटेड को एलएनजी को चार कार्गो शिप की आपूर्ति करेगी। सेर्फ मार्केटिंग एंड ट्रेडिंग सिंगापुर पीटीई लिमिटेड (एसएमटीएस) और गैजप्रोम मार्केटिंग एंड ट्रेडिंग सिंगापुर पीटीई लिमिटेड मार्च में दो और अप्रैल में दो कार्गो शिप की आपूर्ति करेंगी।