

Nations Biggest Gas Company GAIL registers profit growth @ 33% to Rs 1,681 Crore in Q3

February 7, 2019:

Net profit in October-December 2018 at Rs 1,681.23 crore, or Rs 7.46 a share, was higher than the earning of Rs 1,262.22 crore, or Rs 5.60 per share, in the corresponding period of the previous fiscal.

GAIL India Ltd, the nation's biggest gas utility, Tuesday reported a 33 per cent jump in December quarter net profit as it sold more natural gas & transported higher volumes.

Net profit in October-December 2018 at Rs 1,681.23 crore, or Rs 7.46 a share, was higher than the earning of Rs 1,262.22 crore, or Rs 5.60 per share, in the corresponding period of the previous fiscal, the company said in a statement here.

The profit was higher "mainly due to better performance by natural gas marketing, natural gas transmission, liquid hydrocarbon (LHC) & LPG transmission segments", it said.

Liquid hydrocarbon sales were up 5 per cent. During the April-December period of the current fiscal year, the company's net profit at Rs 4,903 crore was 36 per cent higher than the profit earned in the year-ago period.

GAIL Chairman & Managing Director B C Tripathi said in the third quarter of the current fiscal, the LHC segments performed remarkably due to better margins. "However the margins in natural gas trading & petrochemical segments were under pressure in the quarter," he said without giving details.

Further, on a nine-month basis, the net profit of the company has already surpassed the yearly net profit of the last fiscal, supported by better physical performance in all the business segments, he added. Tripathi said GAIL's petrochemical unit at Pata has scripted history by being the first in India to produce the value-added Metallocene film grade.

"Country-wide sales have commenced to quality conscious customers after successful field trials. This move of GAIL would not just provide domestic consumers of a reliable & indigenous supply source but shall help potential forex savings of over \$100 million annually for India, as per initial estimates," he said.

GAIL, he said, is expected to achieve capital expenditure outlay of around Rs 7,000 crore during

2018-19 which is more than 70 per cent increase from last year. The company also declared an interim dividend of Rs 6.25 per equity share (face value of Rs 10 each) for the financial year 2018-19. GAIL said it has appealed in the Supreme Court against the Customs Excise & Service Tax Appellate Tribunal (CESTAT) upholding a demand of Rs 830 crore plus penalty & interest sought by the excise department. Without giving details of the demand raised, it said based on the favourable legal opinions obtained on the matter, the company is confident of a positive outcome.

The tax demand, it said, shall continue to be disclosed as a contingent liability. GAIL said the first phase of the prestigious Pradhan Mantri Urja Ganga project will be completed by the end of this month, taking natural gas to cities in eastern Uttar Pradesh & Bihar. The 2,655-km long gas pipeline costing Rs 12,940 crore from Jagdishpur in Uttar Pradesh to Haldia in West Bengal, with branch lines to Bokaro in Jharkhand & Dhamra in Odisha, will for the first time take clean environment-friendly gas to the east to fuel its industrial revolution.

The project will not just supply CNG to automobiles and cooking gas to household kitchens in cities along the route, but also to industries to meet their feedstock or fuel requirement. Phase-1 of the project involves laying the pipeline to Dobhi, Patna, & Barauni in Bihar.

The pipeline will be also extended from Barauni to Guwahati in Assam, orders for which have been placed. As per the earlier plan, the project was targeted at meeting the energy requirements of 40 districts & 2,600 villages covering five eastern states -- Uttar Pradesh, Bihar, Jharkhand, Odisha, & West Bengal -- by 2020.

The project was launched in October 2016 & is also known as Jagdishpur-Haldia/Bokaro-Dhamra Pipeline (JHBDPL). The 750-km pipeline up to Guwahati will cost Rs 3,700-4,000 crore. The project will usher in industrial development in the eastern part of India by supplying environmentally-clean natural gas to fertiliser & power plants, refineries, steel plants & other industries.

It will also provide clean energy to households & transportation in the cities en route the pipeline. The city gas network activities in Varanasi, Bhubaneswar & Cuttack have already commenced.

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