GAIL (India) Limited

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Annual Investor and Analyst Meet 2025

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GAIL (India) Limited

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Wealth Management

CHORUS CALL®

MANAGEMENT:	**SHRI SANDEEP KUMAR GUPTA – CHAIRMAN AND MANAGING DIRECTOR, GAIL (INDIA) LIMITED** **SHRI RAKESH KUMAR JAIN – DIRECTOR FINANCE, GAIL (INDIA) LIMITED** **SHRI SANJAY KUMAR – DIRECTOR MARKETING, GAIL (INDIA) LIMITED**
MODERATOR:	**MR. ABHISHEK – MOTILAL OSWAL FINANCIAL SERVICES**

Abhishek: Good morning, everyone, and thank you for joining GAIL's Annual Investor and Analyst Meet 2025, being organized via web conference. My name is Abhishek and I cover the oil and gas sector at Motilal Oswal Financial Services.

Before we begin this call, a request to all the participants to please keep your video on while you are asking a question so as to display your organization's name during the call. This Analyst Meet was earlier to be held as a physical meet in Mumbai, but due to unavoidable reasons had to be converted into a virtual conference.

And we are joined today by senior management from GAIL. We have with us, Shri Sandeep Kumar Gupta, who is the Chairman and Managing Director for GAIL India Limited. Shri Gupta is a fellow of the Institute of Chartered Accountants of India, and also a distinguished Fellow of the Institute of Directors. He has wide experience of over 36 years in the oil and gas industry. Before joining GAIL in October 2022, Shri Gupta held the position of Director Finance since August 2019 on the board of IOCL. As Director Finance, he was in charge of F&A, treasury, pricing, international trade, corporate affairs and enterprise risk management. Shri Gupta is also Chairman of various other companies such as Mahanagar Gas, Brahmaputra Cracker and Polymer Limited, GAIL Gas Limited, and Director on the board of Petronet LNG Limited.

We are also joined by Shri Rakesh Kumar Jain, who is Director Finance. He's a cost and management accountant by profession and joined GAIL in 1992. Prior to his appointment as Director Finance, Shri Jain held the position of Executive Director, Finance and accounts in GAIL. Additionally, Shri Jain holds the position of Director in GAIL Gas, GAIL Global USA and GAIL Global USA LNG. As ED Finance and Accounts, he headed corporate finance and treasury, and took investment decisions in large infrastructure projects. He was also actively involved in investor relations and interactions with analyst fraternity. Besides serving a long tenure at GAIL, he was on deputation to PNGRB as Joint Advisor Commercial and Finance.

And lastly, we are joined by Shri Sanjay Kumar, Director Marketing. He's a graduate in mechanical engineering from IIT Kharagpur and also holds a Master of Business Administration degree. He joined GAIL in 1988 and has worked across domains, including gas marketing, CGD, LNG sourcing, trading, shipping and business development. This cross functional and multi-carrier experience has enabled him to gain deep insight on all aspects of the gas and LNG value chain. Shri Kumar has played an important role in developing GAIL's overseas LNG trading business. He was Managing Director of Indraprastha Gas Limited, the largest CNG distribution company in India, before assuming charge of Director Marketing, GAIL.

And now without further delay, I will hand over to the management for opening comments.

Sandeep Kumar Gupta: Thank you very much, Abhishek. Good morning to all my friends from research and analyst community. At the outset, my apologies for not being present physically, but you can appreciate what was the situation. So because of that, we had to call off this meeting and hold it on virtual mode.

I welcome you all to the Analyst Meet of GAIL India Limited for Financial Year '24-'25. We truly appreciate your taking the time to be with us.

Throughout our FY '25, we showcased resilience and growth driven by our diverse portfolio. Despite challenges in global economy, our company had a landmark year, reaching unprecedented financial milestones and achieving the highest ever EBITDA, PBT and profit after tax in GAIL's history. Further, improved operational performance was witnessed across all segments, barring the LHC segment, owing to deallocation of EPM gas.

Before going to the financials for FY '25, I would like to focus your attention to certain key business highlights. First, successful completion of the long-awaited breakwater project has been achieved at KLL Dabhol. This marks a significant milestone in KLL's journey towards becoming an all-weather port, which has increased GAIL's flexibility to efficiently respond to market dynamics. We are awaiting the final confirmation, final permission which should be available in about a week's time, after which this will operate during monsoon period also.

GAIL has incorporated its wholly owned subsidiary, GAIL Global IFC Limited at GIFT City in Gandhinagar, Gujarat, which will focus on undertaking global and regional corporate treasury center activities to further expand our business portfolio and enhance financial capabilities. Furthermore, we intend to capitalize on strategic advantages in the future by expanding into ship leasing operations through this entity.

As you are aware, GAIL, along with its joint venture companies and subsidiaries, is authorized to develop city gas distribution networks in 72 geographical areas across the country. Among these, GAIL directly operates in six geographical areas, namely Varanasi, Patna, Ranchi, Jamshedpur, Bhubaneswar and Cuttack, which are currently in their early stages of development. In the Financial Year 24-25, these six GAs have shown impressive growth with volumes increasing by approximately 25%. We are constantly reviewing these CGDs to optimize costs and enhance efficiencies.

In order to have a single entity for development of GAIL's CGD business and for bringing business synergy, efficiency and retail focused business approach, the Board has recommended to transfer six geographical areas of GAIL to its wholly owned subsidiary, GAIL Gas Limited. This was approved in the Board Meeting yesterday. This is subject to approval of CCEA since these six GAs were authorized to GAIL by CCEA.

PNGRB has recently proposed important reforms to the natural gas pipeline tariff structure, focusing on simplifying the tariff zones, capping tariff for CNG and domestic PNG consumers at the level of Zone 1 tariff, and facilitating commercial viability of isolated networks through tariff rationalization. These initiatives aim to boost investment, enhance infrastructure, and make natural gas more accessible across India. Further, PNGRB has started the tariff review process of our integrated pipeline network and had hosted a PCD in this regard. We expect the revised tariff to be announced by end of current quarter. This will have a considerable positive impact on GAIL's transmission segment revenues, as was also detailed during my interviews in the last week of March.

Now, proceeding with financials:

The results for the quarter and year ended 31st March, '25, have been declared yesterday on 13th May 2025. For FY '25, on a standalone basis, GAIL achieved gross turnover of Rs. 1,36,960 crores. PBT stood at Rs. 14,825 crores, an increase of 28% over previous year. And PAT stood at Rs. 11,312 crores, an increase of 28% over previous year. This strong performance of FY '25 is fueled by enhanced operational performance with natural gas transmission seeing a 6% increase, natural gas marketing growing by 3%, petrochemicals achieving a 6% growth in production, despite LHC production declining by 5% due to the reduction in APM gas allocation in Q4.

On a consolidated basis, GAIL clocked a turnover of Rs. 1,41,949 crores in FY 2025 versus Rs. 1,33,130 crores in previous financial year, up by 7%. PBT in FY '25 stood at Rs. 16,096 crores and PAT stood at Rs. 12,450 crores, up by 26%. The Board of Directors has recommended a final dividend of Rs. 1 per equity share for the Financial Year '24-'25, subject to shareholder approval at the upcoming Annual General Meeting. This is in addition to the interim dividend of Rs. 6.50 per share declared previously. Consequently, the dividend payout ratio for the Financial Year '24-'25 stands at 43.59%.

Now, I would like to share the performance highlights of FY '25:

First, standalone:

GAIL clocked the turnover of Rs. 1,36,960 crores in FY '25 as against Rs. 1,30,284 crores in FY '24, an increase of 5%, mainly on account of increase in gas marketing volume, increased transmission and petchem volumes and better price realization in liquid hydrocarbons segment. The PBT increased by 28% to Rs. 14,825 crores as against Rs. 11,555 crores, and PAT by 28% to Rs. 11,312 crores as against Rs. 8,836 crores in the previous year. There was an exceptional income of Rs. 2,440 crores on account of arbitration settlement with SMTS, which was accounted in Q3 of the current year.

On quarterly basis, Q4 versus Q3 of this year, the gross turnover stood at Rs. 35,607 crores in the current quarter as against Rs. 34,912 crores in Q3 FY '25. The increase of 2% mainly is due to increase in sales of natural gas and petrochemicals. The PBT and PAT during the quarter stood at Rs. 2,701 crores and Rs. 2,049 crores, as against Rs. 5,029 crores and Rs. 3,867 crores in Q3 FY '25. That decrease, as you are aware, is mainly due to an exceptional income of Rs.. 2,440 crores accounted in Q3 FY '25 towards arbitration settlement with M/s SEFE Marketing Singapore.

Moving to consolidated financials:

On a yearly basis, the consolidated turnover stood at Rs. 1,41,949 crores versus Rs. 1,33,130 crores in the previous financial year, which is an increase of 7%. The PBT in FY '25 stood at Rs. 16,096 crores versus Rs. 12,595 crores in FY '24, which is an increase of 28%. And the PAT stood at Rs. 12,450 crores in FY '25 versus Rs. 9,899 crores in FY '24, which is an increase of 26%.

On a quarterly basis, Q4 versus Q3 of this year. The consolidated turnover in the current quarter stood at Rs. 36,448 crores versus Rs. 36,887 crores in the previous quarter. The PBT in the current quarter is Rs. 3,240 crores versus Rs. 5,272 crores in Q3 of FY '25. And the PAT is Rs. 2,492 crores versus Rs. 4,082 in Q3 of FY '25.

I would now like to share segment-wise physical performance and the outlook for the short to medium term:

Gas marketing volume stood at 101.49 MMSCMD in FY '25, an increase of 3%, as against 98.45 MMSCMD in previous year. The increase is mainly due to increase in demand in domestic market and overseas sales. During FY '24-'25, our gas marketing segment has exhibited robust performance by clocking a PBT of approximately Rs. 7,273 crores, including the exceptional income of Rs. 2,440 crores. The gas marketing segment PBT for FY '25 has exceeded our guidance of Rs. 4,500 crores.

India's natural gas market is set for strong growth, fueled by significant infrastructure development, regulatory support, and increased global supply. As per recent report by PNGRB on India's natural gas projection for 2030, the natural gas consumption in the country is expected to reach 297 MMSCMD by 2030, assuming moderate growth. Being the dominant player in the natural gas sector, GAIL is expected to capitalize on the growing demand. And to cater this demand, GAIL intends to source another 5 to 6 MMTPA of LNG from different geographies by 2030.

We are confident that in the current financial year, our gas marketing segment will generate a minimum of Rs. 4,500 crores in profit before tax. Additionally, we are actively pursuing short to medium term tie up with customers which will further enhance our profitability. Moreover, we will implement all possible measures to optimize and improve efficiency within our gas marketing portfolio. Now, Rs. 4,000 crores when I am saying, I maintain the band of Rs. 4,000 crores to Rs. 4,500 crores, which band we had given to you in the earlier meetings.

Coming to natural gas transmission:

Volume for FY '25 stood at 127.32 MMS CMD as against 120.46 MMS CMD in previous financial year. The capacity utilization was approximately 61% in our natural gas pipelines. The increase in transmission volume is attributed to increased domestic consumption. We expect that gas transmission volume will be approximately 138 to 139 MMSCMD during FY '25-'26. As already informed, the tariff review for GAILs Integrated network is in progress, which is expected to be implemented in FY '25-'26. And this is expected to have significant positive impact on GAIL's transmission revenue.

Coming to polymers:

Overall production of 827 TMT was achieved in FY '24-'25, which is 102% of the capacity utilization. In petrochemicals, we closed FY '24-'25 almost at breakeven levels despite increased input cost and stress on petrochem prices. During FY '25-'26, GAIL will continue to take various optimization measures to optimize and improve efficiency in petrochemicals, and run the petrochemical plant at full capacity. It is expected that GAIL will make reasonable profits in PC segment during FY '25-'26, provided the prices are favorable, both of the input as well as output.

Coming to LHC:

Production was down by 5% as compared to previous year and stood at 947 TMT as against 996 TMT in the previous year. The capacity utilization was approximately 66%. The decrease is attributed to deallocation of APM gas for LPG production with effect from 16th January, 2025. In addition to various optimization measures taken to protect the margins, the matter was taken up with MOPNG for restoration of allocation of APM gas. And vide order dated 18th April, 2025, and MOPNG has allocated new well gas of approximately 0.32 MMSCMD to GAIL for LPG production. This has restored the reduction in APM allocation by approximately 50%. We expect good margins and improved production from this segment in FY '26. LPG transmission volume increased to 4,478 TMT as against 4,396 TMT in previous quarter, and this was highest ever LPG transmission by GAIL.

CGD:

According to a recent report published by PNBRB, the CGD sector is anticipated to be the key driver of growth, with consumption expected to increase 2.5 times to 3.5 times by 2030 and 6 times to 7 times by 2040 from the baseline of approximately 37 MMSCMD in FY '24, reflecting a CAGR of around 15% and 12%, respectively.

Further, GAIL Gas Limited, a wholly owned subsidiary of GAIL, which was incorporated in May 2008 for developing city gas distribution business as its focus area, GGL currently owns and operates 16 GAs across India and have nine others as their JVs. During the current financial year, that is FY '25, GAIL Gas Limited's turnover stood at Rs. 12,231 crores as against Rs. 10,944 crores in FY '24. PBT increased by 42% and stood at Rs. 615 crores as against Rs. 434 crores in FY '24. And PAT was up by 40% and stood at Rs. 451 crores as against Rs. 323 crores in FY '24.

During the current quarter, that is Q4 FY '25, GAIL Gas Limited's turnover stood at Rs. 3,051 crores as against Rs. 3,043 crores in Q3 FY '25. PBT decreased by 7% and stood at Rs. 144 crores as against Rs. 155 crores in Q3 FY’25. And PAT was down by 8% and stood at Rs. 102 crores as against Rs. 114 crores in Q3 FY '25. In the next two years, GAIL Gas targets to add around 255 new CNG stations and approximately 3.09 lakhs new DPNG connections.

As regards Bengal Gas Company Limited, I just wanted to inform you that the pipeline has been completed and gasified by GAIL till tap-off point for Kolkata connectivity. GAIL has got the PESO approval on 26th November '24, for the stretch Durgapur to IP8 and CGS Kolkata. Further, PESO approval from GAIL Terminal at IPA to Bengal Gas CGS is received on 28 February, 2025, and it will take about one to two months for BGCL to complete the construction work on its part before it starts taking gas for Kolkata.

The status of some of the ongoing projects:

First pipeline projects:

I am glad to inform you that majority of the pipeline projects, namely Mumbai-Nagpur-Jharsuguda-Jabalpur pipeline, Jagdishpur-Haldia-Bokaro-Dhamra pipeline, Kochi-Koottanad-Mangalore-Bangalore pipeline, and Srikakulam-Angul pipeline are scheduled to be completed in current financial year, that is '25-'26, whereas Gurdaspur-Jammu pipeline is scheduled for completion in FY '26-'27. Dhamra-Haldia and Durgapur-Haldia pipeline section of JHBDPL are pending for commissioning and expected to be commissioned by 31st December, '25.

In petrochemical projects:

Again, I am glad to inform that all the three running petrochemical projects that is 60 KTA polypropylene plant per project at Pata, 500 KTA PDH polypropylene at USAR, and 1.25 MTPA PTA project at GMPL Mangalore are scheduled to commission in the current financial year. In fact, Pata PP should happen very soon.

Coming to CAPEX for FY '25:

During the year, CAPEX of Rs. 10,512 crores was incurred, out of which Rs. 2,200 crores approximately is on pipelines, approximately Rs. 2,700 crores is on petrochemicals, approximately Rs. 3,000 crores is on leasehold assets, operational CAPEX is of around Rs. 1,600 crores, and the balance is towards Net Zero, renewables, CGD, E&P, equity contribution, etc.

That's all from my side regarding the overview of the performance and projects. The management of the company is available and we would be glad to clarify on any questions that you may have. Over to you, Abhishek. Thank you very much.

Abhishek: Great. Thank you so much, sir, for the opening comments. Very insightful. We will now start the Q&A session. We have the first question coming in from Puneet Gulati. Puneet if you can unmute and ask the question please.

Puneet Gulati: Yes. Thank you so much. Yes, congratulations on good numbers. My first question is on your gas marketing business. The first part is, when I look at the consolidated piece for this quarter, there is a Rs. 1,500 crores income versus standalone of Rs. 1,200 crores. What is that Rs. 300 crores attributable to? And secondly, your guidance of about Rs. 4,500 crores, do you see any sort of risk to that given what's happening with crude and Henry Hub? Or do you think this is a locked in number for the full year? Thank you.

Rakesh Kumar Jain: So it's GAIL Gas which we have incorporated line by line, that's the difference.

Puneet Gulati: And that's not captured in the CGD business there?

Rakesh Kumar Jain: Actually, this year we have regrouped marketing and CGD business of GAIL Gas. Earlier it was getting depicted in CGD, so we have regrouped, and bulk sale we have considered in marketing.

Puneet Gulati: Understood. That's very helpful. The second on your guidance, for Rs. 4,500 crores of marketing, I mean, is there any risk? And how should one think about the volatility in Brent and Henry Hub impacting the business? Or have you logged it with this number for the full year?

Sandeep Kumar Gupta: So, while risk were there and the risks were there in the current year also and even the previous years, but we are confident that with our portfolio, which is well diversified, both oil linked as well as HH-linked I think we are very pretty sure that we will be maintaining as per our guidance of Rs. 4,000 crores to Rs. 4,500 crores in the coming years also.

Puneet Gulati: Understood. And lastly, if you can talk about where is the additional volume growth coming for your transmission business?

Rakesh Kumar Jain: Chairman sir has, during his opening remarks, stated that we are expected to transmit on an average basis 138 to 139 MMSCMD, and we expect the natural growth of CGD businesses which we expect around 5 million increase will happen, on country level it will be more. But since our share is around 70%, so we expect naturally that volume will come from there. IOCL Barauni 1.38 MMSCMD, then IOCL Paradip 2.35 MMSCMD, IOCL Haldia 0.5 MMSCMD, IOCL Bongaigaon 0.2 MMSCMD, IOCL Guwahati 0.2 MMSCMD, IOCL Panipat requirement of 1.79 MMSCMD during '25-'26. Earlier there was a requirement 3.62 MMSCMD, we have decreased it to 1.79 MMSCMD. So these are the areas from where we expect that these volumes will come, apart from the commissioning of new pipeline that Chairman stated, Mumbai-Nagpur-Jharsuguda, Srikakulam-Angul, there certainly we will be having more customers.

Puneet Gulati: Understood. That's very helpful. Thank you so much.

Abhishek: Thanks, Puneet. We have the next question from Nitin from PhillipCapital. Nitin, please ask your question.

Nitin: Hi, good morning. Thanks for the opportunity. Sir, my question is related to your transmission segment. In this quarter, we had a drop of about 5 MMSCMD versus the previous quarter, so if you can help us understand why that decline in volume was there? And then when we see the guidance for basically FY '26, you are talking about almost like an 18 MMSCMD increases where we have exited the Q4. So I mean in the backdrop of the volume decline that we have seen in this quarter, does our guidance stand? And then basically in addition to that, how is the first quarter going for us, as far as transmission volume is concerned?

Rakesh Kumar Jain: Actually, I understand you are asking regarding transmission volume, we have given guidance of 129 to 130 MMSCMD during last earning call, based on our assessment that will be somewhere around 129 to 130 MMSCMD. And on yearly basis, we are less by 2.5 MMSCMD even if we consider the 130 MMSCMD. And this particular quarter you are talking about, there is certainly a drop of 5 MMSCMD, largely it has come down, 3 million volume of shippers has come down, IOCL 1.5 and BPCL 0.8. And this is coming down because they are shifted to liquid fuel, because this quarter there is a drop in price of liquid fuel so they switched over. And in our marketing volume also there is a drop. KFCL was down during January '25 and also there were unplanned shutdown by HURL Phulpur, RCF, Thal, this all totally led to volume of 4 to 5 MMSCMD if you compare with Q3 of this year. So these are the specific regions, unanticipated shutdowns by fertilizer plant, and shippers volume came down because of the reduction in the crude price.

Nitin: Great sir. That's helpful.

Rakesh Kumar Jain: And sorry, Chairman also just reminded me, the GIGL volume also got shifted because we were supplying to Panipat refinery through our pipeline, and then PNGRB in between authorized GIGL. And from January onwards that volume also got shifted to GIGL pipeline.

Sandeep Kumar Gupta: And our appeal is pending.

Nitin: Yes, sir. So basically just a clarification on that. So, how's our first quarter volume going? That is one. And secondly, when Chairman sir pointed out like our volume guidance, then I think IOCL Panipat was also included in that guidance. So, I mean, given that now they have shifted to GIGL, so I mean does that guidance continue or do we have to like take that out from our volume?

Rakesh Kumar Jain: No, chairman gave guidance, GIGL volume we have not considered.

Nitin: There was a volume number given out for Panipat refinery, right, which is there in the guidance. So that is the volume which is getting carried in GIGL I suppose.

Rakesh Kumar Jain: Yes, yes, we have not considered.

Nitin: Sir, how's the first quarter going? I mean, this quarter?

Sanjay Kumar: Some plants are presently having planned shut down, and the power demand which was expected, last year it was very heavy power demand in May, that demand is slightly muted. So, presently we are within 120 to 125 to 127 MMSCMD zone. But we hope to pick up on this transmission volume very shortly as soon as the maintenance is over. And we expect some power demand also to come by next week.

Sandeep Kumar Gupta: And as mentioned by our Director (Finance) that certain plants will start taking gas as soon as the connectivity to them is completed. So perhaps the first quarter itself may not be a sufficient guidance for the full year volumes.

Sanjay Kumar: So what my CMD is telling, this all is about the pipeline groups in the Eastern India, JHBDPL and the Barauni-Guwahati section going up Guwahati. Many consumers are getting ready there and in a short time frame of one or two months lot of transmission volumes may come up.

Nitin: So we expect like by the end of this quarter, perhaps in June and July, more volumes would pick up, that's the right summary, sir?

Sandeep Kumar Gupta: Yes.

Nitin: Thanks so much for the answers. I will get back in the queue.

Abhishek: Great. Thank you so much. We have the next question from Maulik Patel. Malik, please go ahead.

Maulik Patel: Thanks, Chairman. Thanks, Director - Finance and Marketing for the opportunity. Few questions. On the CAPEX side, what is the guidance which we are giving for FY '26? And given your couple of large projects, particularly petrochem, we are finishing the CAPEX this year almost around Rs. 18,000 crores to Rs. 20,000 crores by CAPEX which we planned a couple of years back, and previous Mumbai-Nagpur Pipeline and others are getting complete. In the future is the CAPEX is going to shift more towards net zero and renewable side?

Rakesh Kumar Jain: FY '26 we expect to have capital expenditure of around Rs. 10,000 crores and largely it will be on petrochemical and pipeline around Rs. 3,000 crores each. And then net zero, as you also stated, more than Rs. 1,000 crores.. And operational CAPEX we incur every year, Rs. 1,500 crores to Rs. 1,600 crores will be around that. And then city gas distribution and other small like LNG and CBG projects.

Maulik Patel: Sir, any update on that MP CAPEX? Sorry please.

Sandeep Kumar Gupta: And you are correct that most of our petrochemical projects and pipeline projects are getting completed within this financial that is '25-'26. So, besides the CAPEX which Director (Finance) mentioned on our renewable net zero initiatives, we have sought authorizations of several pipelines which are pending along the East Coast of the country. And several others which were not completed by other entities. And hopefully, we should get those authorizations on nomination basis. And we expect that our CAPEX pipeline will be strong in executing those pipelines in future. You asked about MP thing?

Maulik Patel: Yes, any update on that MP?

Sandeep Kumar Gupta: Yes. We have not yet decided on that particular project still. We will inform you in due course of time.

Maulik Patel: Sure. Sir the second question is on marketing side of LNG. See, in the country, including you, IOC, GSPC, Arcelor, HP, they have all done some around 6 million - 7 million tons of medium term long contract linked to the HH and oil, which some of them will start in this calendar year, many of them will start. In next calendar year. Now if I look at this combined volume of all these medium term contracts, can be in the range of around 25 to 27 MMSCMD. My question is that will this expand overall kitty which the country currently has? Or lot of this volume will just replace the spot in the market which is we import approximately about 7 million, 8 million tons of spot LNG in the market, will that replace lot of spot or it will actually expand the kitty?

Sanjay Kumar: It is a very important aspect of the gas market in the country. We believe market is actually in evolution, and this is the process where we used to have three or four importers up to 10 years ago. Today we have got about 12 importers who are importing LNG cargoes into the country. Most of these importers are actually working on new projects also, whether it is AMNS, they have already started another project in the eastern side, I think Paradip or some other place. Or Deepak Fertilizer which signed another medium term contract that you are referring to. Everybody is actually trying to invest in a new facility and for that they are sourcing some niche contracts, there are certain initiatives that they are taking. Whether they will be able to manage those volumes or not, but they have taken that plunge. And this is the way the market develops.

At GAIL, we take pride in the way we have developed the systems here. We are the torch bearer in this field. Whatever we do, others follow in three months, six months, one year, three-year, five year. We did a five year transaction which you referred to. We started receiving supplies last month. Others have now come up with the similar structure. We believe this will expand the market. The consumption of gas in the country will grow on account of these new contracts.

Sandeep Kumar Gupta: And to add to what Sanjay ji has just mentioned, I believe, pointedly on your question, it is both. It is replacement of spot volumes because of the volatility which has been seen in the past. So everybody wants to have a sort of certain price. And it is also to take care of the growth which is expected in the country. So it is both. And the logic perhaps of the medium term contract says that everybody is perhaps waiting to see more and more liquification plants coming in US and the global growth, which perhaps will then have some effect on the price levels and the formulas also.

Maulik Patel: Got it. Sir, just last question, this is on the petchem side. Given that the spread has been very weak in the last one, one and a half year. And the price of most of the petchems are at multi-year low, and our CAPEX is also getting commissioned in this financial year. Do you think that this CAPEX commissioning will probably, at the operational level do you expect to make it a breakeven on these current prices or the current spread? And second question is that how much time you require to ramp up those facilities, particularly in the PDH side which will probably commission in the next two or three quarters?

Rakesh Kumar Jain: There is a difference between the Pata petrochemical and the PDHPP you are referring to. PDHPP is propane based facility. When we took the decision for putting this plant, we did this analysis for past several years and we found that there is a good correlation between the propane as input and PDHPP as output. So the spread we envisaged at the time of envisaging the project, we recently did our analysis and still it holds good. So it is not going to be severe situation which is you are experiencing in Pata when gas price goes up and petrochemical price goes down. And we expect those correlation in terms of the propane and PDHPP price will continue to happen. And in terms of our capacity expansion, first year we expect that plant to run after commissioning maybe for 60% - 70% level of capacity. And then second year maybe around the 90%, and then it may be at full capacity. That's the normal trend of any process builds.

Maulik Patel: Thanks for answering my question. Thank you and good luck.

Sanjay Kumar: Specifically, you were asking about the ramp up. We believe that the production of PP in the country in this financial year would be about 7.9 million tons and the consumption would be about 8.2 million tons. So there is real scope for the plant to ramp up. Our plant will be commissioned this year. And we hope to achieve full load after the usual teething period of three to six months.

Sandeep Kumar Gupta: And the profitability metrics of our current petrochemical capacity is relevant only for the 60 KTA addition at Pata. 500 KTA at Usar, DF just explained that propane is the input there, and at Mangalore 1.25 MTPA is a new product altogether PTA.

Maulik Patel: Got it, Sir. Thank you very much and wish you good luck sir.

Abhishek: Great. Thank you so much. We have the next question from Vivek. Thanks.

Vivek: Sure. Thanks for the opportunity. Thank you management for the chance. So number one is on the CGD sector. Now, the PNBRB's scenario analysis presents the CGD sector as one of the key drivers of demand growth, and they are very bullish they are projecting 2 times to 3 times demand from the CGD sector between now and 2030. My question is, how confident is the management of this demand projection, given that there has been some challenge in the increased input costs? And secondly, there's also pressure from authorities, especially in the northern part of the country to push for electrification mandates. In that light, what is your sense of the realistic volume growth rate that CGD can deliver, and therefore drive overall gas demand growth? I will ask the second question after this answer. Thank you.

Sanjay Kumar: The market is so big that EV push that you are referring to, possibly you are referring to Delhi DTC etc., and the new registration draft rules that they have given out. We believe CGD sector is, because of the reach, because of the 307 geographical areas that we have, that PNGRB has authorized, the demand in the country in CGD sector would definitely double or more than double in next seven, eight years. The current consumption in CGD sector is about 42 million cubic meter per day, and it can easily reach 100 million cubic meter per day because the EV would not affect the market. And the market is so big, the need for transportation is there, CGD will play its own role, EVs will play its own role. LNG as a fuel would also, for heavy duty vehicles, would play its own role. So, one or two EV push in one or two would not affect the growth of CGD segment in the country, that's our view.

Rakesh Kumar Jain: Let me supplement our Director Marketing. The pressure will not be on gas based vehicles, pressure will be on the other fossil fuel like petrol and diesel, in particular diesel. So that's not a concern. And second, in order to give boost to this growth, there have been lot of actions being taken place on ground like Chairman during opening remarks said that the PNGRB is also looking for reducing the tariff for city gas distribution network companies from Jon 2, Jon 3 to Jon 1. That will certainly help in input pricing. And we also expect that as we are moving forward, the gas will also come under GST. These two will certainly take care of their input cost, even if they have to compete with other fossil fuels.

Vivek: Okay. Thank you. That's very helpful. Just one small follow-up. You have been talking about natural gas inclusion under GST, is there any update to share in that regard? And any expectation on what the rate would be and how it would alter the demand scenario?

Rakesh Kumar Jain: So any update on in terms of rate is difficult, but we expect the gas will come very soon in GST, that's what we hear from the policymakers in power corridor.

Sandeep Kumar Gupta: And a couple of years back a consultant had suggested a revenue neutral rate of around 12% for GST to come for natural gas. And pending GST, you may be aware that several states have reduced the VAT rates on CNG, namely Andhra Pradesh and Assam, which comes to my mind immediately.

Vivek: Right. My last question is on the volume that got shifted to the other pipeline, the GIGL pipeline that got authorized. Would it be possible for you to comment on the volume shortfall that you are facing because of that? And by when do you expect a favorable resolution on that front? And is this number part of your FY '26 guidance?

Sanjay Kumar: This matter is subjudice and in our recent analysis we have taken away this volume from our guidance.

Vivek: And how much is the volume, sir?

Sanjay Kumar: See, it used to be 5 million to 5.5 million cubic meter which we used to transport that to Dadri. That has now reduced to about 2.5 million to 3 million cubic meter per day, it may go down further.

Vivek: Thank you very much and always.

Sanjay Kumar: It's a complex contractual arrangement actually, which cannot be explained. There are some other details also in this regard.

Vivek: All right. Thank you so much for the clarification. All the best.

Abhishek: Great. So we have the next question from Probal Sen from ICICI Securities. Please go ahead.

Probal Sen: Good morning, sir. Thanks for the opportunity. A couple of questions. Firstly on the petrochemical business, you did mention about the pricing weakness that has been one of the drivers of lower profitability. But if I look at the current quarter, pricing at least on a Q-o-Q basis seems to be flattish. It is more the increase in costs that has led to the decline in profitability, at least in Q4. So just wanted your perspective on how you expect things to change? Even if pricing were to remain let's say flattish, can we expect any positive delta in terms of costs given that we will have a much larger capacity to play within the next couple of years? And what impact it can have on costs? And whether are there any sourcing cost advantages also because of the additional energy volumes that we are seeing? Just your comments on that. That's my first question.

Rakesh Kumar Jain: As you must have followed that during Q4, the Henry Hub price, which is the gas we have allocated for Pata plant, most of the volume Pata plant consumes belongs to Henry Hub category or in that space. So that Henry Hub price has gone down abnormally. If you compare this year, largely it remains around $3.5 to $4 per MMBTU, which was almost 50% last year. So we believe that the prices at this level are not going to continue, it's already started softening. So that will certainly help us in reduction or managing the cost for Pata, even if the output price remains the same.

Probal Sen: So right now in terms of the gas that is being allocated or the cost being allocated to petchem is almost entirely benchmarked to Henry Hub, is my understanding correct?

Rakesh Kumar Jain: Not entirely. Most of the volume are Henry Hub linked. And we optimize time to time, but most of the volume we are giving Henry Hub volume.

Sanjay Kumar: It's an operational matter actually. We look at the cargos and the optimum solution is provided for our petrochemical plant.

Probal Sen: Understood. The second question was with respect to the gas trading business. You gave the guidance what you have mentioned of course of 138 to 139 MMSCMD in terms of transmission volumes. So should we infer that gas marketing volume should sort of grow in tandem? If I take the same sort of correlation with 127 MMSCMD being transmission, we did about 101 MMSCCMD in trading. Is that a similar sort of volume we should look at for FY '26?

Sanjay Kumar: Marketing guidance we have given separately. In transmission, our guidance is 138 million, 148 million, 159 million cubic meter per day in next three years. In gas marketing, we expect to do volume of 108 million, 114 million, that is 113.7 million and 120.3 million. These are our marketing projections.

Probal Sen: Sir, with this kind of a growth, I understand that you are reluctant to give more specific guidance, but Rs. 4,500 crores, can we just assume that on the line of what has happened in the last couple of years, this is an absolute bear case or a very conservative guidance in terms of profitability from this segment?

Rakesh Kumar Jain: Let me take this question, Prabal. We have been given the guidance what is possible as a minimum. If you have followed last three years guidance, we gave Rs. 3,000 crores, we surpassed that. Then we gave Rs. 4,500 crores, we achieved almost Rs. 6,000 crores. Last year we gave guidance initially Rs. 4,000 crores to Rs. 4,500 crores, and again we surpassed that guidance to Rs. 4,800 crores. And that's the history and we continue to give you guidance which is possible. So, Chairman in opening remarks at Rs. 4,000 crores to Rs. 4,500 crores and we expect that to be achieved.

Probal Sen: Understood. Sir, last question, if I may squeeze in.

Abhishek: Do you mind coming back, we have a long queue. I am so sorry.

Prabal Sen: Alright. No problem. Thanks.

Abhishek: Yes. Thanks. So next question is from Varatharajan from Antique Securities. Varatharajan, you can go ahead please.

Varatharajan: Yes. Thanks, Abhishek. And thank the management for the opportunity. Sir if you can provide the GAIL Gas and the six GA volumes, and the breakup in terms of CLG and other gas, please.

RK Jain: The Gas volume stood at 7.31 MMSCMD during last year in GAIL Gas. And if you are interested in breakup, the bulk trading was 4.37 MMSCMD, supplies to Taj Trapezium Zone on unified price basis 1.27 MMSCMD, and then PNG and CNG 1.67 MMSCMD put together. These are the three segments PNG-CNG 1.67 MMSCMD, Taj Trapezium Zone 1.27 MMSCMD and 4.37 MMSCMD bulk trading.

Varatharajan: This is for full year or 4Q, sir?

Rakesh Kumar Jain: Full year. If you are interested in Q4, I can give that also.

Varatharajan: Yes. Yes, sir, please.

Rakesh Kumar Jain: So Q4, the PNG and CNG were 1.81 MMSCMD, Taj Trapezium was 1.34 MMS CMD, and bulk trading 4.18 MMSCMD, and total 7.33 MMSCMD. It is almost in the same range.

Varatharajan: And this includes the six GAs as well?

Rakesh Kumar Jain: This is not including six GAs, six GAs are still with GAIL, so that volume will be added as and when it is actually part of GAIL Gas, today it is not.

Varatharajan: In case you have those numbers, if you can please share that.

Sanjay Kumar: So presently 6 GAs of GAIL, we are marketing about 0.4 to 0.45 MMSCMD of gas there. During Kumbh we had the opportunity of marketing 0.5 million cubic meter also in many days. And our outlook is that these particular geographical areas would grow by about 25% volume every year, these six GAs. In due course, as my CMD announced, these will be merged with GAIL Gas, but the volume projections are like that.

Varatharajan: Right. And out to the 0.4 what would have been the CNG and also PNG?

Sanjay Kumar: CNG is about 0.31 MMSCMD, between 0.3 to 0.35 MMSCMD is CNG.

Varatharajan: That's good enough. My second question was on the trading business, one is that like, the shift to gas linked contract from oil linked contract last time you had highlighted like it is going on, what would be the proportion now and are we really targeting 100% complete shift?

Sanjay Kumar: We have very good balance of different kind of contracts. We are having Brent used to be our main LNG index, presently as Indian crude basket some sort of proxy or Brent is being used in the country also. And about more than 20 million - 22 million cubic meter per day of gas that we receive is based on Henry Hub index. We have also done some additional contracts on Henry Hub index. We believe in maintaining balance between HH index and the crude oil index. We do not plan to shift completely to gas based index.

Varatharajan: Fair enough, sir. Sir, would you have the proportion currently, would that be available?

Sandeep Kumar Gupta: Mr. Varatharajan, I fail to understand, do you believe that perhaps we should move away from one particular index and do completely.

Varatharajan: No, no, definitely sir.

Sandeep Kumar Gupta: Because I always felt that perhaps we have a great portfolio of having different linkage gases.

Varatharajan: No sir, just to put that into context, basically we are only concerned about the variability in terms of the Henry Hub price movement direction vis-à-vis the crude price move direction. So if you remember, history suggests that at some point in time you had a problem, basically because the crude prices have fallen very sharply and hence we had losses. Alternately, I think we also made significantly higher profits when we had the crude prices remaining higher. So we just want to understand what is the exposure in terms of that risk and accordingly take our call on that, that is all we wanted to understand. Definitely not advocating one way or the other.

Rakesh Kumar Jain: Varatharajan, this question we have been answering in almost every earnings call. We have portfolio of almost 21 MMSCMD linked to Henry Hub. This had been a concern not today, maybe three years back. Now, almost 19 MMSCMD of volume, either we have marketed on back-to-back basis or allocated to Pata. So that volume does not have any risk with respect to the change in prices with respect to crude. 2 MMSCMD volume certainly we have open available with us, and we have good risk managing capability.

Recently, when the Henry Hub price went up and crude price went down, we took swaps. That's how we locked our margins. So, even for the volumes we market on index different than this, we have an ability to lock the margins. So, largely this volume is marketed on same index. Therefore, you can see that the volatility is not coming. But volatility is coming not because of this, we have one more contract which has a nine months average on sourcing side and three months average on marketing side, And there we face cash flow issues.

So, we have cash flow in terms of positive cash flow more than $2 - $2.5 at some point of time when the prices were moving differently. So that is sometimes bringing the volatility, but that should not concern you because that's a cash flow issue. So if you are not getting this year, certainly you will get next year because average has to come to a same level if you match this. So that is not an issue today. And in terms of the question you asked, what is the percentage, we have almost 43% - 44% based on Henry Hub.

Varatharajan: Well, that's very useful. Thanks a lot.

Abhishek: Great. Thank you Varatharajan. So we have the next question from S. Ramesh from Nirmal Bang Securities.

S. Ramesh: Thank you very much. Sir, if you look at your guidance for marketing segment EBITDA, can you share what is the kind of assumption you are making for Henry Hub, talking about Henry Hub growing past $4 because of the demand for gas for the LNG liquefaction transit. So what is your underlying assumption for Henry Hub gas price and the Brent crude price?

Rakesh Kumar Jain: I just answered to the question of Varatharajan that Henry Hub price is almost not a part of this computation because we have marketed on same index, only around 2 MMSCMD volume is open. So whatever Henry Hub price remains, we have sold to the customer on the same index, that's the pass through price.

S. Ramesh: And second thought is on the Dabhol LNG terminal, with the breakwater coming in, can you share what will be the ramp up in volumes and the impact on profitability for Konkan LNG?

Rakesh Kumar Jain: Last financial year, about 21 cargoes were regasification there. This year we expect, as my CMD informed you that we are hopeful that the certificate will come within one week. So we expect to do about 34 to 36 cargoes this financial year in this terminal.

S. Ramesh: So, would that help you make profits there? What is the current trend in profitability there?

Rakesh Kumar Jain: Current year we did not have positive profit certainly because we regasification only 21 cargoes. But as we move to 34 to 36 cargos, almost 15 cargoes, if added, then it adds to the bottom line almost Rs. 300 crores. So this year certainly we were not in positive because of the breakwater issue. But going forward, we will have positive bottom line from KLL.

S. Ramesh: Thank you very much.

Abhishek: Great. Next question is from the line of Sabri Hazarika from Emkay Global.

Sabri Hazarika: Hello. Yes. So just one question. So if I look into your tariff outlook, so we have this upcoming tariff hike, but beyond that also there are certain events like probably some of the new pipelines getting connected to the integrated network, and also volumes flowing through the bid out pipelines where I think the tariff levels are much higher. So do you see blended tariff trajectory also to continue growing for the next three, four years? Or do you see it more to be stable in the current scenario?

Rakesh Kumar Jain: You are asking of a unified tariff or integrated tariff?

Sabri Hazarika: Integrated tariff for GAIL. I think I am not sure if the Barauni-Guwahati line has been like included there. and also Kochi-Bangalore line once it gets commissioned, I think that will also form part of integrated tariffs. So net-net, do we see the blended tariff going up by these events? And also, some color on the bid-out pipelines, yes. Thanks.

Rakesh Kumar Jain: Barauni-Guwahati is part of integrated tariff, but it does not include the KKMBPL pipeline because it is not yet connected with Bangalore. So once it gets connected, it will form part of integrated tariff. And it will certainly significantly add to the bottom line for GAIL, that is one part. And second, you are asking what are other factors, so our tariff already we have submitted and that is under revision. And once the tariff is revised, we expect the integrated tariff to go up from, say, current level of Rs. 58, we have submitted Rs. 77, even on conservative side we consider Rs. 70 - Rs. 72, that's also another increase which is available.

Third increase is that, and now we are actually moving from utilization of this pipeline from the level around 70%. As we move from 70% to 75%, we expect this to be available during Financial Year '25-'26, then we have ability to recoup our lost volume from December '22. Because regulatory provision is that whatever volume we have not, whatever pipeline capacity we have not utilized for last past years from the regulatory change which has happened in December, we will have ability to recover those losses in future years. So as we are growing in transmission, so our ability to have more than regulatory rate of 12% will increase, and that we expect that this will happen from at least financially '26-'27.

Sandeep Kumar Gupta: Does that answer you or you wanted some more information?

Sabri Hazarika: Yes, that answers my question. Thank you so much and all the best, that's all.

Abhishek: Great. Thank you, Sabri. We will take one last question from Gagan Dixit. Please go ahead.

Gagan Dixit: Yes, thanks for taking my question. Sir, I broadly want to know, sir, the reason for the normalization of the marketing EBITDA quarter-on-quarter. Because I recall this December quarter you said that if I remove the exceptional, so there around Rs. 6 billion is the EBITDA. And you broadly said three, four reasons at that time like higher Henry Hub prices, crude LNG sourcing was nine months average versus the selling price of three months average, and you served more than the contracted amount. So, I think what are the changes that happen that lead to, I mean, you have done some repricing or done more hedging or something changes the customers, something broadly if you can explain the reason for the quarter-on-quarter normalization?

Rakesh Kumar Jain: We shared that why our marketing margin had gone down and you have covered all those regions that, one, we were overcommitted in the market. Normally we expect the customer not to take at

100% level, but sometimes we experience that. And last quarter had seen those, we experienced those things, and that led to reduction in marketing margins. Second, you also covered the nine months average versus three months average. And third, we also had some Henry Hub exposure when crude goes down those were also impacting. But this situation reversed during this quarter. The crude prices have recently gone down, but were almost in Q4 that drop was not there. So whatever significant amount we lost in Q3, this was not the case. And the volume which we actually committed, over committed, those experiences also we did not see in this quarter. Therefore, we arrived at a normative level of marketing margin which is around Rs. 1,000 crores to Rs. 1,200 crores. That's what we have seen in this quarter.

Gagan Dixit: Yes. And sir my second question is that, you have given the marketing guidance of around 7 MMSCMD growth in the FY '26 and then 12 MMSCMD growth over the next two years from '26 to '28. If I do the math, so this is equivalent to this year almost 2 million ton LNG. And then after that for two years it's a 3 million ton LNG. So, can I safely assume that this is something LNG contracts that you are confident that you are able to get? I mean, 2 million tons around this fiscal and then 3 million tons from '26 to '28?

Sanjay Kumar: Part of that volume we have already sourced. And going forward, we continue to work on the market on a weekly basis. And whenever there is an opportunity, we would source those volumes. Our guidances are on, the volume of 108 million that we are expecting this year will materialize and there are RLNG contracts. The LNG contracts is one way of doing it. There may be other ways also.

Gagan Dixit: Yes, that's it from my side. Thanks.

Abhishek: Thank you so much. That will be the last question for today due to time constraints. Sir, any closing comments before we end this call?

Sandeep Kumar Gupta: Yes. Thank you very much to all the participants. Ultimately, I want to say that transmission remains our biggest bet. And with increased transmission volumes supported by the growth in the country, commissioning of the new pipelines, connection of the new plants with the grid, and revision in the tariffs of our integrated pipelines, as well as the changes in the regulations which will also give us additional support for the isolated networks, this transmission income is the biggest bit. And also, I believe our diversified portfolio in terms of price is very helpful for us to sort of attain the guided numbers on the marketing margin side. And we remain very confident.

As far as petrochemical prices are concerned, while we do not see very great upside even if the prices are favorable. At the same time, we do not see a very major downside also in petrochemicals, it may largely be range bound. And that does not, in any case, impact largely on the profits, because that is a minuscule component of our total game. So I am very confident that from these levels, after attaining this highest-ever profit in the history of GAIL, while this was also supported by a one-time settlement from SMTS as in quarter three, but I am confident that we will be able to maintain this performance in all times in future. Thank you very much.

Abhishek: Great. Thank you so much, everyone. And you can now disconnect your line. Have a good day. Thanks.