

July 29, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	180		184	
Sales (Rs bn)	1,544	1,594	1,547	1,621
% Chng.	(0.2)	(1.7)		
EBITDA (Rs bn)	136	150	140	153
% Chng.	(2.3)	(1.9)		
EPS (Rs.)	13.2	14.5	13.6	14.8
% Chng.	(2.7)	(2.2)		

Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	1,306	1,373	1,544	1,594
EBITDA (Rs. bn)	133	143	136	150
Margin (%)	10.2	10.4	8.8	9.4
PAT (Rs. bn)	88	89	87	95
EPS (Rs.)	13.4	13.5	13.2	14.5
Gr. (%)	65.4	0.9	(1.9)	9.2
DPS (Rs.)	5.5	7.5	5.8	6.3
Yield (%)	3.0	4.2	3.2	3.5
RoE (%)	14.7	13.2	11.9	12.2
RoCE (%)	13.2	13.0	11.4	11.9
EV/Sales (x)	1.0	1.0	0.9	0.8
EV/EBITDA (x)	10.1	9.2	9.6	8.8
PE (x)	13.5	13.4	13.6	12.5
P/BV (x)	1.9	1.7	1.6	1.5

Key Data

GAIL.BO | GAIL IN

52-W High / Low	Rs.246 / Rs.151
Sensex / Nifty	80,891 / 24,681
Market Cap	Rs.1,188bn / \$ 13,704m
Shares Outstanding	6,575m
3M Avg. Daily Value	Rs.2384.59m

Shareholding Pattern (%)

Promoter's	51.92
Foreign	15.20
Domestic Institution	18.13
Public & Others	14.75
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(5.4)	8.7	(21.7)
Relative	(1.7)	2.0	(21.3)

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In-line results

Quick Pointers:

- Trading vol flat QoQ at 121mmscmd
- Petrochem continues with EBIT loss of Rs2.5bn

GAIL reported transmission volume of 121mmscmd, flat QoQ, down from 132mmscmd in Q1FY25. Trading volume stood at 105.5mmscmd, marginally below 106.5mmscmd in Q4FY25 but up from 99.5mmscmd in Q1FY25. Trading EBIT came in at Rs10.7bn, down from Rs12bn in Q4FY25 and Rs20.3bn in Q1FY25. EBITDA stood at Rs33.3bn (Ple Rs32.3bn, BBGe Rs32.6bn, -26% YoY, +4% QoQ). PAT came in at Rs18.9bn (Ple Rs20bn, BBGe Rs20.5bn, -31% YoY, -8% QoQ). The stock trades at 12.5x FY27 EPS. We value the company at 11x adj standalone eps of FY27 and add Rs33 for investments at 25% holding company discount. Tariff order for its integrated pipeline is expected soon. Post that there are no positive triggers for the stock. With target price of Rs180 (previously Rs184), we reiterate our 'Hold' rating on the stock.

- Transmission volume flat QoQ:** Transmission volume stood flat at 121mmscmd during the quarter and is down from 132mmscmd in Q1FY25. The tariff order by the regulatory board is pending on the integrated pipeline of GAIL. Additionally, GAIL has filed for appeal against six final tariff orders and two provisional tariff orders.
- Trading EBIT normalizes:** Trading volume stood at 105.45mmscmd during the quarter vs 106.5mmscmd in Q4FY25 and 99mmscmd in Q1FY25. Trading EBIT stood at Rs10.7bn vs Rs12bn in Q4FY25 and Rs20.3bn in Q1FY25.
- Concall highlights:** 1) one-time gain of Rs1.33bn on account of differential tariffs of prior periods 2) 67% utilization in integrated pipeline 3) annual shutdown at Pata resulted in loss of vol 4) Mumbai-Nagpur-Jhansuguda & Jagdishpur-Haldia pipelines to be completed this year, Gurdaspur-Jammu pipeline to be completed next year 5) PDH-PP project delayed to next year, IRR of 13% at current spreads, 15yrs contract with BPCL for sourcing of propane as per Saudi contract price 6) ethane cracker at MP- no final decision yet 7) process of consultation for the tariff order has been completed, expected any time soon 8) FY27 capex at Rs120bn- Rs40bn for pipeline, Rs25bn for Petrochem, Rs5bn for E&P, Rs14bn for net zero, Rs2bn for CGDs 9) average transmission volume in Jul'25 stands at 127mmscmd 10) guidance of 127-128mmscmd for FY26E and 136mmscmd in FY27E 11) Dabhol LNG terminal has been functioning this monsoon 12) Trading EBIT guidance of Rs40-45bn maintained

Exhibit 1: GAIL's Valuation Table

Valuation Table	Remarks
Adj EPS	13.3 FY27
Multiple (x)	11.0
Core Business (Rs/share)	147
Listed Investments (Rs/share)	27 Investments in ONGC, IGL, MGL, PLNG at 25% holding discount
Unlisted Investments (Rs/share)	6 Investment in subsidiaries, associate companies at 25% discount
Target Price (Rs/share)	180

Source: Company, PL

Exhibit 2: GAIL's Quarterly and full year Financials

(Rs bn)	Q1FY26	Q4FY25	QoQ gr.	Q1FY26E	% Var	Q1FY25	YoY gr.	FY26E	FY25	YoY gr.
Net Sales	347.9	357.1	-2.6%	355.3	-2.1%	336.9	3.3%	1516.2	1372.9	10.4%
<i>YoY Change (%)</i>	<i>5.7</i>	<i>6.0</i>		<i>7.9</i>		<i>5.9</i>		<i>10.4</i>	<i>5.1</i>	
Raw Materials Consumption	17.5	308.5	-94.3%	13.0	34.7%	266.7	-93.4%	1285.4	1130.5	13.7%
Employee Costs	5.3	4.7	12.1%	5.5	-2.9%	5.2	1.9%	21.0	20.4	3.0%
Other Expenses	28.1	11.7	139.8%	20.3	38.9%	19.8	42.5%	72.4	78.7	-8.0%
EBITDA	33.3	32.2	3.6%	32.3	3.1%	45.3	-26.4%	137.5	143.3	-4.0%
<i>Margin (%)</i>	<i>9.6%</i>	<i>9.0%</i>		<i>9.1%</i>		<i>13.4%</i>		<i>9.1%</i>	<i>10.4%</i>	
Depreciation	8.8	9.0	-2.3%	9.3	-4.7%	10.5	-15.8%	37.1	36.0	3.1%
Interest	2.1	1.8	17.4%	1.4	47.2%	2.1	0.1%	5.7	7.4	-23.6%
Other Income	2.9	5.7	-48.5%	5.7	-48.8%	3.7	-21.4%	22.8	24.0	-5.0%
Extra-ordinary Gain	0.0	0.0		0.0		0.0		0.0	-24.4	
PBT	25.3	27.0	-6.2%	27.3	-7.3%	36.4	-30.4%	117.5	148.3	-20.7%
Tax	6.5	6.5	-0.8%	7.0	-7.5%	9.2	-29.5%	29.6	35.1	-15.8%
<i>Rate (%)</i>	<i>25.5</i>	<i>24.1</i>		<i>25.6</i>	<i>-0.1%</i>	<i>25.2</i>		<i>25.2</i>	<i>23.7</i>	
PAT	18.9	20.5	-7.9%	20.3	-7.3%	27.2	-30.8%	87.9	113.2	-22.3%
Adj PAT	18.9	20.5	-7.9%	20.3	-7.3%	27.2	-30.8%	87.9	88.7	-0.9%
Segmental EBIT (Rs bn)										
Gas Transmission	15.6	12.7	22.8%	13.0	20.0%	14.5	7.7%	59.7	54.9	8.8%
LPG Transmission	1.2	1.2	4.4%	0.9	28.1%	0.8	48.9%	4.5	4.2	7.0%
Natural Gas Trading	10.7	12.0	-11.0%	11.4	-5.6%	20.3	-47.3%	43.4	74.5	-41.7%
Petrochemicals	-2.5	-1.6	57.4%	-1.0	147.2%	-0.4	499.5%	-4.0	-0.4	NA
LPG & Liq.HC (pre-subsidy)	2.1	2.9	-29.8%	1.8	15.8%	2.3	-10.8%	8.6	11.5	-24.8%
Unallocated; GAILTEL	1.9	1.2	65.2%	2.7	-30.0%	1.7	14.2%	10.9	5.2	112.0%

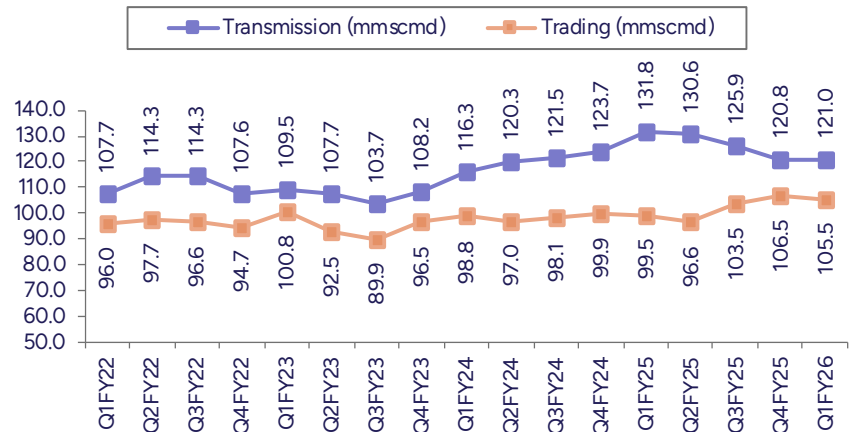
Source: Company, PL

Exhibit 3: Segment wise performance

Segment Wise Performance (Rs bn)	Q1FY26	Q4FY25	QoQ gr.	Q1FY25	YoY gr.
Gas Transmission Business					
Volume (mmscmd)	121.0	120.8	0.1%	131.8	-8.2%
Gross Revenue	28.1	26.0	7.8%	28.7	-2.1%
EBITDA	19.7	16.8	17.5%	19.7	0.2%
EBIT	15.6	12.7	22.8%	14.5	7.7%
Average tariff (Rs/mscm)	2547.8	2393.3	6.5%	2389.0	6.6%
EBITDA (Rs/mscm)	1788.2	1541.2	16.0%	1639.3	9.1%
EBIT (Rs/mscm)	1414.5	1166.4	21.3%	1206.4	17.2%
LPG Transmission Business					
Volumes ('000 MT)	1131.0	1132.0	-0.1%	1065.0	6.2%
Gross Revenues	2.3	2.2	1.2%	1.8	26.0%
EBITDA	1.4	1.4	3.0%	1.8	-22.7%
EBIT	1.2	1.2	4.4%	0.8	48.9%
Average tariff (Rs/mscm)	2002.3	1976.1	1.3%	1688.3	18.6%
EBITDA (Rs/mscm)	1229.0	1192.6	3.1%	939.0	30.9%
EBIT (Rs/mscm)	1063.4	1017.8	4.5%	758.2	40.2%
Gas Trading Business					
Volumes (mmscmd)	105.5	106.5	-1.0%	99.5	6.0%
Revenues	310.0	316.0	-1.9%	294.4	5.3%
EBIT	10.7	12.0	-11.0%	20.3	-47.3%
Revenue(Rs/mscm)	32308.5	32962.0	-2.0%	32520.5	-0.7%
EBIT (Rs/mscm)	1116.7	1255.4	-11.0%	2245.7	-50.3%
Petrochemicals Business					
Volumes ('000 MT)	177.0	229.0	-22.7%	169.0	4.7%
Gross Revenues	16.8	22.1	-23.9%	16.3	3.0%
EBITDA	-1.3	0.0	-6450.0%	1.2	-202.4%
EBIT	-2.5	-1.6	57.4%	-0.4	499.5%
Realization (INR/kg)	95.0	96.5	-1.6%	96.5	-1.6%
EBITDA (INR/kg)	-7.2	0.1	-8315.5%	7.3	-197.8%
EBIT (INR/kg)	-14.0	-6.9	103.6%	-2.5	472.4%
LPG & Liquid Hydrocarbons Business					
Volumes ('000 MT)	198.0	198.0	0.0%	218.0	-9.2%
Gross Revenues	11.1	11.5	-4.0%	11.7	-5.6%
EBITDA	2.3	3.3	-29.1%	2.7	-12.0%
EBIT	2.1	2.9	-29.8%	2.3	-10.8%
Realization (INR/MT)	55828.3	58183.3	-4.0%	53695.4	4.0%
EBITDA (INR/MT)	11818.2	16666.7	-29.1%	12201.8	-3.1%
EBIT (INR/MT)	10354.0	14746.0	-29.8%	10543.6	-1.8%

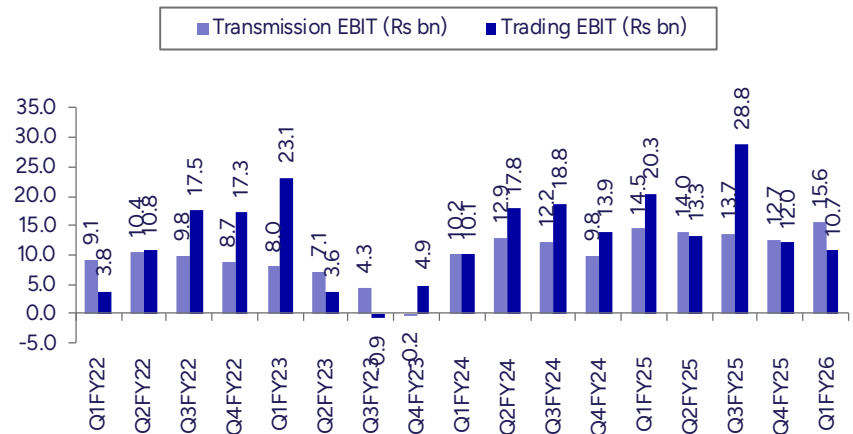
Source: Company, PL

Exhibit 4: Transmission volume flat QoQ



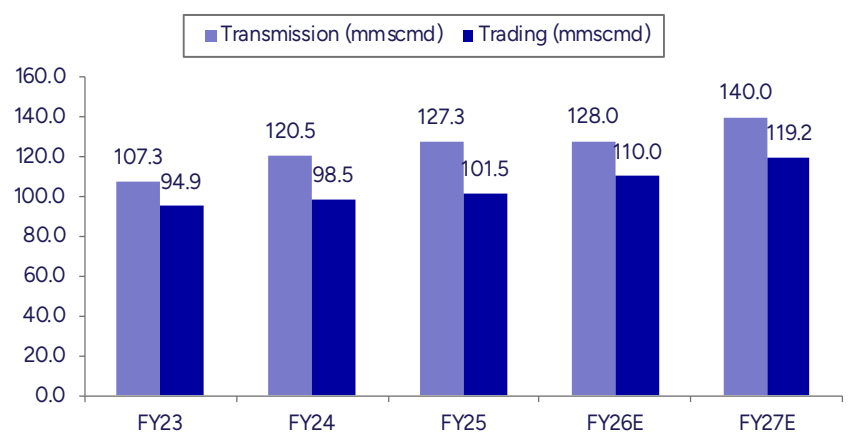
Source: Company, PL

Exhibit 5: Trading EBIT declines marginally QoQ



Source: Company, PL

Exhibit 6: Transmission/trading volumes to grow to 140/119 mmscmd by FY27E



Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	1,306	1,373	1,544	1,594
YoY gr. (%)	(9.5)	5.1	12.5	3.2
Cost of Goods Sold	1,071	1,131	1,314	1,339
Gross Profit	236	242	231	255
Margin (%)	18.0	17.7	14.9	16.0
Employee Cost	21	20	21	22
Other Expenses	82	79	73	83
EBITDA	133	143	136	150
YoY gr. (%)	97.5	8.0	(4.8)	9.9
Margin (%)	10.2	10.4	8.8	9.4
Depreciation and Amortization	33	36	37	38
EBIT	99	107	99	112
Margin (%)	7.6	7.8	6.4	7.0
Net Interest	7	7	6	6
Other Income	23	24	23	22
Profit Before Tax	115	148	116	127
Margin (%)	8.8	10.8	7.5	8.0
Total Tax	27	35	29	32
Effective tax rate (%)	23.6	23.7	25.2	25.2
Profit after tax	88	113	87	95
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	88	89	87	95
YoY gr. (%)	65.4	0.9	(1.9)	9.2
Margin (%)	6.7	6.5	5.6	6.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	88	89	87	95
YoY gr. (%)	65.4	0.9	(1.9)	9.2
Margin (%)	6.7	6.5	5.6	6.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	88	89	87	95
Equity Shares O/s (bn)	7	7	7	7
EPS (Rs)	13.4	13.5	13.2	14.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	768	815	985	1,085
Tangibles	768	815	985	1,085
Intangibles	-	-	-	-
Acc: Dep / Amortization	314	350	387	425
Tangibles	314	350	387	425
Intangibles	-	-	-	-
Net fixed assets	454	465	598	659
Tangibles	454	465	598	659
Intangibles	-	-	-	-
Capital Work In Progress	159	188	119	119
Goodwill	-	-	-	-
Non-Current Investments	211	231	231	231
Net Deferred tax assets	(50)	(51)	(51)	(51)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	53	60	68	70
Trade receivables	107	103	115	119
Cash & Bank Balance	7	11	21	30
Other Current Assets	51	40	40	40
Total Assets	1,095	1,159	1,252	1,329
Equity				
Equity Share Capital	66	66	66	66
Other Equity	576	640	689	743
Total Network	642	706	755	808
Non-Current Liabilities				
Long Term borrowings	164	136	149	163
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	-	-	-	-
Other current liabilities	240	267	298	306
Total Equity & Liabilities	1,095	1,159	1,252	1,329

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	116	148	116	127
Add. Depreciation	33	36	37	38
Add. Interest	7	7	6	6
Less Financial Other Income	23	24	23	22
Add. Other	(15)	(21)	-	-
Op. profit before WC changes	140	171	159	171
Net Changes-WC	6	9	18	5
Direct tax	(27)	(24)	(29)	(32)
Net cash from Op. activities	118	156	148	145
Capital expenditures	(70)	(69)	(100)	(100)
Interest / Dividend Income	-	-	-	-
Others	(10)	8	-	-
Net Cash from Invst. activities	(80)	(61)	(100)	(100)
Issue of share cap. / premium	-	-	-	-
Debt changes	21	(28)	13	14
Dividend paid	(36)	(43)	(38)	(41)
Interest paid	(11)	(11)	(6)	(6)
Others	(8)	(10)	-	-
Net cash from Fin. activities	(34)	(92)	(31)	(34)
Net change in cash	4	3	17	11
Free Cash Flow	48	87	48	45

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	13.4	13.5	13.2	14.5
CEPS	18.4	19.0	18.9	20.3
BVPS	97.6	107.3	114.8	123.0
FCF	7.3	13.2	7.3	6.8
DPS	5.5	7.5	5.8	6.3
Return Ratio(%)				
RoCE	13.2	13.0	11.4	11.9
ROIC	9.1	9.3	8.1	8.6
RoE	14.7	13.2	11.9	12.2
Balance Sheet				
Net Debt : Equity (x)	0.2	0.2	0.2	0.2
Net Working Capital (Days)	-	-	-	-
Valuation(x)				
PER	13.5	13.4	13.6	12.5
P/B	1.9	1.7	1.6	1.5
P/CEPS	9.8	9.5	9.6	8.9
EV/EBITDA	10.1	9.2	9.6	8.8
EV/Sales	1.0	1.0	0.9	0.8
Dividend Yield (%)	3.0	4.2	3.2	3.5

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	329	350	357	348
YoY gr. (%)	3.5	2.1	10.4	3.3
Raw Material Expenses	267	294	299	290
Gross Profit	62	56	58	57
Margin (%)	18.8	15.9	16.2	16.5
EBITDA	37	28	32	33
YoY gr. (%)	7.3	(25.8)	(9.6)	(26.4)
Margin (%)	11.4	8.1	9.0	9.6
Depreciation / Depletion	8	8	9	9
EBIT	29	20	23	25
Margin (%)	8.9	5.7	6.5	7.0
Net Interest	2	2	2	2
Other Income	7	7	6	3
Profit before Tax	35	50	27	25
Margin (%)	10.5	14.4	7.6	7.3
Total Tax	8	12	7	6
Effective tax rate (%)	22.6	23.1	24.1	25.5
Profit after Tax	27	39	20	19
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	27	14	20	19
YoY gr. (%)	11.1	(49.8)	(5.9)	(30.8)
Margin (%)	8.1	4.1	5.7	5.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	27	39	20	19
YoY gr. (%)	11.1	36.0	(5.9)	(30.8)
Margin (%)	8.1	11.1	5.7	5.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	27	39	20	19
Avg. Shares O/s (bn)	7	7	7	7
EPS (Rs)	4.1	2.2	3.1	2.9

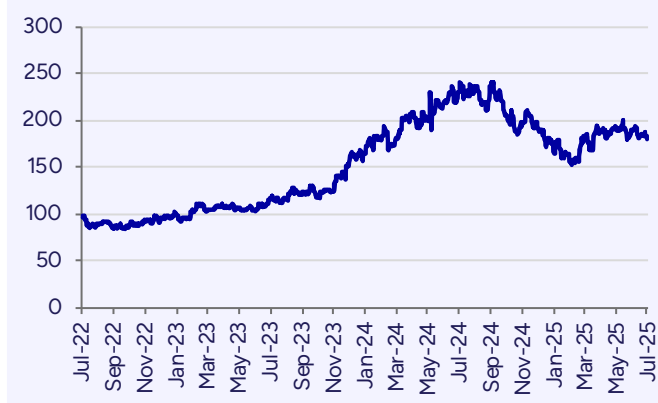
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Transmission Volume (mmscmd)	120	127	128	140
Transmission EBIT (Rs/mscm)	1,026	1,181	1,255	1,218
Trading Volume (mmscmd)	98	102	110	119
Trading EBIT (Rs/mscm)	1,688	2,010	1,082	1,191
Petchem (kt)	787	845	810	203
Petchem EBIT (Rs/kg)	(12)	(15)	(5)	(4)
LPG (kt)	4,396	4,478	4,529	1,147
LPG EBIT (Rs/mt)	721	941	996	926

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	03-Jul-25	Hold	184	191
2	14-May-25	Hold	191	184
3	08-Apr-25	Accumulate	185	169
4	05-Feb-25	Accumulate	204	180
5	31-Jan-25	Accumulate	192	167
6	08-Jan-25	Hold	203	186
7	06-Nov-24	Hold	204	209
8	07-Oct-24	Sell	205	224
9	31-Jul-24	Reduce	211	241

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	420	477
2	Bharat Petroleum Corporation	Reduce	311	332
3	Bharti Airtel	Accumulate	2,148	2,030
4	Clean Science and Technology	Hold	1,425	1,445
5	Deepak Nitrite	Reduce	1,799	1,963
6	Fine Organic Industries	BUY	5,440	5,269
7	GAIL (India)	Hold	184	191
8	Gujarat Fluorochemicals	Reduce	3,541	3,522
9	Gujarat Gas	Sell	404	499
10	Gujarat State Petronet	Hold	348	335
11	Hindustan Petroleum Corporation	Sell	360	437
12	Indian Oil Corporation	Reduce	138	148
13	Indraprastha Gas	Reduce	186	221
14	Jubilant Ingrevia	Hold	713	788
15	Laxmi Organic Industries	Reduce	172	197
16	Mahanagar Gas	Accumulate	1,559	1,483
17	Mangalore Refinery & Petrochemicals	Accumulate	152	139
18	Navin Fluorine International	Accumulate	5,161	4,933
19	NOCIL	Reduce	172	200
20	Oil & Natural Gas Corporation	Accumulate	284	241
21	Oil India	BUY	566	436
22	Petronet LNG	Hold	311	302
23	Reliance Industries	Accumulate	1,555	1,476
24	SRF	Hold	3,071	3,150
25	Vinati Organics	Accumulate	1,882	1,944

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

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