

Robust Q1 driven by marketing and transmission volumes

GAIL reported strong operating performance in Q1, with EBITDA and PAT increasing 24.5% and 28.7% QoQ, reaching Rs47.9bn and Rs31.8bn, respectively. Volumes declined across all the segments except the natural gas transmission. Natural gas transmission margins and gas marketing margins drove robust performance despite weak performance from the petrochemicals segment. In Q1, natural gas transmission volumes rose 6.6% QoQ to 131.8mmscmd, while natural gas marketing volumes declined marginally by 0.4% QoQ to 99.5mmscmd. Petrochemical segment underperformed, with production volumes falling by 34.7% QoQ to 162,000MT. LPG and Liquid Hydrocarbons segment also saw a 4.4% QoQ decline in volumes. With existing LNG contracts, management has guided for gas transmission volumes of 130-132mmscmd for FY25E and 140-142mmscmd for FY26E. Currently, we have kept our estimates unchanged and continue to maintain a SELL rating with a SOTP based unchanged target price of Rs148.

Gas Transmission Surges; Petchem decline

In Q1FY25, GAIL saw a 13.3% YoY increase in natural gas transmission volumes, reaching 131.8mmscmd, while EBIT surged 40.7% YoY to Rs14.5bn. Natural gas marketing volumes rose 0.6% YoY to 99.5mmscmd, with EBIT soaring 94.7% YoY to Rs20.4bn. Petrochemical volumes remained steady YoY at 162,000MT, however the segment reported reduced EBIT loss of Rs493mn, YoY improvement from Rs3.1bn loss. LPG and liquid hydrocarbons volumes declined YoY, yet EBIT improved 13.7% YoY to Rs2.3bn.

Upcoming projects and capexes set to launch

GAIL is advancing several projects, with notable progress across its pipeline and new plant. Mumbai-Nagpur-Jharsuguda pipeline and the Srikakulam-Angul pipeline are set for completion in current year, while the Jagdishpur-Haldia-Bokaro-Dhamra pipeline is on track to finish by Mar-25. Key projects like the PDHPP at Usar and polypropylene plant at Pata are progressing, with mechanical completion and full production expected soon. GAIL also plans to finalize its Rs42bn capex by Jun-2025, underscoring its robust growth trajectory.

Growth from across the segments

GAIL expects gas marketing EBIT at Rs40-45bn in FY25E. Having already achieved Rs20.4bn marketing EBIT during Q1FY25, the company is on track to exceed this target. FY25E gas transmission volume guidance is maintained at 130-132mmscmd, rising to 140-142mmscmd in FY26E, and an additional rise of ~10mmscmd in FY27E. The company's optimistic outlook is supported by strategic market positioning and optimization activities, with a commitment to revising guidance based on Q2FY25E results. The stock is currently trading at relatively high valuations of 10.6x/9.8x FY25E/FY26E EV/ EBITDA. We maintain our current estimates and maintain our SELL rating with a SOTP based unchanged TP of Rs148.

Risks – Higher than expected gas marketing margins and petchem utilisation

Financial and valuation summary

YE Mar (Rs mn)	1QFY25A	1QFY24A	YoY (%)	4QFY24A	QoQ (%)	FY24A	FY25E	FY26E
Revenues	3,47,378	3,27,886	5.9	3,27,563	6.0	13,32,285	13,44,768	14,09,037
EBITDA	47,900	26,605	80.0	38,487	24.5	1,42,963	1,64,414	1,80,515
EBITDA margin (%)	13.8	8.1	69.9	11.7	17.4	10.7	12.2	12.8
Adj. Net profit	31,834	17,930	77.5	24,743	28.7	98,992	1,15,417	1,26,816
Adj. EPS (Rs)	4.8	2.7	77.5	3.8	28.7	15.1	17.6	19.3
EPS growth (%)						76.3	16.6	9.9
PE (x)						16.0	13.7	12.5
EV/EBITDA (x)						12.3	10.6	9.8
PBV (x)						2.1	1.9	1.7
RoE (%)						13.9	14.3	14.4
RoCE (%)						9.9	10.2	10.3

Source: Company, Centrum Broking

Result Update

India I Oil & Gas

31 July, 2024

SELL

Price: Rs241

Target Price: Rs148

Forecast return: -39%

Institutional Research

Market Data

Bloomberg:	GAIL IN
52 week H/L:	246/112
Market cap:	Rs1584.4bn
Shares Outstanding:	6575.1mn
Free float:	41.0%
Avg. daily vol. 3mth:	2,74,32,460
Source:	Bloomberg

Changes in the report

Rating:	SELL; unchanged
Target price:	Rs148; unchanged
EPS:	FY25E:Rs17.6, unchanged FY26E:Rs19.3, unchanged
Source:	Centrum Broking

Shareholding pattern

	Jun-24	Mar-24	Dec-23	Sep-23
Promoter	51.9	51.9	51.9	51.9
FIIs	15.2	14.2	14.2	14.8
DIIIs	25.8	27.2	27.3	27.1
Public/other	7.1	6.7	6.6	6.3

Source: BSE

Centrum estimates vs Actual results

YE Mar (Rs bn)	Actual Q1FY25	Centrum Q1FY25E	Variance (%)
Revenue	347.4	333.0	4.3
EBITDA	47.9	37.3	28.5
EBITDA margin %	13.8	11.2	260bps
Adj. PAT	31.8	23.3	36.8

Source: Bloomberg, Centrum Broking



Rohit Nagraj

Research Analyst, Oil & Gas
+91-022-4215 9645
rohit.nagraj@centrum.co.in



Kunal Pai

Research Associate, Oil & Gas
+91-022-4215 9018
kunal.pai@centrum.co.in

Oil & Gas

Thesis Snapshot

Estimate revision

YE Mar (Rs mn)	FY25E New	FY25E Old	% chg.	FY26E New	FY26E Old	% chg.
Revenue	13,44,768	13,44,768	-	14,09,037	14,09,037	-
EBITDA	1,64,414	1,64,414	-	1,80,515	1,80,515	-
EBITDA margin (%)	12.2	12.2	-	12.8	12.8	-
Adj. PAT	1,15,417	1,15,417	-	1,26,816	1,26,816	-
Diluted EPS (Rs)	17.6	17.6	-	19.3	19.3	-

Source: Centrum Broking

GAIL versus NIFTY 50

	1m	6m	1 year
GAIL IN	6.5	35.4	96.3
NIFTY 50	3.8	14.8	26.2

Source: Bloomberg, NSE

Key assumptions

Y/E Mar	FY25E	FY26E
Revenue growth	1.1	4.8
EBITDA margins	12.2	12.8
EBITDA growth	17.2	9.8

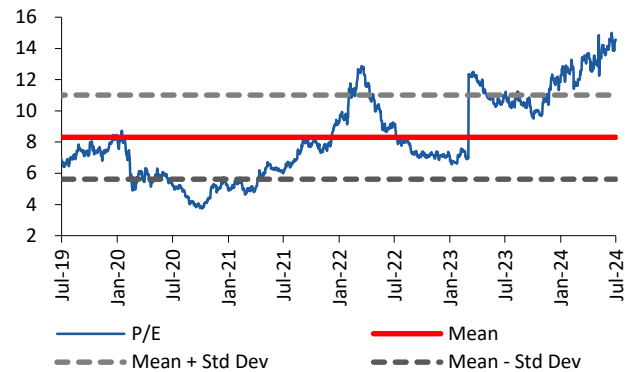
Source: Centrum Broking

Valuations

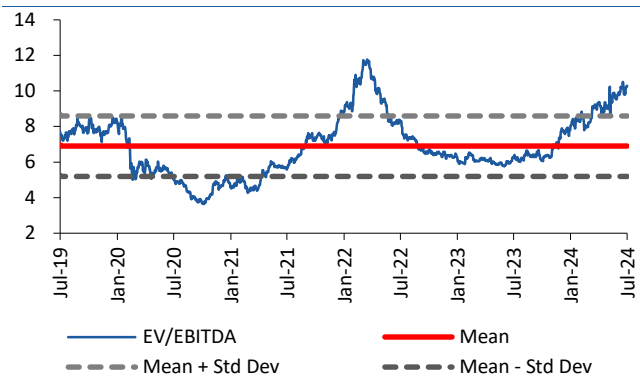
The company's optimistic outlook is supported by strategic market positioning and optimization activities, with a commitment to revising guidance based on Q2FY25E results. The stock is currently trading at relatively high valuations of 10.6x/9.8x FY25E/FY26E EV/ EBITDA. We maintain our current estimates and maintain our SELL rating with a SOTP based unchanged TP of Rs148.

Segment	Valuation method	Rs mn	Rs/share
Natural Gas transmission	EV/EBITDA	4,36,677	66
LPG transmission	EV/EBITDA	27,010	4
Natural Gas trading	EV/EBITDA	1,59,270	24
Petchem	EV/EBITDA	1,11,445	17
LPG & OHC	EV/EBITDA	1,36,280	21
City Gas	EV/EBITDA	75,412	11
Others	EV/EBITDA	1,500	0
Aggregate EV		9,47,594	144
Net debt FY25E		(1,61,988)	(25)
Add: MV of investments		1,88,749	28.7
Sum of parts valuation		9,74,355	148

P/E mean and standard deviation



EV/EBITDA mean and standard deviation



Source: Bloomberg, Centrum Broking

Exhibit 1: Key conference call takeaways and metrics

Centrum Quarterly Monitor	Q4FY24	Q1FY25
Operational details	<p>Gas Transmission and marketing ~ 16,240KM of NG Pipeline Network Long Term Portfolio of ~ 15.5MMTPA</p> <p>Petrochemicals Capacity of 810KTA at Pata & 280KTA at BCPL ~15% market share by capacity</p> <p>LPG & Liquid Hydrocarbons 5 Processing Plants 1.4MMTPA of capacity 4.58MMTPA of LPG Trans. Capacity</p> <p>E&P Participation in 13 Blocks Presence in US & Myanmar</p> <p>Renewables 118MW of Wind Power Capacity 16.72MW of Solar Power Capacity</p> <p>City Gas 72 GAs out of total 307 GAs Subsidiary GAIL Gas Ltd., Bengal Gas & TNGCL + 8 CGD JVs</p>	<p>Gas Transmission and marketing Gas marketing volume during Q1 - 99.47 MMSCMD, almost flat compared to 99.90 MMSCMD in the previous quarter Natural gas transmission volume in Q1 FY25 was 131.79 MMSCMD, up from 123.65 MMSCMD in Q4 FY24. GAIL Gas added 27,467 new DPNG connections and two CNG stations during Q1 FY25 GAIL Gas' physical volume increased to 7.11 MMSCMD in Q1 FY25, a 3% increase</p> <p>Petrochemicals Polymer production decreased to 162 TMT in Q1 FY25 from 248 TMT in the previous quarter due to annual turnaround</p> <p>LPG & Liquid Hydrocarbons Liquid hydrocarbon production in Q1 FY25 was 216 TMT, down from 265 TMT in Q4 FY24 due to turnaround activities LPG transmission was 1,065 TMT, down from 1,114 TMT in the previous quarter</p>
Outlook and guidance	<p>GAIL has set a target to achieve Net-Zero (scope 1 and scope 2) status by 2040 while reducing scope1 and Scope emissions by 100% and Scope3 emissions by 35% w(from the base line year of 2020-2021) by2040</p>	<p>Expects to grow ~5% in the current financial year. The company anticipates earning ~Rs40bn to Rs45bn in marketing margin for the full financial year. Full-year gas transmission volume guidance of 130-132 MMSCMD. Estimated future CapEx for FY24-25 is Rs114.5bn, including equity contributions. GAIL expects stabilized prices and softened natural gas prices to yield reasonable profits in FY25</p>
Capex	<p>FY24 Capex – Rs112.5bn (Pipeline – 30%, City Gas Distribution – 2%, Petrochemical – 29%, Equity investment – 9%, Operational Capex – 30%) FY25E Capex – ~Rs115bn (Pipeline – 23%, City Gas Distribution – 2%, Petrochemical – 45%, Equity investment – 11%, Operational Capex – 18%, E&P – 1%)</p>	<p>Q1 FY25 CapEx amounted to Rs16.6bn. Pipeline CapEx in Q1 was around Rs5bn. Petrochem CapEx in Q1 was also around Rs5bn. CGD projects CapEx in Q1 was Rs300mn. Other operational CapEx in Q1 was around Rs4bn</p>
Agreements / Projects	<p>GAIL has entered into Long Term LNG agreements with M/s Vitol Asia Pte Ltd and M/s Adnoc LNG for an aggregate volume of 1.53MMTPA of volume starting 2026 GAIL signed an agreement with BPCL for a 15 year supply of Propane for upcoming petrochemical plant at Usar in Maharashtra Qatar Energy LNG and Petronet LNG Ltd have signed an LNG SPA of 7.5MMTPA in February 2024 wherein GAIL will offtake 60% of the volumes starting from 2028 for period of 20 years</p>	<p>Mumbai-Nagpur-Jharsuguda pipeline, 1,775 km long, is expected to be completed this fiscal year. Jagdishpur-Haldia-Bokaro-Dhamra pipeline, 2,986 km out of 3,289 km completed, expected to finish by March 25. Srikakulam-Angul main pipeline, 421 km long, 320 km completed, expected to finish this fiscal year. Gurdaspur-Jammu Natural gas pipeline, 160 km, likely to be completed by July 26. PDHPP at Usar, 500 KTPA capacity, Rs112.5bn project cost, mechanical completion by April 25, production by October 25. Polypropylene plant at Pata, 60 KTPA capacity, Rs12.99bn project cost, 87.4% progress, to be completed this fiscal year. IPA at Usar, 50 KTPA capacity, Rs5.3bn project cost, 24 months completion after licensor selection, currently in licensor selection process. GAIL expects to complete its Rs42bn CapEx by June 2025</p>

Source: Company, Centrum Broking

Q1FY25 Analyst concall Highlights

Business performance

- Turnover in ease is due to robust performance in the gas transmission segment and higher natural gas prices.
- GAIL marketed almost 100 MMSCMD of volume in Q1 FY24-25.
- Better gas trading margins contributed to a 28% increase in profit before tax.
- Sourcing cheaper gas helps the company maintain a reasonably good margin for the year.
- The company provides cheaper gas through various sources, including paper trading, to maintain good margins.
- The company has "certain margins" on a 4.8 MMTPA contract from the Middle East, which is back-to-back.
- The company has "certain margins" on APM contracts, which are also back-to-back.
- The company has a "good margin" on a 5.8 MMTPA contract from the United States, which is predictable.
- The company has "almost fixed margins" on contracts sourced and marketed on a crude-linked basis from SMTs
- There is a "sea change" in power demand, with a significant increase this year compared to last year, and expectations for continued growth to meet peak demand.
- The company expects overall demand to grow in the domestic market, focusing on international opportunities and increasing domestic volume to 95 due to higher demand and available margins
- The company recently sourced 1.53 MMTPA from two suppliers on a crude-linked index.
- The company aims to maintain a mixed supply portfolio while prioritizing the cheapest source.
- The company can change the gas price from USD0.70 to USD2 or USD2.5, leveraging arbitrage opportunities.
- The company expects a reduction of Rs8 to Rs9 in gas prices on an NPV basis due to tariff reduction, partially unrealized due to regulatory issues.
- The company is filing a revised transmission tariff to consider higher prices, similar to other transporters approved by the regulator.
- Softened natural gas prices are expected to positively impact the company's profit in FY25

Agreements signed / entered

- GAIL has entered into Long Term LNG agreements with M/s Vitol Asia Pte Ltd and M/s Adnoc LNG for an aggregate volume of 1.53MMTPA of volume starting 2026
- GAIL signed an agreement with BPCL for a 15 year supply of Propane for upcoming petrochemical plant at Usar in Maharashtra
- Qatar Energy LNG and Petronet LNG Ltd have signed an LNG SPA of 7.5MMTPA in February 2024 wherein GAIL will offtake 60% of the volumes starting from 2028 for period of 20 years

Capex

- Q1FY25 CapEx amounted to Rs16.6bn.
- Pipeline CapEx in Q1 was around Rs5bn.
- Petrochem CapEx in Q1 was also around Rs5bn.
- CGD projects CapEx in Q1 was Rs300mn.
- Other operational CapEx in Q1 was around Rs4bn

Projects

- Mumbai-Nagpur-Jharsuguda pipeline, 1,775 km long, is expected to be completed this fiscal year.
- Jagdishpur-Haldia-Bokaro-Dhamra pipeline, 2,986 km out of 3,289 km completed, expected to finish by March 25.
- Srikakulam-Angul main pipeline, 421 km long, 320 km completed, expected to finish this fiscal year.
- Gurdaspur-Jammu Natural gas pipeline, 160 km, likely to be completed by July 26.
- PDHPP at Usar, 500 KTPA capacity, Rs112.5bn project cost, mechanical completion by April 25, production by October 25.
- Polypropylene plant at Pata, 60 KTPA capacity, Rs12.99bn project cost, 87.4% progress, to be completed this fiscal year.
- IPA at Usar, 50 KTPA capacity, Rs5.3bn project cost, 24 months completion after licensor selection, currently in licensor selection process.
- GAIL expects to complete its Rs42bn CapEx by June 2025
- In Q1 FY25, GAIL transported 131.79 MMSCMD of gas.

Operational Details

Gas Transmission and marketing

- Gas marketing volume during Q1 - 99.47 MMSCMD, almost flat compared to 99.90 MMSCMD in the previous quarter
- Domestic market gas volume increased by 5 MMSCMD, driven mainly by power demand.
- Natural gas transmission volume in Q1 FY25 was 131.79 MMSCMD, up from 123.65 MMSCMD in Q4 FY24.
- Average capacity utilization was 63%.
- GAIL Gas added 27,467 new DPNG connections and two CNG stations during Q1 FY25
- GAIL Gas' physical volume increased to 7.11 MMSCMD in Q1 FY25, a 3% increase
- Physical volume was 0.3 MMSCMD during the quarter

Petrochemicals

- Polymer production decreased to 162 TMT in Q1 FY25 from 248 TMT in the previous quarter due to annual turnaround

LPG & Liquid Hydrocarbons

- Liquid hydrocarbon production in Q1 FY25 was 216 TMT, down from 265 TMT in Q4 FY24 due to turnaround activities
- LPG transmission was 1,065 TMT, down from 1,114 TMT in the previous quarter
- GAIL has six CGDs along the Jagdishpur-Haldia pipeline, with 189 CNG stations and 3.4 lakh DPNG connections.
- During Q1 FY25, 700 new DPNG connections were added

Outlook

- Gas marketing volumes expected to grow ~5% in the current financial year.
- The company anticipates earning ~Rs40bn to Rs45bn in marketing margin for the full financial year.
- Full-year gas transmission volume guidance of 130-132 MMSCMD.
- Will revise its guidance based on Q2 results during the Q2 earnings call.
- To exceed its capacity in the future.
- Guidance for FY25-26 is set at 140-142 MMSCMD, with an anticipated increase of around 10 MMSCMD in FY26-27.
- GAIL targets to add 80 new CNG stations and 1.2 lakh new DPNG connections in the next two years.
- GAIL Gas aims to add 170 new CNG stations and 500,000 new DPNG connections in the next two years.
- Estimated future CapEx for FY24-25 is Rs114.5bn, including equity contributions.
- Estimated future CapEx for FY25-26 is Rs101.3bn, including equity contributions.
- GAIL expects stabilized prices and softened natural gas prices to yield reasonable profits in FY25

Exhibit 2: Quarterly financials (Cons)

Y/E March (Rs mn)	Q1FY25	Q1FY24	YoY (%)	Q4FY24	QoQ (%)	FY24	FY23	% chg.
Net sales	3,47,378	3,27,886	5.9	3,27,563	6.0	13,32,285	14,56,683	(8.5)
Cost of Goods	2,75,696	2,74,623	0.4	2,58,715	6.6	10,79,546	12,88,313	(16.2)
% of sales	79.4	83.8		79.0		81.0	88.4	
Other expenditure	23,781	26,658	(10.8)	30,362	(21.7)	1,09,775	93,508	17.4
% of sales	6.8	8.1		9.3		8.2	6.4	
Operating profit	47,900	26,605	80.0	38,486	24.5	1,42,963	74,862	91.0
OPM (%)	13.8	8.1		11.7		10.7	5.1	
Dep. and amor.	11,522	7,217	59.7	12,408	(7.1)	36,720	27,016	35.9
EBIT	36,378	19,389	87.6	26,079	39.5	1,06,243	47,846	122.1
Interest	2,088	1,854	12.6	1,595	30.9	7,192	3,648	97.2
Other income	2,206	1,520	45.1	2,365	(6.8)	10,078	13,285	(24.1)
Excp. Item	0	0		0		0	0	
PBT	36,496	19,055	91.5	26,849	35.9	1,09,129	57,483	89.8
Provision for tax	9,305	4,895	90.1	6,250	48.9	26,922	16,605	62.1
eff. tax rate	25.5	25.7		23.3		24.7	28.9	
PAT	27,192	14,160	92.0	20,600	32.0	82,207	40,878	101.1
Share of profit from assoc. and JV	4,642	3,770		4,144		16,821	15,081	
PAT (rep.)	31,834	17,930	77.5	24,743	28.7	99,028	55,959	77.0
NPM (%)	9.1	5.4		7.5		7.4	3.8	
Segment revenues (Rs mn)	Q1FY25	Q1FY24	YoY (%)	Q4FY24	QoQ (%)	FY24	FY23	% chg.
Natural gas transmission	28,640	25,295	13.2	26,658	7.4	1,02,888	66,611	54.5
LPG transmission	1,798	1,776	1.3	1,859	(3.3)	7,319	7,216	1.4
Natural gas marketing	3,31,199	3,19,547	3.6	3,15,238	5.1	12,74,340	15,90,679	(19.9)
Petrochemicals	16,315	17,036	(4.2)	22,563	(27.7)	77,534	49,173	57.7
LPG & liq. Hydrocarbons	11,706	13,190	(11.3)	14,259	(17.9)	50,758	55,700	(8.9)
City Gas	32,292	24,038	34.3	30,902	4.5	1,18,517	1,12,867	5.0
Others	2,820	2,573	9.6	2,594	8.7	11,023	12,136	(9.2)
Unallocated	1	3	(78.1)	1	(36.4)	9	17	(46.5)
Intersegmental	76,552	74,971	2.1	85,741	(10.7)	3,07,392	4,35,648	(29.4)
Total	3,48,219	3,28,488	6.0	3,28,332	6.1	13,34,995	14,58,750	(8.5)
Segment EBIT (Rs mn)								
Natural gas transmission	14,469	10,283	40.7	9,798	47.7	45,101	19,197	134.9
LPG transmission	808	802	0.7	756	6.8	3,171	3,687	(14.0)
Natural gas marketing	20,361	10,459	94.7	15,077	35.1	61,668	32,268	91.1
Petrochemicals	-493	-3,018	(83.7)	5,334	(109.2)	1,255	-10,609	(111.8)
LPG & liq. Hydrocarbons	2,299	2,021	13.7	3,266	(29.6)	7,695	12,284	(37.4)
City Gas	1,885	1,336	41.0	1,503	25.4	5,607	4,292	30.6
Others	1,555	1,389	12.0	-837	(285.9)	3,189	5,137	(37.9)
Total	40,883	23,272	75.7	34,897	17.2	1,27,684	66,257	92.7
Operating performance	Q1FY25	Q1FY24	YoY (%)	Q4FY24	QoQ (%)	FY24	FY23	% chg.
Transmission (mmscmd)								
Natural gas	131.8	116.3	13.3	123.7	6.6	120.5	107.0	12.6
LPG	1,065.0	1,073.0	(0.7)	1,114.0	(4.4)	4,396.0	4,335.0	1.4
Production								
Petrochemicals ('000MT)	162.0	164.0	(1.2)	248.0	(34.7)	777.0	442.0	75.8
LPG('000MT)	155.0	174.0	(10.9)	185.0	(16.2)	694.0	689.0	0.7
LHC ('000MT)	61.0	69.0	(11.6)	80.0	(23.8)	301.0	244.0	23.4
Sales								
Natural gas (mmscmd)	99.5	98.8	0.6	99.9	(0.4)	98.0	95.0	3.2
Petrochemicals ('000MT)	169.0	162.0	4.3	242.0	(30.2)	787.0	400.0	96.8
LPG('000MT)	156.0	177.0	(11.9)	182.0	(14.3)	696.0	688.0	1.2
LHC ('000MT)	62.0	70.0	(11.4)	79.0	(21.5)	303.0	241.0	25.7

Source: Centrum Broking, Company Data

Exhibit 3: Quarterly trends

Quarterly (Rs mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
Revenues	3,86,804	3,58,845	3,32,066	3,27,886	3,29,857	3,46,978	3,27,563	3,47,378	5.9	6.0
Q-o-Q gr. (%)	2.1	(7.2)	(7.5)	(1.3)	0.6	5.2	(5.6)	6.0		
Raw Mat. Cons.	3,46,970	3,30,064	2,96,936	2,74,623	2,68,592	2,77,616	2,58,715	2,75,696	0.4	6.6
% of net sales	89.7	92.0	89.4	83.8	81.4	80.0	79.0	79.0		
Purchase of prod.	0	0	0	0	0	0	0	0	-	-
% of net sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Power, fuel, and water	0	0	0	0	0	0	0	0	-	-
% of net sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Employee Costs	4,508	4,591	5,200	5,237	6,068	5,189	6,524	5,581	6.6	(14.5)
% of net sales	1.2	1.3	1.6	1.6	1.8	1.5	2.0	1.6		
Others	16,288	19,372	24,373	21,421	19,395	22,090	23,838	18,201	(15.0)	(23.6)
% of net sales	4.2	5.4	7.3	6.5	5.9	6.4	7.3	5.2		
EBITDA	19,038	4,819	5,558	26,605	35,801	42,083	38,486	47,900	80.0	24.5
Q-o-Q growth (%)	(58.1)	(74.7)	15.3	378.7	34.6	17.5	(8.5)	24.5		
EBITDA Margin (%)	4.9	1.3	1.7	8.1	10.9	12.1	11.7	13.8		
Dep. & Amor.	6,948	6,987	6,309	7,217	8,373	8,723	12,408	11,522	59.7	(7.1)
EBIT	12,090	-2,168	-751	19,389	27,428	33,361	26,079	36,378	87.6	39.5
Interest exp.	818	1,199	1,069	1,854	1,996	1,762	1,595	2,088	12.6	30.9
Other Income	2,410	4,497	5,466	1,520	2,053	4,139	2,365	2,206	45.1	(6.8)
EBT	13,682	1,130	3,646	19,055	27,486	35,738	26,849	36,496	91.5	35.9
Provision for tax	3,706	2,645	462	4,895	6,963	8,814	6,250	9,305	90.1	48.9
Eff. tax rate (%)	27.1	234.1	12.7	25.7	25.3	24.7	23.3	25.5	(0.8)	
Share of profit from assoc. and JV	3,071	5,491	3,243	3,770	3,898	5,010	4,144	4,642		
Net Profit	13,046	3,976	6,427	17,930	24,421	31,933	24,743	31,834	77.5	28.7
Q-o-Q gr. (%)	(59.9)	(69.5)	61.7	179.0	36.2	30.8	(22.5)	28.7	-	(227.3)
PAT Margin (%)	3.4	1.1	1.9	5.4	7.4	9.1	7.5	9.1		

Source: Company Data Centrum Broking

Exhibit 4: GAIL's SOTP Valuation

Segment	Valuation method	Valuation			Break-up	EBITDA	
		USD mn	Rs mn	Rs/share		FY26	Multiple
Natural Gas transmission	EV/EBITDA	5,255	4,36,677	66	46%	72,779	6.0
LPG transmission	EV/EBITDA	325	27,010	4	3%	4,502	6.0
Natural Gas trading	EV/EBITDA	1,917	1,59,270	24	17%	53,090	3.0
Petchem	EV/EBITDA	1,341	1,11,445	17	12%	18,574	6.0
LPG & OHC	EV/EBITDA	1,640	1,36,280	21	14%	22,713	6.0
City Gas	EV/EBITDA	907	75,412	11	8%	10,055	7.5
Others	EV/EBITDA	18	1,500	0	0%	1,500	1.0
Aggregate EV		11,403	9,47,594	144			
Net debt FY24E		(1,949)	(1,61,988)	(25)			
Add: MV of investments		2,271	1,88,749	28.7			
Sum of parts valuation		11,725	9,74,355	148			

Source: Centrum Broking, Company Data

P&L					
YE Mar (Rs mn)	FY22A	FY23A	FY24A	FY25E	FY26E
Revenues	9,27,698	14,56,683	13,32,285	13,44,768	14,09,037
Operating Expense	7,01,072	12,88,313	10,79,545	10,65,089	11,07,495
Employee cost	18,156	18,460	22,737	23,874	25,067
Others	56,955	75,048	87,039	91,391	95,961
EBITDA	1,51,516	74,862	1,42,963	1,64,414	1,80,515
Depreciation & Amortisation	24,202	27,016	36,720	39,544	43,094
EBIT	1,27,314	47,846	1,06,243	1,24,869	1,37,421
Interest expenses	2,025	3,648	7,192	7,006	6,402
Other income	9,613	13,285	10,078	8,000	8,000
PBT	1,37,012	57,483	1,09,129	1,28,728	1,41,405
Taxes	31,599	16,605	26,922	31,757	34,884
Effective tax rate (%)	23.1	28.9	24.7	24.7	24.7
PAT	1,05,413	40,878	82,207	96,971	1,06,521
Minority/Associates	17,148	15,282	16,785	18,445	20,296
Recurring PAT	1,22,561	56,160	98,992	1,15,417	1,26,816
Reported PAT	1,22,561	56,160	98,992	1,15,417	1,26,816

Ratios					
YE Mar	FY22A	FY23A	FY24A	FY25E	FY26E
Growth (%)					
Revenue	61.7	57.0	(8.5)	0.9	4.8
EBITDA	109.2	(50.6)	91.0	15.0	9.8
Adj. EPS	99.5	(54.2)	76.3	16.6	9.9
Margins (%)					
Gross	24.4	11.6	19.0	20.8	21.4
EBITDA	16.3	5.1	10.7	12.2	12.8
EBIT	13.7	3.3	8.0	9.3	9.8
Adjusted PAT	13.2	3.9	7.4	8.6	9.0
Returns (%)					
ROE	20.9	8.7	13.9	14.3	14.4
ROCE	16.2	5.7	9.9	10.2	10.3
ROIC	11.9	3.6	7.4	8.3	8.4
Turnover (days)					
Gross block turnover ratio (x)	2.1	2.9	2.4	1.8	1.7
Debtors	22	23	28	25	24
Inventory	17	13	20	19	16
Creditors	26	18	23	25	27
Net working capital	14	16	12	10	5
Solvency (x)					
Interest coverage ratio	74.8	20.5	19.9	23.5	28.2
Net debt/EBITDA	0.4	2.1	1.2	1.0	1.0
Per share (Rs)					
Adjusted EPS	18.6	8.5	15.1	17.6	19.3
BVPS	97.5	98.7	117.1	128.0	139.2
CEPS	22.3	12.7	20.6	23.6	25.8
DPS	6.1	7.2	6.3	6.7	8.1
Dividend payout (%)	32.6	83.9	41.7	38.0	41.9
Valuation (x)					
P/E	12.9	28.2	16.0	13.7	12.5
P/BV	2.5	2.4	2.1	1.9	1.7
EV/EBITDA	10.9	23.3	12.3	10.6	9.8
Dividend yield (%)	2.5	3.0	2.6	2.8	3.4

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY22A	FY23A	FY24A	FY25E	FY26E
Equity share capital	44,404	65,751	65,751	65,751	65,751
Reserves & surplus	5,96,739	5,83,523	7,04,221	7,75,820	8,49,555
Shareholders fund	6,41,143	6,49,274	7,69,972	8,41,571	9,15,306
Minority Interest	1,912	1,796	1,986	1,986	1,986
Total debt	78,303	1,62,749	1,86,080	1,96,080	1,96,230
Non Current Liabilities	74,940	76,880	89,392	89,392	89,392
Def tax liab. (net)	41,992	43,951	41,357	41,357	41,357
Total liabilities	8,38,289	9,34,649	10,88,787	11,70,385	12,44,271
Gross block	4,44,556	4,95,422	5,57,252	7,50,543	8,46,010
Less: acc. Depreciation	(24,202)	(27,016)	(36,720)	(39,544)	(43,094)
Net block	4,20,355	4,68,406	5,20,532	7,10,999	8,02,917
Capital WIP	1,54,904	1,66,465	2,36,268	1,36,268	1,36,268
Net fixed assets	6,00,625	6,63,434	7,88,153	8,78,620	9,70,538
Non Current Assets	37,816	36,584	37,201	37,201	37,201
Investments	1,64,082	1,72,483	2,19,100	2,19,100	2,19,100
Inventories	35,766	59,179	59,700	48,508	50,487
Sundry debtors	74,465	1,06,796	95,803	89,332	93,601
Cash & Cash Equivalents	15,198	2,438	11,460	34,092	16,400
Loans & advances	17,790	18,918	16,130	16,130	16,130
Other current assets	19,853	17,976	19,625	19,625	19,625
Trade payables	53,613	71,436	66,397	80,846	84,145
Other current liab.	64,960	62,437	81,228	80,616	83,906
Provisions	8,732	9,286	10,761	10,761	10,761
Net current assets	35,767	62,149	44,333	35,464	17,432
Total assets	8,38,289	9,34,649	10,88,787	11,70,385	12,44,271

Cashflow					
YE Mar (Rs mn)	FY22A	FY23A	FY24A	FY25E	FY26E
Profit Before Tax	1,54,635	72,564	1,25,950	1,47,231	1,61,758
Depreciation & Amortisation	24,202	27,016	36,720	39,544	43,094
Net Interest	(559)	420	3,526	3,666	3,666
Net Change – WC	(35,981)	(34,291)	11,687	31,500	340
Direct taxes	(32,842)	(16,138)	(32,741)	(31,757)	(34,884)
Net cash from operations	94,199	32,047	1,25,857	1,90,185	1,73,974
Capital expenditure	(69,713)	(88,306)	(1,25,012)	(1,30,012)	(1,35,012)
Investments	3,046	4,598	6,326	0	0
Others	12,112	7,307	8,305	0	0
Net cash from investing	(54,555)	(76,401)	(1,10,380)	(1,30,012)	(1,35,012)
FCF	39,644	(44,354)	15,477	60,173	38,962
Increase/(decrease) in debt	6,250	84,446	23,331	10,000	150
Dividend paid	(39,954)	(47,105)	(41,326)	(43,876)	(53,138)
Interest paid	(3,634)	(3,666)	(7,192)	(3,666)	(3,666)
Others	(1,829)	(3,955)	(9,387)	(3,955)	0
Net cash from financing	(39,167)	29,721	(34,574)	(41,496)	(56,654)
Net change in Cash	477	(14,633)	(19,097)	18,677	(17,692)

Source: Company, Centrum Broking

Disclaimer

Centrum Broking Limited ("Centrum") is a full-service, Stock Broking Company and a member of The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). Our holding company, Centrum Capital Ltd, is an investment banker and an underwriter of securities. As a group Centrum has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into the Group's Investment Banking and other business selection processes.

Recipients of this report should assume that our Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/report. Our Company and Group companies and their officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependants, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Centrum or its affiliates do not own 1% or more in the equity of this company. Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We and our Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of Centrum. Centrum or its affiliates do not make a market in the security of the company for which this report or any report was written. Further, Centrum or its affiliates did not make a market in the subject company's securities at the time that the research report was published.

This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of Centrum. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. Centrum will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. Any such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document.

The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Company, Centrum, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts.

The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Centrum does not provide tax advice to its clients, and all investors are strongly advised to consult regarding any potential investment. Centrum and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment-grade securities give rise to substantial risk and are not suitable for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

This report/document has been prepared by Centrum, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. Centrum has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of Centrum. This report or any portion hereof may not be printed, sold or distributed without the written consent of Centrum.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither Centrum nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. By accepting this report, you agree to be bound by the foregoing limitations. No representation is made that this report is accurate or complete.

The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of Centrum Broking and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection.

This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith.

Centrum and its affiliates have not managed or co-managed a public offering for the subject company in the preceding twelve months. Centrum and affiliates have not received compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for service in respect of public offerings, corporate finance, debt restructuring, investment banking or other advisory services in a merger/acquisition or some other sort of specific transaction.

As per the declarations given by them, Mr. Rohit Nagraj & Mr. Kunal Pai, research analyst and and/or any of their family members do not serve as an officer, director or any way connected to the company/companies mentioned in this report. Further, as declared by them, they are not received any compensation from the above companies in the preceding twelve months. They do not hold any shares by them or through their relatives or in case if holds the shares then will not to do any transactions in the said scrip for 30 days from the date of release such report. Our entire research professionals are our employees and are paid a salary. They do not have any other material conflict of interest of the research analyst or member of which the research analyst knows of has reason to know at the time of publication of the research report or at the time of the public appearance.

While we would endeavour to update the information herein on a reasonable basis, Centrum, its associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Centrum from doing so.

Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Centrum policies, in circumstances where Centrum is acting in an advisory capacity to this company, or any certain other circumstances.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Centrum Broking Limited or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market.

Ratings definitions

Our ratings denote the following 12-month forecast returns:

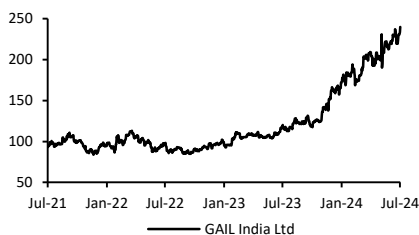
Buy – The stock is expected to return above 15%.

Add – The stock is expected to return 5-15%.

Reduce – The stock is expected to deliver -5--5% returns.

Sell – The stock is expected to deliver <-5% returns.

GAIL



Source: Bloomberg

Disclosure of Interest Statement

1	Business activities of Centrum Broking Limited (CBL)	Centrum Broking Limited (hereinafter referred to as "CBL") is a registered member of NSE (Cash, F&O and Currency Derivatives Segments), MCX-SX (Currency Derivatives Segment) and BSE (Cash segment), Depository Participant of CDSL and a SEBI registered Portfolio Manager.	
2	Details of Disciplinary History of CBL	CBL has not been debarred/ suspended by SEBI or any other regulatory authority from accessing /dealing in securities market.	
3	Registration status of CBL:	CBL is registered with SEBI as a Research Analyst (SEBI Registration No. INH000001469)	
			GAIL
4	Whether Research analyst's or relatives' have any financial interest in the subject company and nature of such financial interest		No
5	Whether Research analyst or relatives have actual / beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the document.		No
6	Whether the research analyst or his relatives has any other material conflict of interest		No
7	Whether research analyst has received any compensation from the subject company in the past 12 months and nature of products / services for which such compensation is received		No
8	Whether the Research Analyst has received any compensation or any other benefits from the subject company or third party in connection with the research report		No
9	Whether Research Analysts has served as an officer, director or employee of the subject company		No
10	Whether the Research Analyst has been engaged in market making activity of the subject company.		No
11	Whether it or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months;		No
12	Whether it or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;		No
13	Whether it or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months;		No

Member (NSE and BSE). Member MSEI (Inactive)**Single SEBI Regn. No.: INZ000205331****Depository Participant (DP)**

CDSL DP ID: 120 – 12200

Single SEBI Regn. No.: IN-DP-537-2020

PORTFOLIO MANAGER

SEBI REGN NO.: INP000004383

Research Analyst

SEBI Registration No. INH000001469

Mutual Fund Distributor

AMFI REGN No. ARN- 147569

Website: www.centrumbroking.com**Investor Grievance Email ID:** investor.grievances@centrum.co.in**Compliance Officer Details:**

Ajay S Bendkhale

(022) 4215 9000/9023; Email ID: compliance@centrum.co.in

Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)**Registered and Corporate Office:**

Level -9, Centrum House, C.S.T. Road,

Vidyanagari Marg, Kalina,

Santacruz (East) Mumbai – 400098

Tel.: - +91 22 4215 9000