

# GAIL

Oil & Gas | NBIE Conference Update

**HOLD**

**CMP: Rs194 | Target Price (TP): Rs188 | Downside: 3.0%**

**June 09, 2025**

## Bullish on Gas Transmission

### Key points:

**This note is on KTAs from** a group meeting held with GAIL management on 27-May during the NBIE Investor Conference in Mumbai. *We have also added the KTAs from the Main Track with PNGRB member A.K. Tiwari held on 26-May during the above conference in the Annexure to this report.*

**GAIL management: S.K. Sinha ED-(F&A); Pankaj Kumar Dy. General Manager (F&A-MAC); Anuj Agarwal CGM (MKTG.-Shipping & Intl. LNG)**

### Gas transmission tariff review and gas cost compensation in the offing

In Apr-23 integrated tariff at Rs58.61/mmbtu was approved by PNGRB;

in Aug-24, GAIL had submitted to PNGRB its proposed tariff revision to Rs77/mmbtu and for higher cost of gas used in gas transmission.

PNGRB is likely to allow recovery of higher cost of LNG/HPHT gas used for compressors in gas transmission since Aug-22–GAIL estimates this loss at Rs10-12bn per year. This is based on the lower cost allowed under tariff - APM gas at US\$3.61/mmbtu and HPHT gas at US\$6.98/mmbtu vs the higher price incurred by GAIL for APM gas and HPHT gas.

The PNGRB review has been in progress since Feb/Mar-25; the open house was held on 28-May-25 and **final tariff order and gas cost compensation is expected by end of Jun-25.**

**Gas marketing segment risk is mitigated through back-to-back contracts:** GAIL's 13mntpa of imported LNG portfolio has back-to-back contracts for purchase/sale that mitigates price risk; destination swaps for US gas help reduce delivered cost and also helps capture the higher spread for LNG shipped to Europe vs Asia. GAIL expects overall marketing margin to remain stable with some growth from higher spreads and destination swaps on some select cargoes. New gas contract with Qatar of 0.75mntpa (2.7mmscmd) has started in Apr-25.

**Petchem segment: Reduced gas consumption/t of polymer production** in 0.8mntpa petchem plant at Pata (in UP) from 90mmbtu to 86mmbtu (~4% reduction in gas consumption). We estimate US\$50/t (Rs4,300/t) savings assuming gas cost at US\$10/mmbtu; ~US\$40mn for full production (Rs3.5bn saving achieved in gas cost).

**PDHPP and PTA projects:** GAIL expects the margins to be in line with that of Indian peers – who are also in pain due to the weak pricing/margins and looking up to government relief through tariff protection or awaiting global recovery. Long-term prospects for Indian demand look healthy as per GAIL. Management expects to tap current demand met through imports for the PP and PTA production from its new projects.

**Bijapur to Pata C2-C3 pipeline will reduce processing and delivery cost of C2-C3 feed** for gas cracker at Pata and improve economics for HDPE/LLPE and the new 60ktpa PP plant expected to start in 1HFY26.

**LPG & HC segment:** The C3/C4 feed has been reduced to 1.44mmscmd (1.12 APM gas and 0.32 new well gas) from 1.65mmscmd earlier. FY26 production will be lower at 0.85mnt of LPG vs 0.95mnt in FY24. The segment is now earning EBITDA margin of Rs10,000-11,000/tonne.

Est Change	No Change
TP Change	No Change
Rating Change	No Change

### Company Data and Valuation Summary

Reuters	GAIL.BO
Bloomberg	GAIL IN Equity
Mkt Cap (Rsbn/US\$bn)	1,256.8 / 14.7
52 Wk H / L (Rs)	246 / 151
ADTV-3M (mn) (Rs/US\$)	2,577.9 / 30.1
Stock performance (%) 1M/6M/1yr	2.5 / (9.2) / (8.1)
Nifty 50 performance (%) 1M/6M/1yr	2.6 / 11.9 / 7.4

Shareholding	2QFY25	3QFY25	4QFY25
Promoters	51.9	51.9	51.9
DII's	24.6	25.2	26.7
FII's	16.8	16.0	14.8
Others	6.8	6.8	6.7
Pro pledge	0.0	0.0	0.0

### Financial and Valuation Summary

Particulars (Rsmn)	FY24	FY25	FY26E	FY27E
Net Sales	13,05,731	13,72,078	14,47,439	11,74,283
Growth YoY %	-9.5	5.1	5.5	-18.9
Gross margin %	18.0	17.6	17.3	25.7
EBITDA	1,33,044	1,43,272	1,41,847	1,86,734
EBITDA margin %	10.2	10.4	9.8	15.9
Adj PAT	88,365	88,723	90,307	1,23,039
Growth YoY %	66.7	0.4	1.8	36.2
Adj EPS (Rs)	13.44	13.49	13.73	18.71
RoCE	8.6	8.4	7.6	10.0
RoE	14.7	13.2	12.4	15.8
RoIC	11.5	11.4	9.9	12.2
P/E	14.4	14.4	14.1	10.3
EV/EBITDA	10.9	10.1	10.2	7.7
P/BV	2.0	1.8	1.7	1.6

Source: Company, Nirmal Bang Institutional Equities Research

Bloomberg estimate (Rs)	FY26E	FY27E
EPS	15.04	16.31

Source: Bloomberg

Link: [4QFY25 PPT](#)

Please refer to the disclaimer towards the end of the document.

**Why the APM gas cut?** This was one of the questions raised by investors. In response, GAIL explained that this was done to meet ONGC's demand for gas feed for the OPAL petchem business—capped by government at 3.2mmcmd or 50% of additional new well gas production by ONGC. Additional allocation of 0.32mmcmd each is also granted for LPG production to ONGC and GAIL. The balance new well gas is being allocated for CNG to partly offset the cut in APM gas.

**The reduction in APM gas got accentuated and was steeper than expected** because ONGC worked out the APM gas availability based on 7% annual decline in aggregate over the last 7 years vs the initial reduction estimated based on cut in APM gas production on an annual basis.

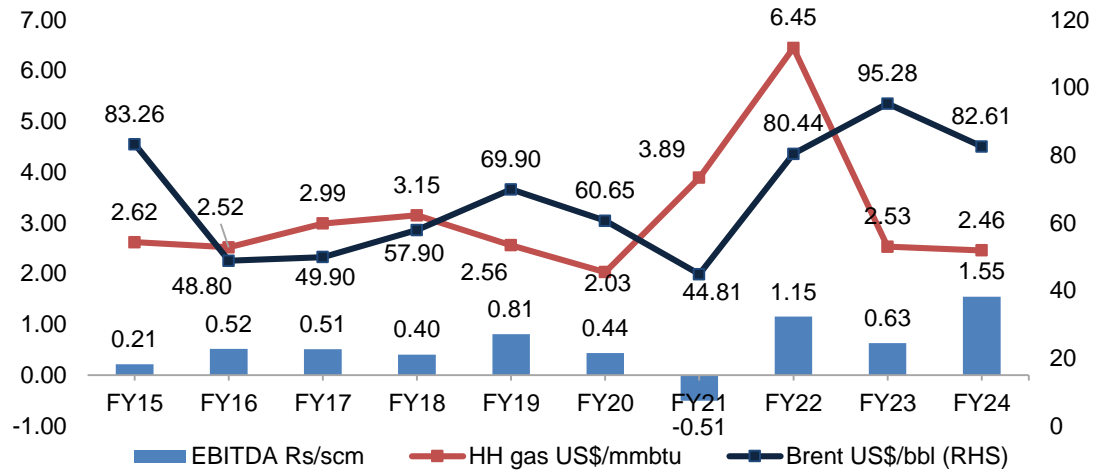
**We are maintaining HOLD on GAIL** on unchanged estimates and TP due to muted risk/reward after the 18% rally in the stock in 3M. Our SOTP-based TP is based on DCF method for Gas/LPG Transmission and unchanged EV/E on FY27E for Gas Trading at 8x, and Petchem/LPG & HC at 5x. Our TP implies P/E of 10.0x and P/B of 1.52x on FY27E—vs 5-year median P/E of 11.4x/5-yr median P/B of 1.6x. Gas transmission remains a bright spot, with healthy volume growth and a potential upside from tariff review and compensation for higher cost of non-APM gas, expected by 1QFY26 as stated by the management in the virtual analyst meet.

**Risks:** (1) volatile outlook for gas marketing margin, (2) long-term headwinds in Petchem based on the huge supply overhang/weak demand, (3) the expected reduction in GAIL's LPG production by ~500tpd in FY26—due to the 35% cut in APM gas allocation for LPG, and (4) regulatory/policy changes.

**Positives:** Healthy growth in Gas Transmission/Gas Trading. Policy enablers, gas demand CAGR of ~7% driven by 15% CAGR in CGD over FY25-30E (as per GAIL), and visibility in gas availability/lower gas costs. LNG liquefaction capacity addition at 7% CAGR, as per global data, is likely to cap LNG prices unless there is a dramatic recovery in China—which could boost LNG demand. PNGRB approving cost of LNG used in gas transmission and hike in tariff based on GAIL's tariff review appeal are added catalysts. Further, if the regulator approves the proposal that will allow pipeline operators to retain 50% of the upside in cash flows based on utilisation exceeding the normative figure of 75%, it could imply upside to our valuation of GAIL's transmission segment.

**Management guidance:** GAIL expects a healthy outlook for volume growth in Gas Transmission and Gas Marketing segments—11mmcmd/20mmcmd growth in FY26/27 in the former, and 6%/3% growth in FY26E/FY27E in the latter. We estimate Gas Transmission/gas marketing volume CAGR over FY25-FY27E at 8.5%/4.7%—our gas transmission volume forecast is lower than the management guidance, which looks stretched.

**In Gas trading, the management** expects to earn EBITDA of Rs40-45bn, based on back-to-back hedging of gas contracts.

**Exhibit 1: Gas Marketing EBITDA vs Brent and HH gas cost**


Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

**Exhibit 2: GAIL standalone performance analysis**

Particulars (Rsmn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	2QFY26E	3QFY26E	4QFY26E	FY25	FY26E
<b>Net Sales</b>	<b>3,36,738</b>	<b>3,29,117</b>	<b>3,49,371</b>	<b>3,56,852</b>	<b>3,53,694</b>	<b>3,51,489</b>	<b>3,70,021</b>	<b>3,72,235</b>	<b>13,72,078</b>	<b>14,47,439</b>
YoY Change (%)	4.5	3.5	2.0	10.4	5.0	6.8	5.9	4.3	5.1	5.5
<b>Gross Profit</b>	<b>66,795</b>	<b>61,817</b>	<b>55,368</b>	<b>57,595</b>	<b>60,708</b>	<b>60,496</b>	<b>65,434</b>	<b>63,342</b>	<b>2,41,575</b>	<b>2,49,980</b>
Margin (%)	19.8	18.8	15.8	16.1	17.2	17.2	17.7	17.0	17.6	17.3
<b>EBITDA</b>	<b>45,281</b>	<b>37,450</b>	<b>28,378</b>	<b>32,164</b>	<b>37,043</b>	<b>33,692</b>	<b>35,745</b>	<b>35,367</b>	<b>1,43,272</b>	<b>1,41,847</b>
YoY Change (%)	86.1	7.3	-25.8	-9.6	-18.2	-10.0	26.0	10.0	7.7	-1.0
Margin (%)	13.4	11.4	8.1	9.0	10.5	9.6	9.7	9.5	10.4	9.8
Depreciation	10,489	8,153	8,322	9,034	9,534	10,034	10,534	9,837	35,998	39,939
Interest	2,092	1,901	1,666	1,783	2,496	2,496	2,496	2,587	7,442	10,075
Other income	3,716	7,135	7,497	5,664	3,966	7,385	7,747	7,414	24,013	26,513
Extraordinary Items	-	-	24,400	-	-	-	-	-	24,400	-
<b>PBT (bei)</b>	<b>36,416</b>	<b>34,531</b>	<b>25,887</b>	<b>27,011</b>	<b>28,979</b>	<b>28,547</b>	<b>30,462</b>	<b>30,357</b>	<b>1,23,845</b>	<b>1,18,345</b>
<b>PBT</b>	<b>36,416</b>	<b>34,531</b>	<b>50,287</b>	<b>27,011</b>	<b>28,979</b>	<b>28,547</b>	<b>30,462</b>	<b>30,357</b>	<b>1,48,245</b>	<b>1,18,345</b>
Tax	9,176	7,812	11,614	6,520	7,302	6,458	7,087	7,073	35,122	28,038
Rate (%)	25.2	22.6	44.9	24.1	25.2	22.6	23.3	23.3	28.4	23.7
Reported PAT	27,240	26,719	38,674	20,490	21,677	22,089	23,375	23,284	1,13,123	90,307
<b>Adj. PAT</b>	<b>27,240</b>	<b>26,719</b>	<b>14,274</b>	<b>20,490</b>	<b>21,677</b>	<b>22,089</b>	<b>23,375</b>	<b>23,284</b>	<b>88,723</b>	<b>90,307</b>
YoY Change (%)	92.9	11.1	-49.8	-5.9	-20.4	-17.3	63.8	13.6	0.4	1.8
<b>Adj. EPS (Rs)</b>	<b>4.1</b>	<b>4.1</b>	<b>2.2</b>	<b>3.1</b>	<b>3.3</b>	<b>3.4</b>	<b>3.6</b>	<b>3.5</b>	<b>13.5</b>	<b>13.7</b>

Source: Company, Nirmal Bang Institutional Equities Research

## Rating Rationale

Healthy gas demand growth supported by infrastructure expansion and policy support.

GAIL as a market leader will be a key beneficiary.

- Easing LNG supply and the decline in spot prices to US\$10-11/mmbtu to spur gas demand growth—positive for Gas Transmission/Gas Marketing.

### FY25-FY27E CAGR:

- Volume CAGR—8.5%/4.7% in Gas Transmission/Gas Marketing,
- EPS CAGR of 17.8%.
- FY27E P/BV of 1.6x vs. potential RoE of 15.8% by FY27E vs 13.2% in FY25.
- The stock trades at 10.3x P/E on FY27E vs 5-year median P/E of 11.71x.

### Exhibit 3: SOTP-based TP

(Rsmn)	method	multiple	EBITDA	EV
Gas/LPG transportation	DCF	Na	Na	5,58,619
LPG transportation	DCF	Na	Na	38,145
Gas trading	EV/E	8.0	50,064	4,00,513
Petrochemicals	EV/E	5.0	8,033	40,163
LPG and Hydrocarbons	EV/E	5.0	3,937	19,686
Others segment	EV/E	6.0	11,441	68,643
<b>GAIL core business EV</b>			<b>73,474</b>	<b>11,25,769</b>
Net debt				1,72,311
<b>Equity value- GAIL core business</b>				<b>9,53,458</b>
Value per share				<b>Rs</b>
GAIL core business				145
GAIL Gas+investments				43
<b>GAIL valuation excluding risk</b>				<b>188</b>
<i>Discount -Regulatory and policy risk</i>				0
<b>GAIL TP (Rs)</b>				<b>188</b>

Source: Nirmal Bang Institutional Equities Research

### Exhibit 4: GAIL operating assumptions

Segment volumes	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Gas transmission mmscmd	108	104.18	110.96	107.3	120.5	127.3	134.9	150.0
Gas marketing mmscmd	96	89.18	96.23	94.9	98.5	101.5	107.6	111.2
Petchem mn tonne	0.74	0.87	0.79	0.4	0.8	0.8	0.9	1.1
LPG transmission mn tonne	3.91	4.16	4.19	4.34	4.4	4.5	4.5	4.6
LPG and HC mn tonne	1.26	1.14	1	0.93	1.0	1.0	0.8	0.8

Source: Company, Nirmal Bang Institutional Equities Research

## Exhibit 5: GAIL Segment Revenue

Segment Revenue (Rsmn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Natural Gas transmission	54,327	53,578	57,170	60,770	93,290	99,790	1,05,657	1,53,609
LPG Transmission	6,304	6,610	6,610	7,140	12,560	8,240	8,663	8,923
Natural Gas Trading	5,54,266	3,96,957	7,10,083	12,57,270	10,65,950	11,16,660	11,98,423	8,41,944
Petrochemicals	54,299	70,602	84,760	48,440	76,577	80,260	73,873	1,08,240
LPG & Other Liquid Hydro Carbons	38,698	29,941	46,510	49,450	42,830	45,780	42,204	41,087
Other segment (CGD, POWER, E&P, GAIL TEL)	10,815	9,614	11,132	17,455	14,210	21,348	18,619	20,481
<b>Standalone Revenue (net tax)</b>	<b>7,18,710</b>	<b>5,67,302</b>	<b>9,16,265</b>	<b>14,42,497</b>	<b>13,05,731</b>	<b>13,72,078</b>	<b>14,47,439</b>	<b>11,74,283</b>

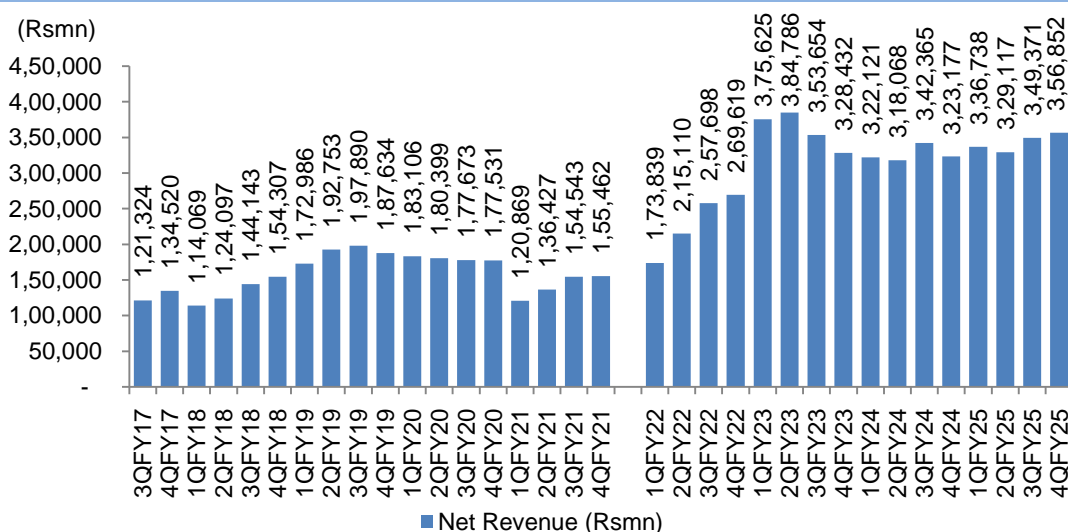
Source: Company, Nirmal Bang Institutional Equities Research

## Exhibit 6: GAIL Segment EBITDA

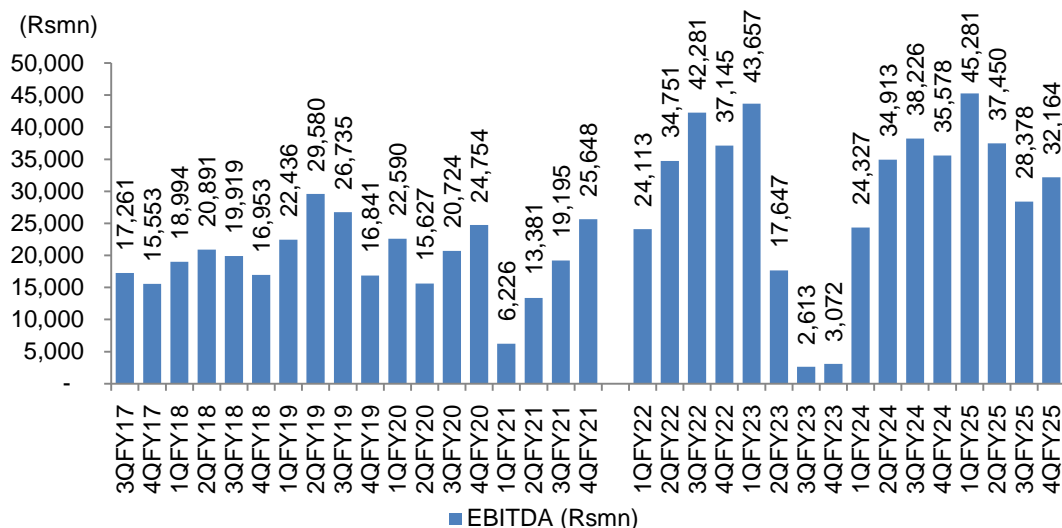
Segment EBITDA (Rsmn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Natural Gas transmission	39,053	38,832	40,913	20,559	52,686	61,418	70,514	1,08,043
LPG Transmission	3,900	4,120	3,970	4,350	4,000	4,345	5,064	5,216
Natural Gas Trading	18,449	(11,993)	40,481	21,812	55,630	45,680	44,815	50,064
Petrochemicals	1,342	14,188	17,300	(5,424)	5,968	4,917	4,776	8,033
LPG & Other Liquid Hydro Carbons	13,188	8,869	28,837	10,560	7,583	10,981	6,276	3,937
Other segment (CGD, POWER, E&P, GAIL TEL)	7,762	10,436	7,439	15,767	8,932	15,930	10,400	11,441
<b>Standalone EBITDA (excl. Other Income)</b>	<b>83,694</b>	<b>64,451</b>	<b>1,38,290</b>	<b>66,989</b>	<b>1,33,044</b>	<b>1,43,272</b>	<b>1,41,847</b>	<b>1,86,734</b>

Source: Company, Nirmal Bang Institutional Equities Research

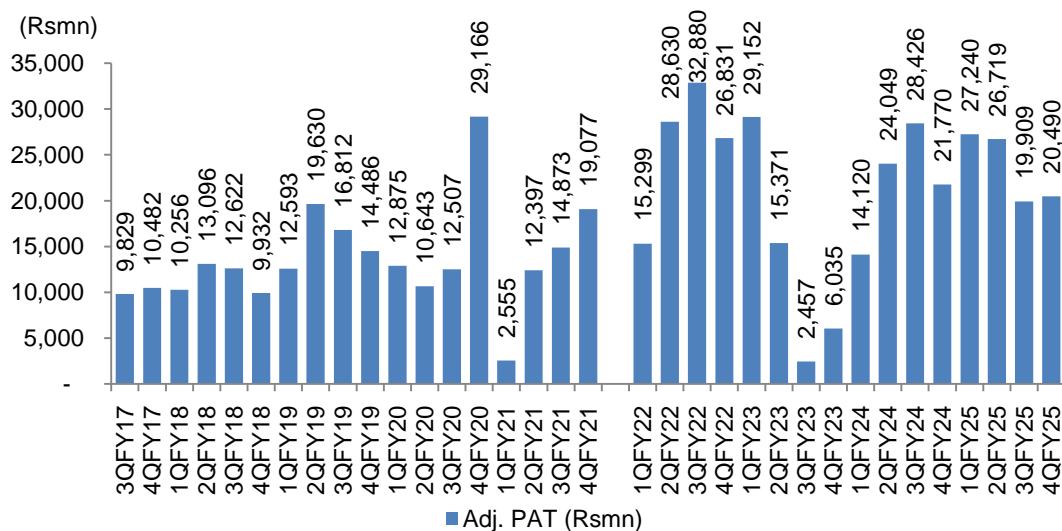
## Exhibit 7: Revenue quarterly trend



Source: Company, Nirmal Bang Institutional Equities Research

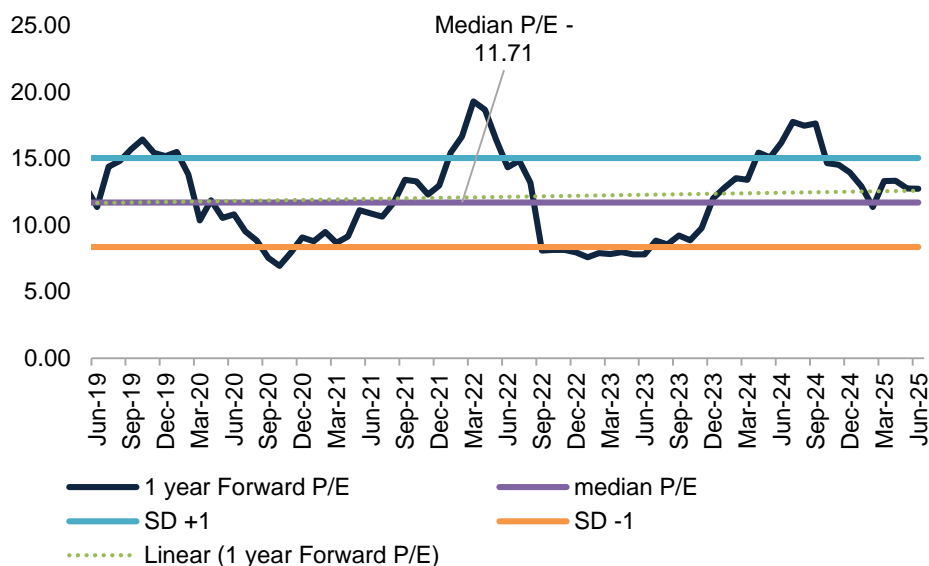
**Exhibit 8: EBITDA quarterly trend**


Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 9: PAT quarterly trend**


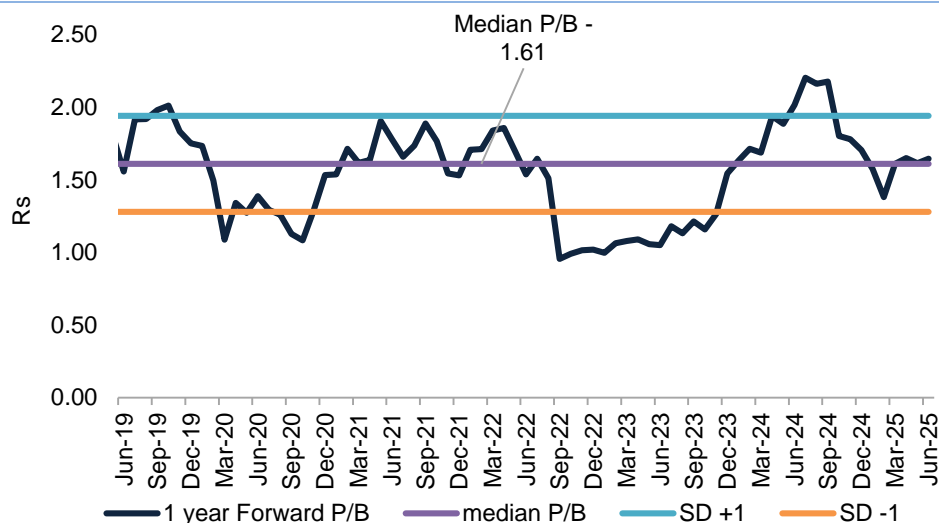
Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 10: Historical trend in 1-year forward P/E**



Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 11: Historical trend in 1-year forward P/B**



Source: Company, Nirmal Bang Institutional Equities Research



## ANNEXURE -1 NBIE Investor conference KTA: Main Track with PNGRB

KTAs from the Main Track with PNGRB member A.K. Tiwari held on 26-May during the above conference.

**Member – A.K. Tiwari**

**Key**

**positives:**

1. The LNG terminal regulation do not regulate Regas tariff—**LNG import terminal oversight by regulator is only to ensure new and expansion projects are fully utilised** with firm tie-up for LNG imports and offtake by customers and do not depend on 'take or pay'. **LNG Regas Tariff is not under PNGRB's ambit.**

**Gainer:** PLNG, as this removes the fear of PLNG's tariff getting capped by PNGRB.

2. Fillip for CGD sector based on long term CGD demand growth of 9-10% and reduction in gas transmission tariff for gas purchased by CGD companies by allowing lower tariff under zone 1.

3. CGD companies to get relief on gas transmission cost—tariff zones to get reduced to 2 and CGD companies to pay tariff as per zone 1.

**Gainers:** CGD companies, including IGL, which are getting gas delivered outside tariff zone 1, as per current classification of tariff zones, under unified gas transmission tariff approved by PNGRB.

3. GAIL transportation Tariff revision proposal likely to be finalised by end of Jun-25, after open house this week.

**Gainer:** GAIL's transmission segment.

4. **Gas Transmission pipeline operators, GAIL and GSPL, to retain 50% of upside from normative utilisation rate above 75% in pipeline volume** as per capacity fixed by the regulator. This is likely to be notified shortly by PNGRB soon.

**Potential Gainers: GAIL and GSPL**

**Other regulatory changes proposed:**

- Biogas and hydrogen to be brought under PNGRB.
- In GAs which require pipeline connectivity, CGD operators can approach GAIL or other pipeline companies, to set up such connectivity and arrive at tariff based on mutual negotiations.

**Overall growth in gas demand to be driven by 9-10% CAGR in CGD.**

Indian gas demand to touch 250/300mmscmd by FY30/35 from 195mmscmd in FY25.

**Long-term demand in gas to be driven by gas as an energy option not as a transition fuel.**

**India's long term Natural gas demand growth will require additional LNG imports** as growth in domestic gas production may fall short of requirement.



## GAIL Standalone Financials

**Exhibit 12: Income statement**

Y/E March (Rsmn)	FY23	FY24	FY25	FY26E	FY27E
<b>Net Sales</b>	<b>14,42,497</b>	<b>13,05,731</b>	<b>13,72,078</b>	<b>14,47,491</b>	<b>11,74,340</b>
Growth YoY %	57.4	-9.5	5.1	5.5	-18.9
<b>Gross profit</b>	<b>1,53,738</b>	<b>2,35,329</b>	<b>2,41,575</b>	<b>2,49,980</b>	<b>3,02,256</b>
<b>Gross margin %</b>	<b>10.7</b>	<b>18.0</b>	<b>17.6</b>	<b>17.3</b>	<b>25.7</b>
Staff costs	17,738	20,861	20,404	20,404	20,404
% of sales	1.2	1.6	1.5	1.4	1.7
Other expenses	69,011	81,424	77,899	87,729	95,118
% of sales	4.8	6.2	5.7	6.1	8.1
<b>EBITDA</b>	<b>66,989</b>	<b>1,33,044</b>	<b>1,43,272</b>	<b>1,41,847</b>	<b>1,86,734</b>
Growth YoY %	-51.6	98.6	7.7	-1.0	31.6
<b>EBITDA margin %</b>	<b>4.6</b>	<b>10.2</b>	<b>10.4</b>	<b>9.8</b>	<b>15.9</b>
Depreciation	24,881	33,308	35,998	39,939	47,819
EBIT	42,109	99,736	1,07,275	1,01,908	1,38,915
Interest	3,117	6,972	7,442	10,075	6,687
Other income	26,847	22,782	24,013	26,513	29,013
<b>PBT</b>	<b>65,838</b>	<b>1,15,546</b>	<b>1,23,845</b>	<b>1,18,345</b>	<b>1,61,240</b>
Effective tax	12,823	27,181	35,122	28,038	38,201
<b>PAT (adjusted)</b>	<b>53,015</b>	<b>88,365</b>	<b>88,723</b>	<b>90,307</b>	<b>1,23,039</b>
Growth YoY %	-48.8	66.7	0.4	1.8	36.2

Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 14: Balance sheet**

Y/E March (Rsmn)	FY23	FY24	FY25	FY26E	FY27E
Share capital	65,751	65,751	65,751	65,751	65,751
Reserves	4,90,786	5,76,043	6,39,886	6,80,879	7,48,030
<b>Net worth</b>	<b>5,56,537</b>	<b>6,41,794</b>	<b>7,05,637</b>	<b>7,46,630</b>	<b>8,13,781</b>
Long term debt	78,371	1,15,648	92,593	97,553	61,074
Short term debt	45,020	29,000	43,175	36,175	36,175
<b>Total debt</b>	<b>1,23,391</b>	<b>1,44,648</b>	<b>1,35,768</b>	<b>1,33,727</b>	<b>97,249</b>
<b>Net debt</b>	<b>1,47,178</b>	<b>1,82,872</b>	<b>1,73,416</b>	<b>1,71,578</b>	<b>1,42,403</b>
Other non-current liabilities	1,22,713	1,35,799	1,57,052	1,57,052	1,57,052
<b>Total Equity &amp; Liabilities</b>	<b>8,02,640</b>	<b>9,22,240</b>	<b>9,98,456</b>	<b>10,37,410</b>	<b>10,68,082</b>
Gross block	5,23,580	5,76,762	6,21,987	7,84,187	9,03,416
Accumulated depreciation	1,29,437	1,54,105	1,89,555	2,28,928	2,76,181
<b>Net Block</b>	<b>3,94,143</b>	<b>4,22,657</b>	<b>4,32,432</b>	<b>5,55,259</b>	<b>6,27,235</b>
CWIP	1,36,625	1,58,587	1,88,429	1,19,229	97,000
Intangible and others	48,930	66,940	89,225	88,659	88,093
Other non-current assets	66,196	86,681	81,530	81,530	81,530
Non-Current Investments	1,27,888	1,75,139	1,74,836	1,85,936	1,95,936
Current Investments	-	-	-	-	-
Trade receivables	1,03,663	96,091	92,113	95,177	70,782
Inventories	52,813	52,911	60,085	55,520	41,826
<b>Cash &amp; Cash Equivalents</b>	<b>1,738</b>	<b>5,886</b>	<b>8,891</b>	<b>8,688</b>	<b>1,385</b>
Other bank balance	2,282	1,147	2,150	2,150	2,150
Other current assets	27,038	29,245	29,325	29,325	29,325
<b>Total current assets</b>	<b>1,87,534</b>	<b>1,85,280</b>	<b>1,92,564</b>	<b>1,90,861</b>	<b>1,45,468</b>
Trade payables	72,992	67,189	80,755	87,246	77,217
Other current liabilities	85,683	1,05,855	79,805	96,818	89,963
<b>Total current liabilities</b>	<b>1,58,675</b>	<b>1,73,045</b>	<b>1,60,559</b>	<b>1,84,064</b>	<b>1,67,180</b>
<b>Total Assets</b>	<b>8,02,640</b>	<b>9,22,240</b>	<b>9,98,456</b>	<b>10,37,410</b>	<b>10,68,082</b>

Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 13: Cash flow**

Y/E March (Rsmn)	FY23	FY24	FY25	FY26E	FY27E
<b>PBT</b>	<b>65,838</b>	<b>1,15,546</b>	<b>1,48,245</b>	<b>1,18,345</b>	<b>1,61,240</b>
Depreciation	24,881	33,308	35,998	39,939	47,819
Interest	-3,681	-1,878	-2,314	10,075	6,687
Other adjustments	-12,849	-6,560	-11,258	-26,513	-29,013
Change in Working capital	30,932	(5,548)	(8,543)	(25,005)	(21,206)
Tax paid	15,178	27,482	23,531	28,038	38,201
<b>Operating cash flow</b>	<b>28,080</b>	<b>1,18,482</b>	<b>1,55,683</b>	<b>1,38,813</b>	<b>1,69,738</b>
Capex	(74,191)	(70,513)	(69,104)	(93,000)	(97,000)
<b>Free cash flow</b>	<b>(46,111)</b>	<b>47,969</b>	<b>86,579</b>	<b>45,813</b>	<b>72,738</b>
Other investing activities	8,658	(9,511)	8,545	15,413	19,013
<b>Investing cash flow</b>	<b>(65,533)</b>	<b>(80,024)</b>	<b>(60,559)</b>	<b>(77,588)</b>	<b>(77,988)</b>
Issuance of share capital					
Movement of Debt	79,560	21,043	(28,363)	(2,040)	(36,479)
Dividend paid (incl DDT)	-30679	-36195	-42739	-49313	-55888
Other financing activities	-23365	-19158	-21017	-10075	-6687
<b>Financing cash flow</b>	<b>25,515</b>	<b>(34,310)</b>	<b>(92,118)</b>	<b>(61,429)</b>	<b>(99,054)</b>
<b>Net change in cash flow</b>	<b>(11,938)</b>	<b>4,148</b>	<b>3,005</b>	<b>(203)</b>	<b>(7,303)</b>
Opening C&CE	13,676	1,738	5,886	8,891	8,688
<b>Closing C&amp;CE</b>	<b>1,738</b>	<b>5,886</b>	<b>8,891</b>	<b>8,688</b>	<b>1,385</b>

Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 15: Key ratios**

Y/E March	FY23	FY24	FY25	FY26E	FY27E
<b>Per share (Rs)</b>					
Adj EPS	8.06	13.44	13.49	13.73	18.71
Book value	84.64	97.61	107.32	113.55	123.77
DPS	4.00	5.50	7.50	7.50	8.50
<b>Valuation (x)</b>					
P/Sales	0.88	0.98	0.93	0.88	1.08
EV/EBITDA	21.59	10.87	10.10	10.20	7.75
P/E	24.02	14.41	14.35	14.10	10.35
P/BV	2.29	1.98	1.80	1.71	1.56
<b>Return ratios (%)</b>					
RoCE	4.3	8.6	8.4	7.6	10.0
RoCE (pre-tax)	5.3	11.2	11.0	9.9	13.1
RoE	9.5	14.7	13.2	12.4	15.8
RoIC	5.9	11.5	11.4	9.9	12.2
<b>Profitability ratios (%)</b>					
Gross margin	10.7	18.0	17.6	17.3	25.7
EBITDA margin	4.6	10.2	10.4	9.8	15.9
PAT margin	3.7	6.8	8.2	6.2	10.5
<b>Liquidity ratios (%)</b>					
Current ratio	1.2	1.1	1.2	1.0	0.9
Quick ratio	0.85	0.76	0.83	0.74	0.62
<b>Solvency ratio (%)</b>					
Net Debt to Equity ratio	0.26	0.28	0.25	0.23	0.17
<b>Turnover ratios</b>					
Fixed asset turnover ratio (x)	2.76	2.26	2.21	1.85	1.30
Debtor days	22	28	25	24	22
Inventory days	10	15	15	14	13
Creditor days	16	20	20	22	24
Net Working capital days	17	23	20	16	11

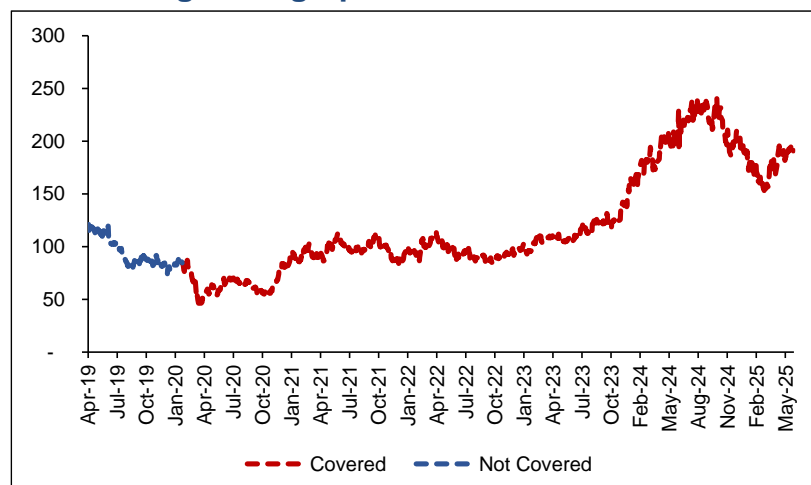
Source: Company, Nirmal Bang Institutional Equities Research

## GAIL Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
28 <sup>th</sup> January 2020	Buy	127	156
11 <sup>th</sup> February 2020	Buy	122	156
31 <sup>st</sup> March 2020	Buy	70	133
26 <sup>th</sup> June 2020	Buy	103	149
13 <sup>th</sup> August 2020	Buy	97	120
23 <sup>rd</sup> September 2020	Buy	84	112
11 <sup>th</sup> November 2020	Buy	90	112
5 <sup>th</sup> December 2020	Buy	120	140
9 <sup>th</sup> January 2021	Buy	133	159
11 <sup>th</sup> February 2021	Buy	136	164
11 <sup>th</sup> June 2021	Hold	164	183
6 <sup>th</sup> August 2021	Buy	143	188
23 <sup>rd</sup> September 2021	Buy	150	191
30 <sup>th</sup> October 2021	Buy	149	178
4 <sup>th</sup> February 2022	Buy	147	189
31 <sup>st</sup> May 2022	Buy	144	168
5 <sup>th</sup> August 2022	Buy	140	186
15 <sup>th</sup> September 2022*	Buy	92	122
5 <sup>th</sup> November 2022	Acc	89	90
31 <sup>st</sup> January 2023	Hold	95	101
25 <sup>th</sup> March 2023	Hold	106	126
21 <sup>st</sup> May 2023	Buy	105	126
1 <sup>st</sup> August 2023	Buy	119	139
16 <sup>th</sup> October 2023	Buy	128	147
1 <sup>st</sup> November 2023	Buy	120	151
30 <sup>th</sup> January 2024	Hold	172	171
14 <sup>th</sup> March 2024	Hold	176	170
19 <sup>th</sup> May 2024	Hold	209	211
7 June 2024	Hold	208	211
01 August 2024	Hold	241	257
17 September 2024	Hold	220	239
17 October 2024	Hold	232	239
07 November 2024	Hold	209	224
31 January 2025	Hold	167	179
15 May 2025	Hold	186	188
09 June 2025	Hold	194	188

**Note:** \*GAIL prices adjusted post bonus in this note

## GAIL Rating track graph



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BUY > 15%

HOLD -5% to 14%

SELL < -5%

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