GAIL (India) Limited
Q2 FY'26 Earnings Conference Call

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MANAGEMENT: **MR. RAKESH KUMAR JAIN – CHIEF FINANCIAL OFFICER & DIRECTOR FINANCE, GAIL (INDIA) LIMITED**

MODERATOR: **MR. NITIN TIWARI – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to GAIL (India) Limited's Q2 FY '26 Earnings Conference Call, hosted by PhillipCapital (India) Private Limited.

As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions once the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "*", then "0" on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nitin Tiwari. Thank you. Over to you, sir.

Nitin Tiwari: Thank you, Shruti. Good day, ladies and gentlemen. On behalf of PhillipCapital India Limited, I welcome everyone to GAIL (India) Limited's 2nd Quarter FY '26 Earnings Call. Today, we have a pleasure of having with us the senior management team of GAIL, led by Director Finance, Shri R.K Jain.

I will now hand over to the management for the opening remarks, which shall be followed by a question-and-answer session. Over to you, sir.

Rakesh Kumar Jain: Thank you, Nitin. Friends from the investors and analyst community, a very good afternoon and welcome to GAIL's Earnings Call for Q2 Financial Year '26. At the outset, I thank you all for attending this meeting.

Let me first begin with the latest business updates:

It gives me immense pleasure to inform you that on October 16th, 2025, GAIL's Srikakulam-Angul Pipeline which is a 422-kilometer has been dedicated to the nation by Honorable Prime Minister. Further, the physical progress of Mumbai-Nagpur-Jharsuguda Pipeline has reached to 97% and PESO approval for Mumbai-Nagpur section, which is 693-kilometer, and Chhattisgarh-Odisha Section, which is 489 kilometers has already been received, and gas-in is under process. The remaining pipeline is in advanced stage of completion and is scheduled for commissioning by 31st December, 2025.

On September 9, 2025, GAIL got PNGRB authorization to lay, build and operate pipeline from Vijaipur to Bina. This will connect to the BPCL Bina refinery. The pipeline will have a capacity of 3 MMSCMD, and it is 105-kilometer length, and involves a CAPEX of Rs. 450 crores. The time line for laying this pipeline is three years. This pipeline will become part of integrated natural gas pipeline system of GAIL.

As already informed earlier, GAIL has got authorization for capacity expansion of JLPL LPG pipeline from existing 3.25 MMTPA at present to 6.5 MMTPA. Based on current tariff rates, this will increase GAIL's revenue by approximately Rs. 700 crores. As you know, the tariff is also increasing every year by 3.4%, so that will further add to GAIL's revenue. It will also improve GAIL's EBIDTA by around Rs. 600 crores per annum and again, the increase of tariff of 3.4% will have further addition to it.

GAIL's results for the quarter ended 30th September, 2025 have been declared today. I will briefly touch upon the major highlights for this quarter. Thereafter, we may open the session for your queries.

First of all, I will take you through the financial highlights of the quarter:

GAIL's turnover in this quarter, that is Q2, is almost flat, which is Rs. 34,972 crores as against Rs. 34,735 crores in Q1 Financial Year '26. Profit before tax stood at Rs. 2,823 crores as against Rs. 2,533 crores in Q1 Financial Year '26, this is up by 11%. The profit after tax during the quarter increased to Rs. 2,217 crores as against Rs. 1,886 crores in Q1 Financial Year '26, this is up by 18%.

On a comparative quarter basis, that is Q2 of this Financial Year versus Q2 of Financial Year '25, GAIL achieved turnover of Rs. 34,972 crores as against Rs. 32,810 crores in corresponding period of last year, an increase of approximate 7%. Profit before tax stood at Rs. 2,823 crores as against Rs. 3,453 crores, which is down by 18% and profit after tax stood at Rs. 2,217 crores as against Rs. 2,672 crores, down by 17%.

Now, I will take you through the physical performance during the quarter.

Gas marketing volume during the quarter stood at 105.49 MMSCMD as against 105.45 MMSCMD in Q1 Financial Year '26. The natural gas transmission volume was 123.59 MMSCMD in Q2 Financial Year '26 as against 120.62 MMSCMD in Q1 Financial Year '26. The average capacity utilization overall basis, if we take the total authorized capacity, is 59%, but I will talk to the integrated natural gas pipeline system, which is the main revenue earning system. As per the capacity worked out by PNGRB, the applicable capacity for tariff determination for '25-26 is 150.46 MMSCMD and considering the volume flow in this integrated pipeline is now 111.76 MMSCMD, the capacity utilization of this pipeline was 74.28%.

Polymer production was back to normal level of 220 TMT in Q2 Financial Year '26, which stood at 177 TMT in previous quarter due to annual turn around. Liquid hydrocarbon production stood at 221 TMT as against 199 TMT in previous quarter. LPG transmission was 1,167 TMT as against 1,131 TMT in previous quarter. The capacity utilization was approximately 101% during this quarter.

Now, I will take you through the consolidated financial highlights for Q2 Financial Year '26 versus Q1 Financial Year '26:

The consolidated turnover in Q2 Financial Year '26 stood at Rs. 35,594 crores as against Rs. 35,369 crores, almost flat. The PBT in Q2 Financial Year '26 stood at Rs. 2,565 crores as against

Rs. 3,029 crores in Q1 Financial Year ‘26. The profit after tax in Q2 Financial Year ‘26 stood at Rs. 1,972 crores as against Rs. 2,369 crores in Q1 Financial Year ‘26.

Well, as you know, GAIL also has got 6 geographical areas authorized as city gas distribution. I will also share the performance of these six geographical areas. GAIL has an infrastructure of 213 CNG stations and 4.5 lakh DPNG correction. During the quarter, 13,700 DPNG connections were added. The physical volume stood at 0.46 MMSCMD. In the next two years, GAIL targets to add around 85 new CNG stations and around 150,000 new DPNG corrections. As you know that GAIL also has got 100% subsidiary exclusively dealing in retail business.

Now, I will also briefly touch about the financials of GAIL Gas Limited:

In Q2 Financial Year ‘26, turnover of GAIL Gas stood at Rs. 3,235 crores as against Rs. 2,927 crores in Q1 Financial Year ‘26. PBT increased by 1% and stood at Rs. 148 crores as against Rs. 146 crores in Q1 Financial Year ‘26. Profit after tax was up by 3% and stood at Rs. 111 crores as against Rs. 108 crores in Q1 Financial Year ‘26. The physical volume stood at 7.72 MMSCMD. During Q2 Financial Year ‘26, GAIL Gas along with the JVs & subsidiaries, has added 44,512 new DPNG collections and one CNG station. GAIL Gas, with its JVs, subsidiaries, has an infrastructure of 11,74,000 DPNG connections and 665 CNG stations.

I will also touch upon the ongoing projects with GAIL:

Pipeline projects, SAPL, as I already shared, is commissioned and MNJPL, JHBDPL and KKMBPL Phase 2 are scheduled to be completed during this financial year, and Gurdaspur-Jammu pipeline is scheduled for completion in Financial Year ’26-'27. Petrochemicals project, I will first say about 60 KTA polypropylene at PATA and 1,250 KTA PTA plant at GMPL are scheduled to be commissioned in current financial year, whereas 500 KTA PDH-PP plant at Usar is expected to be completed in Financial Year ‘27.

CAPEX for Q2 Financial Year ’26:

During the quarter, a CAPEX of Rs. 1,662 crores was incurred, out of which Rs. 784 crores was incurred on pipelines, Rs. 514 crores was incurred on petrochemical, Rs. 226 crores is operational CAPEX and the remaining approximate Rs. 138 crores on CGD, E&P, renewables and equity investment.

Now I will share also the segment wise the outlook for short to medium term:

The profit before tax from gas marketing business during the quarter stood at Rs. 1,227 crores. The gross margin during the quarter stood at Rs. 1,551 crores. The PBT from gas marketing margin during H1 Financial Year ‘26 stood at Rs. 2,221 crores. The gross margin during the H1 Financial Year ‘26 stood at Rs. 2,866 crores. At PBT level, we are on our path to achieve the annual guidance of Rs. 4,000 crores to Rs. 4,500 crores from the gas marketing segment in Financial Year '26.

In the gas transmission segment, during Q2 Financial Year '26, average transmission volume improved to 123.59 MMSCMD as compared to 120.62 MMSCMD during Q1 Financial Year '26. Average transmission volume for H1 Financial Year '26 stood at 122.11 MMSCMD. From gas transmission point of view, the current financial year has not been so good for GAIL. We had to revise our guidance earlier, the main reason for this downward revision was delay in pipeline connectivity with refineries, unplanned shutdown and tipping of fertilizer plant, lack of demand from power sector due to moderate summer, early onset and above average monsoon. This situation was further worsened by higher than usual pricing of natural gas in the spot market, which impacted the consumption in domestic market as refineries and industries switched to alternative fuel.

Further, due to extreme monsoon and flash floods in Northern India, GAIL suffered pipeline disturbances at four places, which are expected to be restored by the year-end. Currently, these services are being managed partially through alternative arrangements. This also has impacted the transmission volume, which will be replenished as soon as the pipelines are operational again.

Due to above unforeseen circumstances, the annual transmission volume for Financial Year '25-'26 is expected to be at the level of around 123 to 124 MMSCMD. However, considering that most of the old factors may not be there and will be normal growth and commissioning of new pipeline that is SAPL and MNJPL, GAIL expects transmission volume to be increased by around 8 MMSCMD to 10 MMSCMD, and we expect our volumes to be around 133 to 134 MMSCMD in Financial Year '27.

Polymer production stood at 220 TMT as against 177 TMT in previous quarter, there is a loss of Rs. 299 crores during Q2 Financial Year '26 due to increased input gas cost. This segment is likely to be at similar level for the remaining part of the year. However, various measures like construction of dedicated pipeline i.e. C2/C3 pipeline, installation of advanced process control, debottlenecking and 60 KTA PP plant are being taken for cost optimization and improvement of efficiency.

Since mostly HH gas is being used as an internal consumption by PATA PC plant, and HH price have been unusually higher during this year, which is expected to be softened in coming financial year. These factors will hopefully start giving positive results from next financial year onwards.

LHC production stood at 221 TMT during Q2 Financial Year '26 as against 199 TMT in previous quarter, with a PBT of Rs. 112 crores. There is a drop of 45% in PBT from LHC segment as compared to previous quarter which is primarily on account of reduced price. As you know, the LHC price on an average business has gone down by approximately Rs. 4,600 per metric ton.

GAIL's new wells gas allocation for LPG sinkage has been reduced from 0.32 MMSCMD to 0.2 MMSCMD with effect from 1st October, 2025, estimated impact on production will be around 33 TMT for H2 Final Year '26. GAIL management is constantly taking up the matter for further allocation of domestic gas for LHC to enhance the capacity utilization of our LPG plans.

In addition to above operational and financial performance, I would like to highlight that company is taking proactive measures to implement initiatives for maximizing profit and make our company future ready with the introduction of advanced technologies and AI-based projects. Project Sanchay-2, our flagship project, is focused on maximizing profitability across four business segments through targeted improvement enabled by advanced data analytics.

Under the above product, GAIL is implementing 30 use cases leveraging advanced technology with an estimated CAPEX of Rs. 146 crores. These use cases together are expected to provide the operational saving of approximately Rs. 600 crores on five year NPV basis, in addition to huge quantitative benefit in optimization of process manpower and material.

That's all from my side regarding the overview of performance and projects. The management of the company is available and we would be glad to address any query that you may have.

Now I hand over to you, Nitin.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Probal Sen from ICICI Securities. Please go ahead.

Probal Sen: Thank you for the opportunity, sir. Sir, first question was with respect to the volumes. Because of the way that the rains have gone, obviously, demand from the power sector has been a major factor driving the lower demand. So, any guidance you can give us of what H2 looks like given the very long tail of monsoons we have seen in the country this year?

Rakesh Kumar Jain: So, I shared in terms of average volume for this financial year will be around 123 to 124 MMSCMD, and we expect it in H2 it will be around 125 MMSCMD.

Prabal Sen: So, not much change in terms of segmental demand, at least for this year.

Rakesh Kumar Jain: Yes, you are right, not much change. But it's kind of Q1 we saw, we are not going to see those things. Because in Q1, as we shared, fertilizer plants went for shutdowns, the power demand was not there, our petrochemical plants were also under shutdown. So, Q2 onwards, we have started seeing the normalcy, and we will see some kind of growth in terms of commissioning of new pipelines and the normal growth.

Prabal Sen: Got it, sir. And a couple of more questions. One was around the Dhabol LNG, with respect to the progress on getting into full utilization. Any guidance on FY '27 in terms of the terminal utilization that we can get?

Rakesh Kumar Jain: So, as we shared with you, Dhabol terminal is now full weather terminal, right? And the nameplate capacity of that terminal is 5 MMTPA. But only one constraint still we are experiencing is that we do not have the heating system. Whenever RGPPL runs, we are able to take the advantage of the heating system available there. But in the absence of heating system, we are expecting to utilize around 50% of the capacity. And the heating system will also be available some time in '26-'27.

Prabal Sen: Got it, sir. And last question from my side. You had I think mentioned in previous interaction that the last leg of that Kochi-Bangalore-Mangalore pipeline is imminent in terms of completion. If you can kindly refresh us in terms of latest time line for both the legs to be fully operational?

Rakesh Kumar Jain: Yes. I shared with all the pipelines. Actually, including KKMBPL the last leg which is pending, Jagdishpur-Haldia and and MNJPL, all the pipeline GAIL is constructing excluding Gurdaspur-Jammu pipeline will be commissioned during this financial year.

Prabal Sen: Alright, sir. Thank you. That is very helpful. I will come back for more questions. All the best.

Moderator: Thank you. The next question is from the line of Balaji Das from Alliance Services. Please go ahead.

Balaji Das: So, I have basically two questions, right? First question is like, like what is the latest status on integrated tariff which is pending from the PNGRB, like we heard that there have been frequent discussions and there is difference of opinions in the tariff billing and etc. So, could you please comment on progress on the integrated pipeline tariff actually?

Rakesh Kumar Jain: Actually, as you know, we submitted our integrated pipeline tariff way back in August '24. All the processes have been completed. And now with regard to various information, news, which are going around, we do not bother about these news. Because we are very clear, whatever tariff we have submitted that is Rs. 78, which is in terms of the regulations and we share that even if PNGRB, based on past moderation PNGRB does, we were sharing some time in March that our tariff will be around Rs. 70 - 71.

But in between one development has happened, PNGRB has changed this regulations with respect to sharing of revenue above 75% utilization of pipeline, 50% to be retained by entity and 50% to be passed on to customers. That regulation is also giving some kind of increase to tariff. And second, the amount of delay that is happening in the processing of tariffs, that is also adding to the tariff. So, maybe Rs. 0.20 per month is increasing. So, our guidance on conservative basis of Rs. 70 was passed that should increase by Rs. 2 to Rs. 3. Now coming back to a specific answer to your question when it will come, we expect it can come in any time from now, maybe in November.

Balaji Das: Okay, thanks for the update. And the second question is on, we had like on the listing of the GAIL Gas IPO actually. So, any further progress on consultant and when are the future plans actually for GAIL Gas actually, because we heard that we are hiring consultants for analysis of listing.

Rakesh Kumar Jain: You heard rightly. GAIL Gas is one of the biggest company in the country in terms of city gas distribution. I shared in the brief that currently it is marketing 7.72 MMSCMD volumes, GAIL Gas has got most of the geographical area any city gas distribution company has. We are one of the geographical areas like Bangalore, it has already leased 1 MMSCMD.

And we in GAIL believe that now is high time that we started the process of listing GAIL Gas, in that regard we have already started the process of hiring of consultant. As I understand, the consultant has already been selected and the order may have been here maybe in giving in very few days from now. Either it might have been given, so will be given. So, we are on a path to study about listing of GAIL Gas and after conclusion of that study, certainly that study is very important for us, we expect a one year time line or so should be good enough.

Balaji Das: Thanks for the opportunity. Thank you.

Moderator: Thank you. The next question is from the line of Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka: Just a question on petrochemicals. What was the input gas cost in Q2, if you could just explain that?

Rakesh Kumar Jain: Input cost in Q2 was around $10.5- $10.6 delivered at PATA.

Amit Murarka: So, this is expected to go up given that Henry Hub has actually increased?

Rakesh Kumar Jain: Actually, Henry Hub has started softening now. I also briefed to you that we have experienced unusually higher Henry Hub price. If you compared last financial year, Henry Hub prices about 50% of the current price levels. So, it is already worth speaking, and it started softening. Currently Henry Hub prices, we do not believe that it will further go up, rather it will be softer. That's how we expect that in next financial year a lot of good positive things should happen with us.

Amit Murarka: And what is the outlook on OPEX. OPEX looks like it has increased a bit in the quarter on the transmission side?

Rakesh Kumar Jain: Transmission side, OPEX, I will have to come back. Has it increased, I do not think. I do not know from where you are arriving at, rather gas consumption has gone down. Anyway, we can offline answer you for your specific details.

Amit Murarka: No, not against previous year. I was looking at versus Q1. So, Q1, it was actually Rs. 836 crores, which is Rs. 905 crores in Q2.

Rakesh Kumar Jain: We will be giving this. There is no big difference in what you are sharing. We will be giving you off-line this answer, you can connect to our IR team.

Amit Murarka: And lastly, what is the outlook for gas transmission volumes for FY '27, like this year looks like we will do close to 124 MMSCMD or so. Next year, like earlier you were talking about 135 MMSCMD for FY '27, so do you think that could also be at risk now with weaker numbers we are seeing in '26?

Rakesh Kumar Jain: Actually, last year we transported 131 MMSCMD. We were expecting that we will beat this number but whatever events which has happened during this year I narrated, like in terms of power demand, which has significantly gone down. Nobody would have expected that monsoon, there will be early onset of monsoon, the summer will be below average kind of summer, and the spot prices will be higher and, therefore, the refineries in particular have shifted to alternative fuel. Henry Hub prices were also higher. And our four pipelines got impacted due to heavy monsoon. So, all these are the unique and one-off kind of situations. So, we maintained that next last financial year we will be having 134 to 135 MMSCMD of volume.

Amit Murarka: Okay. Sure. Thanks a lot.

Moderator: Thank you. The next question is from the line of Sabri from Emkay Global. Please go ahead.

Sabri Hazarika: I just missed your opening remarks, I think you mentioned something about tariffs for the first two, three minutes. Can you please like touch on that again, please?

Rakesh Kumar Jain: You are talking of tariff approvals?

Sabri Hazarika: Yes. I mean, initially you started with the tariff part, right, I joined four, five minutes late, so that's what I would like to know.

Rakesh Kumar Jain: I was not speaking about tariff. I only answered with respect to the question which earlier participant had asked about the tariff approvals when it is likely to happen. If your question is that then I can repeat that answer.

Sabri Hazarika: No. My question is on the opening remarks. Before you touched on the results you were updating something, 2%, 3% it will be growing.

Rakesh Kumar Jain: I am updating as commissioning of various pipelines, not tariff.

Sabri Hazarika: Okay. So, that would lead to some sort of like blended increase in tariff, were you touching upon that?

Rakesh Kumar Jain: No, that will not increase. Yes, on company basis it will change the tariff. But those are, I mean, MNJPL and Srikakulam-Angul pipeline, their tariff is fixed. So, overall company level, certainly it will change the blended tariff.

Sabri Hazarika: Okay. Got it. And the second question is on this new pipeline only. I think these are like bid-out pipeline, right, but Srikakulam-Angul is not bid out, right?

Rakesh Kumar Jain: Srikakulam-Angul is also bid out. We got three pipelines under bidding. One is Srikakulam-Angul. Second is Mumbai-Nagpur-Jharsuguda, and third is Gurdaspur pipeline.

Sabri Hazarika: Right. And I think the tariff is like above Rs. 100 per MMBtu in each of the pipeline?

Rakesh Kumar Jain: That's a good tariff, yes.

Sabri Hazarika: Yes. So, I just wanted to know, given that we have got capacity left in the integrated network, would you be able to push volumes in this? I guess Srikakulam-Angul is a specific route, but Mumbai-Nagpur-Jharsuduga is somewhat parallel to Jagdishpur-Haldia. So, what's the strategy

Rakesh Kumar Jain: How is it parallel to Jagdishpur-Haldia? Jagdishpur-Haldia is Eastern pipeline, that (MNJPL) is West-East pipeline, it's not parallel.

Sabri Hazarika: No, I mean it's connected only. I mean, that way I think Hazira Vijaipur Jagdishpur--

Rakesh Kumar Jain: It connects the terminal, yes, but the market is different.

Sabri Hazarika: Okay. So, how much volumes you are expecting in these new pipelines by FY '27 or '28?

Rakesh Kumar Jain: So, next year we expect around 2 MMSCMD volume from these pipelines, because these are beginning to start transmitting volume. So, last year, we expect 2 million, then it will ramp up.

Sabri Hazarika: Okay, sir. Thank you so much. All the best to you.

Moderator: Thank you. The next question is from the line of Yogesh Patil from Dolat Capital. Please go ahead.

Yogesh Patil: Thanks for taking my questions, sir. Sir, in Q2 FY '26, our gas transmission segment per unit tariff realization has declined compared to the Q1 FY '26. Any particular reason for reduction in the tariff realization?

Rakesh Kumar Jain: Yes, yes. Actually, in Q1 we got Rs. 133 crores on account of tariff reconciliation on unified tariff, right, which is not available this quarter. So, that is how the weighted average tariff of Q1 was higher. This quarter, since that was a one-off kind of thing, it is not available. Second, quarter-on-quarter, the average tariff will continue to change, sometime it will be higher, sometimes it will be lower. The major reason is that it depends which zone has transmitted how much volume, because zonal tariff rates are different. So, these are the reasons, one is the reason I shared about Rs. 133 crores, and second is also how much, around Rs. 50 crores on account of weighted average?

Management: Rs. 50 crores is on the weighted average basis.

Rakesh Kumar Jain: And weighted average tariff is also not much, 60.68% to 60.11%.

Yogesh Patil: Okay. Sir, second question is regarding our upcoming petrochemical projects, which are expected to complete in FY '26 and FY '27, which you guided. Can you guide us what quantum of EBITDA contribution one can expect from these petrochemical facilities in the next one to two years? Any numbers you can share with us?

Rakesh Kumar Jain: So, if we first talk of the small capacity addition at PATA, I think which may not be very significant from your point of view, that is 60 KTA capacity we are putting at PATA. So, by this year end it will start producing, and since it is a facility at PATA, it will remain around same level what PATA is doing, because nothing much is going to change. But if you talk of PDHPP, which is 500 KTA facility at Usar, this is going to be commissioned in Financial Year '27, and effectively it will start contributing in Financial Year '28. So, if I start forecasting polymer side for two years ahead, it will not be good on my part. But if you talk of the kind of EBITDA in terms of dollar, maybe $250 per metric ton to $300 per metric ton will be kind of EBITDA will be available to us. That's based on our project approval, which holds good even today.

Yogesh Patil: And sir, any updates on the JBS side, which will be completed in FY '26?

Rakesh Kumar Jain: Yes, it is going to be complete during this financial year, yes.

Yogesh Patil: But any probable numbers which we can expect contribution to the EBITDA from that project post completion?

Rakesh Kumar Jain: So, we will give you, because I do not have a ready number available, we will be able to share with you offline.

Yogesh Patil: Okay. Sir, last question related to our new LNG sourcing contracts, which will start mostly from the next year, 2026. Need a small clarity, are we able to regasify all of these new LNG cargoes at our Dhabol terminal? Because as you mentioned that facility will be ready in the next year, so that we will be able to operate it at 100% level, 5 MMTPA.

Rakesh Kumar Jain: So, let me answer it differently. Currently, we have 2.5 million tons capacity at Dahej, which we have booked, and 1.5 MMTPA capacity at Dhamra, and 2.5 MMTPA, I shared with you, is almost available without even the heating system at Dhabol. So, currently, we are able to manage our cargoes from these facilities. But when next year one more contract will start supply, certainly we will be needing more regasification capacity. Currently, we are working to tie-up the additional regasification capacity with the terminal operators where we feel that the market is there.

And meanwhile, our Dhabol terminal will also start functioning at 5 MMTPA. But I believe that these capabilities will still be not sufficient w.r.t. demand we are seeing in our country. So, we have already taken a decision to expand Dhabol petrochemical from current level of 5 MMTPA to 6.5 MMTPA, and we are discussing about increase of capacity of Dhabol terminal from 6.5 MMTPA to a higher level. So, we are quite conscious of the capacity availability currently and the capacity requirement in future.

So, two actions are to sum up. One, we are tying up more regasification capacities with different terminal operators. And second, we are also taking actions to expand our Dhabol terminal beyond the existing nameplate capacity of 6.5 MMTPA and thereafter, from 6.5 to say 10 or 12 MMTPA.

Yogesh Patil: Suppose 6.5 MMTPA target Dhabol capacity, evacuation pipelines would be ready? Or do we need to inform PNGRB and they will ask us for the new pipelines to be --

Rakesh Kumar Jain: Already for 6.5 MMTPA we have taken actions. The PNGRB authorized the expansion of the DUPL DPPL pipeline. We are already starting the construction job, so that concern is not there. As and when we take up the decision for further enhancing the Dhabol terminal capital, certainly we will go back to PNGRB for further expansion.

Yogesh Patil: So, as of now, is it a correct understanding, if we expand till 6.5 MMTPA the evacuation of gas is possible with the existing infrastructure, that is the correct understanding?

Rakesh Kumar Jain: Yes.

Yogesh Patil: Thanks a lot, sir, this was really helpful.

Moderator: Thank you. The next question is from the line of Vikash Jain from CLSA. Please go ahead.

Vikash Jain: Thanks for taking my questions. Rakesh ji, I have a few questions. Firstly is, your guidance of increase in volume in FY '27 to I think 131, 132 MMSCMD, which is roughly any around 8 to 10 MMSCMD more than the average for this year. In that, could you give the breakup of that? What is the assumption of some of the lost power volumes which did not happen this time that coming back?

Rakesh Kumar Jain: Vikash. last year we transported 131 MMSCMD. This year, a lot of unwanted events have happened. So, coming back to your question, from where at 8 to 10 MMSCMD will come. The 3 million to 3.5 million will certainly come from the city gas distribution company, which is a normal growth, which we have experienced this year also. Second, the power volume is around

1.5 million to 2 million was down, that will come up. So, that makes 5 million. Then 2 million I shared that we will be having volume in MNJPL and Srikakulam-Angul, that makes to 7 MMSCMD.

And then, refineries volume which have gone this year, actually we cannot expect every year to be same. Almost 2 million to 3 million volume we lost to refineries. One more event I shared that the four of our pipeline got impacted because of the heavy flood, those volumes are around 1.5 million to 1 million. So, this is a broad back up. I have not given any new market like coming to eastern sector or normal growth in eastern sector. But this itself makes 8 to 10 million volume. And I am corrected, power is 3 MMSCMD, not 2 MMSCMD.

Vikash Jain: Okay. And the other question was on the CWIP that we had at the end of, say, FY '25 and also there will be a number higher than that at the end of this quarter. That's like over Rs. 20,000 crores now, how do we see a standalone number? How do we see that falling at the end of FY '26 and the end of FY '27 as your project pipelines get commissioned this time, and by FY '27 even the petchem will plant will get commissioned?

Rakesh Kumar Jain: Let me give a broad answer to this question. Around Rs. 8,500 crores belongs to MNJPL, right, that is going to be commissioned by this financial year end, that is a major CAPEX. The PATA petrochemical, around Rs. 1,300 crores is going to get commissioned this year. Then KKMBPL, my colleague will give a figure, I do not already ready available figures, Phase 2 is going to get commissioned, which is also significant, maybe around Rs. 2,000 crores to Rs. 2,500 crores, that will get commissioned. So, and Jagdishpur-Haldia, some CAPEX utilization will also take place here. These four major CAPEX CWIP, around Rs. 13,000 to Rs. 14,000 crores will be capitalized, likely to be capitalized in this financial year. Then PDHPP Usar will get commissioned in '27. So, remaining the CWIP belongs to PDHPP and smaller amount to Gurdaspur. So, largely, except PDHPP and Gurdaspur (which is a very small project) will get commissioned this year.

Vikash Jain: Okay. And sir, just last thing. Any change in guidance, any update on gas trading or anything on that side in terms of --

Rakesh Kumar Jain: Vikash, I have been maintaining since the beginning of this financial year that we will be earning around Rs. 4,000 crores to Rs. 4,500 crores on PBT level. And we have already crossed Rs. 2,200 crores in first half in spite of the various negative things. So, we expect that we will certainly touch Rs. 4,500 crores of guidance at PBT level, and may even exceed that.

Vikash Jain: Okay. Anything for next year also, sir?

Rakesh Kumar Jain: Next year will be around same level. We do not expect any new addition to this guidance because a lot of things depend. But in terms of guidance, I will maintain around that level only.

Vikash Jain: Thank you, Rakesh ji. Those were all my questions. Thank you.

Moderator: Thank you. The next question is from the line of Varatharajan from Antique Limited. Please go ahead.

Varatharajan S: Thanks for the opportunity, sir. In the case of GAIL Gas, if you can give us a breakup in terms of CNG and PNG in GAIL Gas.

Rakesh Kumar Jain: GAIL Gas, you are looking for breakup in terms of CNG PNG supplies?

Varatharajan S: That's right, sir.

Rakesh Kumar Jain: So, we have bulk trading in GAIL Gas in 4.5 MMSCMD, bulk trading which GAIL Gas does. Then Taj Trapezium zone which is the UPM based pricing, 1.32 MMSCMD. And in terms of city gas distribution, which includes PNG, CNG put together around 2 MMSCMD.

Varatharajan S: Okay. And similarly for the 6 GAs under GAIL?

Rakesh Kumar Jain: Sorry? 6 GAs, I can give you. Actually, I do not have the breakup the way you want it, but largely it will be satisfying your requirement. We marketed 0.46 MMSCMD, which constitutes 0.17 MMSCMD at APM. So, largely, it will be PNG and CNG, and some portion of RLNG also will be there. And 0.29 MMSCMD we have used RLNG. So, I do not have the breakup you wanted, but I can give you offline.

Varatharajan S: I will take it. My last question is on your JBF, I see that like you have floated a proposal for connecting the pipeline to the port. So, why would you even consider that in the presence of MRPL potentially who can subject pretty much all your requirement in terms of paraxylene?

Rakesh Kumar Jain: Actually, initially we are expecting that we will get to supplies from MRPL, but somehow things could not materialize as of now when I am talking. But anyway, even if we are able to tie up with MRPL, in order to continuously run the plant, nothing wrong about having the alternative supply. And it also gives us flexibility to take the benefit of price advantage. So, currently, we do not have any contract with the MRPL, so that's the constraint. And second, it always provides a price opportunity and redundancy of the sources. So, these are two reasons why we are laying the pipeline connecting port for importing paraxylene

Varatharajan S: Fair enough, sir. Thanks a lot.

Moderator: Thank you. The next question is from the line Gaurav Jain from ICICI Prudential. Please go ahead.

Gaurav Jain: Sir, just one question from my side. This Rs. 4,000 crores to Rs. 4,500 crores marketing guidance that we gave, that is at the EBITDA level or EBIT level, is it EBIT or EBITDA?

Rakesh Kumar Jain: It is actually PBT level. If you talk of margin level, I also shared those numbers, it is around Rs 2,866 crore. If you are interested in EBITDA level, Rs. 2,866 crores, I shared that also.

Gaurav Jain: Yes. But the guidance of Rs. 4,450 crores was at PBT level?

Rakesh Kumar Jain: PBT level, right.

Gaurav Jain: That's it, sir. Thank you.

Moderator: Thank you. The next question is from the line of Somaiah from Avendus Park. Please go ahead.

Somaiah Valliyappan: Thanks for the opportunity, sir. Sir, first question is on the volume for FY '27. So, you did explain in terms of what are the factors that will drive that 8 to 10 MMSCMD. We also used to have a startup of new refineries which would contribute and also some ramp-up on the fertilizer plants. So, is this considered into FY '27 or is it more of an FY '28 phenomenon? Or what is the potential new industries getting connected?

Sumit Kishore: We have included that, when we are talking of the refinery segment, it includes the upcoming new refineries which are likely to get connected on the eastern part of the country, and also the existing refineries which have taken slightly less during this year.

Somaiah Valliyappan: So, when you said the refineries will add 1 to 2 MMSCMD, so this include both these factors?

Rakesh Kumar Jain: No, no. Number is not correct, the statement is correct. Actually, there are two factors. One, the volume is lost, right? And another is, we said around 2 to 3 MMSCMD, not 1 to 2 MMSCMD. In first half of the question I said around 3 MMSCMD we will get, because lost volume and the new refineries.

Somaiah Valliyappan: Got it, sir. And which are the refineries that we are looking at, sir, for the incremental volumes?

Sumit Kishore: New ones to be connected are Haldia and Bongaigaon and Guwahati.

Somaiah Valliyappan: Got it, sir. Sir, any further upside in fertilizer plants ramping up or any upside that is left? Or it's fully covered?

Rakesh Kumar Jain: Fertilizer plants have already ramped up. If we talk of the addition by consumption in fertilizer, there are some plants which are actually doing capacity expansion. And we also understand there are proposals to put plants in maybe Maharashtra and also Chhattisgarh. So, in those terms, certainly there will be additions to the transmission volume. But in terms of existing, yes, it will ramp up.

Somaiah Valliyappan: Got it, sir. Sir, also in terms of gas consumption for transmission, the system use gas consumption, the quantum and the pricing, is it still HPHT, if you could just help on that? And also on the petchem and LPG side, the quantum of gas consumption?

Rakesh Kumar Jain: What is your specific question?

Somaiah Valliyappan: The system use gas consumption and transmission side, it used to be 1.5 - 1.6 MMSCMD.

S K Sinha: For the gas transmission segment?

Somaiah Valliyappan: Yes.

S K Sinha: 1.44 MMSCMD for LPG, and around ~5 MMSCMD for petrochemicals.

Somaiah Valliyappan: Sorry, sir, I missed the transmission. Transmission what number you had mentioned there?

Rakesh Kumar Jain: 1.6 MMSCMD.

Somaiah Valliyappan: And the pricing, sir, it is at the HPHT, the 1.6 MMSCMD?

Rakesh Kumar Jain: Actually, we always endeavor to get the cheapest available sourcing, one of the cheapest for even for this consumption and transmission, but you can for your working consider around HPHT.

Somaiah Valliyappan: Understood. Sir, in terms of marketing of the total volumes that we do, broadly what are the back-to-back contracts that we will have? I mean, what are the quantum of spot exposure? If you can give some color on that. And also the basis swaps that we do, to what extent it covers our portfolio currently?

Rakesh Kumar Jain: We have currently contracted volume of around 16.5 million tons, okay? And out of 16.5 million tons volume, 1 million ton will start flowing from next year, that is Vitol. The 15.5 million tons volume is currently flowing. Out of that, only 0.75 million tons or even less than 0.7 million tons is open, rest is back-to-back. Only some of the volume which is not back-to-back in terms of the index. One of contracts we have wherein we have the upstream formula on JCC and nine-months average, and downstream we have formula on Brent three months average.

So, to that extent you can say it is differs, but we consider that also back to that base because it only leaves a cash flow issue. Because over a period of time, nine months and three months average gives the similar kind of cash flow, so we consider those as back-to-back contract. If we consider those as back-to-back contract, only 0.75 million tons you consider that we have opened a volume around 2.53 MMSCMD of Henry Hub volume, which we have, you can say, considered that we are kept willfully available to us in order to take the benefit of market arbitrage sometimes in domestic market and sometime in international market. So, that is the only volume we have.

And in terms of spot volume, spot volume we source time to time in order to fulfill the demand of our existing contract, because we contract downstream more than we have the sourcing. And in order to fulfill those demands, sometimes we source the spot, and also to meet the demand like power we source spot. So, that largely remains 10% kind of spot volume we have on an average basis.

Somaiah Valliyappan: This is quite helpful, sir. Just one follow-up there. So, in case this 95% or 96% - 97%, where we are back-to-back contracted, if there is a difference in basis, for instance it's a Henry Hub, whereas the end consumption is on the oil-linked basis, so we would have had a basis swap to cover is. Is that the right understanding, sir?

Rakesh Kumar Jain: Let me give you, again, repeat. Henry Hub volume, only 2.5 to 3 MMSCMD is open. Remaining 17 million - 18 million are back to back, we do not have any basis risk. Regarding 2.5 to 3 MMSCMD, whatever volume is there, yes, we have basis risk if we supply on crude-base, we have basic risk if spot prices we have differently and we sell on spot. We continue to take swaps for those volumes also, not 100% level. We continue to take swaps at 45% to 50% level, depending on the opportunity provided by the market. That's only risk we carry.

Somaiah Valliyappan: Thank you, sir. This is quite helpful, sir. Thank you.

Moderator: Thank you. The next question is from the line of Pratyush from InCred Equities. Please go ahead.

Pratyush: Good evening, sir. Thanks a lot for giving this opportunity. I have two questions, first is on the transmission realization. So, I just wanted to understand that do you actually get the realization and the revenues to the weighted average of the zonal tariffs? Is it the correct way to get the revenues out there from the pure transformation segment? There is some other thing also which is mentioned on PNGRB website about the integrated tariffs, so does GAIL has something to do with the integrated tariff also? Or you just do the weighted cost and take out the zonal tariffs and the volumes which have been supplied in those respective zones when you get that revenue. So, is it the correct way? Or again, is that something you do to the integrated tariff?

Rakesh Kumar Jain: We get the integrated tariff rate. But integrated tariff has also been divided into zonals. Integrated tariff rate is Rs. 58.60 or something like that. But that has been divided into three zones, Zone 1, Zone 2, Zone 3. These are three different tariff rates under the same average tariff of Rs. 58.60. So, when you saw weighted average, it depends which zone a customer exists in. So, if customer exists in Zone 3, we will get higher.

Pratyush: Understood. So, your integrated tariff would ultimately change if Zone 3 customer draws more gas compared to Zone 1, so it totally depends on which zone.

Rakesh Kumar Jain: Yes, absolutely right.

Pratyush: And my second question is regarding the customer portfolio. So, you very well talked about sourcing portfolio when the marketing division of GAIL is concerned, that what is the sourcing portfolio in terms of back-to-back contract, Henry Hub and how do you usually reduce the rate. Just wanted to understand what is the portfolio of the customers to which you sell those gases?

For example, you have a contract of 15.5 million tons of natural gas. And definitely, there would be some priority customer, there would be some non-priority customer. Is this something that you do have some fixed kind of margin for the priority customers, some different kind of variable margins or the market determined margin for the non-priority customers? And in that non-priority customers or in that market determined margins, you do have cost plus markup or inclination of something like that. So, what is your customer portfolio in terms of marketing division?

Rakesh Kumar Jain: Actually, market-driven price, what is market realized imported gas? So, again, in order to give more clarity to your question, out of 16.5 million tons, we are yet to start getting gas of 1 million tons. So, from 15.5 million tons, 4.8 million tons is almost on a fixed margin, which increases every year, right?

Pratyush: Okay. Understood.

Rakesh Kumar Jain: Another 3 million tons volume we have again on same margin. But as I shared just before, in that contract, we have fixed margin, but there is some cash flow issues. We source on nine month basis and we market on three months basis. So, whenever crude price goes down, our realization reduces for a time being and our payment becomes higher because nine months average takes time to come down. Or whenever crude price goes up, we get more margins initially and then it starts reducing. So, we consider them, again, back-to-back, but there is some averaging issue, that is 3 million tons, it makes 7.8 million tons.

Now, coming back to the remaining 5.8 million tons from United States and also 0.75 million tons we recently sourced from Middle East, these contracts purely are varying margin depending on the time we market it, the kind of ability we had to get the margin. So, these have varying margins depending on time when we contracted with the customer.

Let me give you. Over and above, we also have ability to optimize these margins because the United States volume is on FOB basis. What we do in order to reduce the cost, we do ship swaps that we call destination swap or FOB share and DES purchase, so that also we continue to do and are able to reduce our shipping tariff, that also is helpful in optimizing our profit or increase in our profit.

Pratyush: Understood, sir. And in that 4 million tons which you mentioned that you do have a fixed kind of margin, is it being sold to the priority customers where you probably usually get the margins of somewhere around Rs. 200 per 1,000, something like that?

Rakesh Kumar Jain: No, not Rs. 200. Not priority. When we market it, we market it on whoever wanted to buy those volumes. But these are largely we have contracted with fertilizer customers.

Pratyush: But the margins are fixed by the government for the fertilizer customers?

Rakesh Kumar Jain: Not by the government but by the party. And then it continued to increase 5% every year.

Pratyush: Okay, sir. No issues. Thank you.

Moderator: Thank you. The next question is from the line of Nirmal from Aditya Birla Sun Life. Please go ahead.

Nirmal: Thank you for the opportunity. Just sir, you mentioned that you expect 2 to 3 MMSCMD of power sector demand coming back in the next year. Just wanted to understand this in the context that the government has in March, April recently closed some of the old gas-based power plants. And also, there was a statement in August by the Chairman of Central Electricity Authority that India is planning phase out import of natural gas for power production. So, when we say that power sector demand will come back, do you expect it to come back for peak power demand usage or also for base demand considering that LNG prices might go down significantly next year?

Rakesh Kumar Jain: Let me answer. First, we are not aware of what you said, we will have to check up. We are not aware of any such kind of information. But coming back to specifics, we continue to sell around 5 to 6 MMSCMD regularly to power sector, even without peak power demand. We have more demand for peaking, and during the period maybe May to September, October, which is, you can say, the peaking power demand which comes insignificant. There are days when we had marketed last year 20 MMSCMD kind of volume to power sector.

Thirdly, now we are experiencing that power sector is also coming up with regular demand largely to balance the grid, because a lot of renewable energy is coming. As you know that renewable energy only is able to provide the power during day hours, so during non-peak hours, in order to maintain the supplies that demand also comes. So, these are three different reasons while power sector demand is existing and continues to increase.

Nirmal: Thank you so much.

Moderator: Thank you. Due to time constraints, that was the last question. I now hand the conference over to the management for the closing comments. Over to you, sir.

Rakesh Kumar Jain: Thank you very much our friends from analyst and investor community, and hope we have been able to answer to your questions. I know one or two questions we have passed for off-line discussions, and we will certainly be providing those information to you, and you can connect with our Investor Relations Team. Over and above, if you might have any more questions you might have missed, you wanted to ask more questions, due to time limitations you could not have asked, we are always available to answer your questions, you can connect with our IR team. Thank you very much.

Moderator: Thank you. On behalf of a PhillipCapital (India) Private Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.