GAIL clocks revenue of Rs 32,931 crore in Q2 FY'25

GAIL (India) Limited reported Revenue from Operations of Rs 66,622 crore for the period April – September 2024 as compared to Rs 64,050 crore in the corresponding period of Financial Year 2023-24. Profit before Tax (PBT) for H1 FY25 stood at Rs 7,095 crore as compared to Rs 5,019 crore for the corresponding period in the previous year. PAT stood at Rs 5,396 crore in H1 FY25.

GAIL CLOCKS REVENUE OF RS 32,931 CRORE, PAT OF RS 2,672 CRORE IN Q2 FY'25

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Quarter on Quarter basis, Revenue from Operations was reported at Rs 32,931 crore in Q2 FY-25 as against Rs 33,692 crore in Q1 FY-25. PBT stood at Rs 3,453 crore in Q2 FY-25 as against Rs 3,642 crore during Q1 FY-25. PAT stood at Rs 2,672 crore in Q2 FY-25 as against Rs 2,724 crore in Q1 FY-25.

The Natural Gas transmission volume stood at 130.63 MMSCMD in Q2 FY-25 & Gas marketing volume was 96.60 MMSCMD in Q2 FY'25. The LHC & Polymer sale stood at 253 TMT & 226 TMT respectively in Q2 FY-25 as compared to 218 TMT & 169 TMT respectively in Q1 FY-25. In Q2 FY'25, Petrochemical segment clocked PBT of Rs 157 crore as against loss of Rs 42 crore in Q1 FY'25. Shri Sandeep Kumar Gupta, CMD, GAIL mentioned that Petrochemical segment is expected to be reasonably profitable in FY 2024-25. On Consolidated basis, Revenue from Operations stood at Rs 68,803 crore in H1 FY25 as against Rs 65,898 crore during H1 FY24. PBT in H1 FY25 stood at Rs 7,583 crore as against Rs 5,421 crore in H1 FY24. PAT (excluding Non-controlling interest) was Rs 5,876 crore in H1 FY25 as against Rs 4,236 crore in H1 FY24.

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THE COMPASS

Higher volume, profitability gains for GAIL India

DEVANGSHU DATTA

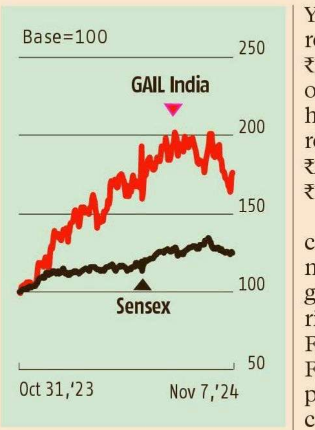
GAIL India's second quarter (Q2FY25) performance met expectations. Petchem turned profitable on higher volumes, and trading revenues were in-line. Analysts are pointing at some favourable factors for FY26 and FY27. There could be a transmission tariff hike in Q4FY25, steady growth in transmission and marketing volumes, and petchem capacity rising by two times in FY27.

GAIL India expects 5 million standard cubic meters per day (mscmd) per annum growth in marketing volumes for next two years. Trading segment profit guidance of ₹4,500 crore may be exceeded. The management expects petchem segments Q2 operating profit run-rate to continue in H2FY25. The capex in H2FY25 may be higher, with FY25 capex going to ₹9,000-10,000 crore (earlier guidance was of ₹11,450 crore).

The state-owned energy giant plans to add 80 new compressed natural gas (CNG) stations and 120,000 new domestic piped natural gas (PNG) connections in next two years, and 500 kilo tonnes per annum (ktpa) PDH-PP (propane-based plant) at Usar will start commercial production by October 2025, and a 60 ktpa polypropylene plant at Pata will be commissioned by December 24.

The Q2FY25 operating profit was up 7 per cent Y-o-Y at ₹3,740 crore, net profit rose 11 per cent Y-o-Y to ₹2,670 crore due to higher other income (including dividends of ₹360 crore). Natural gas transmission volume stood at 130.6 mscmd (131.8 mscmd in 1QFY25). Petchem sales rose 34 per cent Q-o-Q and 35 per cent Y-o-Y to 226,000 mt. Operating profit for petchem segment was ₹170 crore. The costs of gas sourcing for petchem stood at $8/$9 per mmbtu in Q1 and Q2, respectively.

In Q2FY25, GAIL India incurred a capex of ₹1,890 crore (₹3,540 crore capex in H1FY25), primarily on pipelines and petroch-



emicals. In H1FY25, GAIL India's net sales grew 4 per cent to ₹66,590 crore. Operating profit rose 36 per cent to ₹8,270 crore, and net profit grew 35 per cent to ₹5,400 crore. Sales and net profit may rise moderately in H2FY25, but operating profit could decline or be flat.

Segment-wise, gas transmission had an operating level profit of ₹1,400 crore in Q2 (up 9 per cent Y-o-Y), LPG transmission's profit stood at ₹855 crore, marketing business posted a profit of ₹1,330 crore (down 26 per cent Y-o-Y). Petchem segment recorded a profit of ₹160 crore (vs operating loss of ₹160 crore Y-o-Y). LPG and hydrocarbon segments reported an operating profit of ₹250 crore (vs operating loss of ₹16.7 crore Y-o-Y).

During FY24-27, there could be mid-teens growth in net profit, driven by natural gas transmission volumes rising to 149 mscmd in FY27 from 120 mscmd in FY24, and higher petchem profitability as more capacity comes online. GAIL India's return on equity should improve to 16 per cent in FY26 from 9.5 per cent in FY23, with free cash flow or FCF generation of ₹7,300 crore in FY26 (vs negative ₹4,530 crore FCF in FY23).

Gas marketing volumes were affected by lower demand from the power sector. Management points out that 73 per cent of FY25 profit guidance of ₹4,500 crore has already been achieved and guidance may be exceeded. Transmission tariff hike is estimated to be approved by March 2025. Gail hopes to list a couple of joint ventures this financial year or next.

The Mumbai-Nagpur-Jharsuguda pipeline (1,755km) will be completed in June 2025 (3 months delay) while Jagdishpur-Haldia-Bokaro-Dhamra pipeline will be completed in March 2025. The Kochi-Mangalore-Bangalore Pipeline will be completed in March 2025 while Srikakulam-Angul main pipeline will be completed in Jun 2025.

The 500 ktpa capacity PDH-PP at Usar will start commercial production by October 2025 and the 1250ktpa GAIL India Mangalore petrochemical plant (acquired from JBF Industries) will be completed by Jun 2025 at a project cost of ₹4,200 crore. No profits are expected from these in FY26.

Any sum of the parts analysis must include the gas transmission business, LPG transmission business, gas trading business, petrochemical business and LPG business, plus the value of listed and unlisted investments. The market is positive on the stock.