GAIL (India)

Operator: Ladies and gentlemen, good day and welcome to GAIL (India) Ltd. Q2 FY27 Earnings Conference Call, hosted by PhillipCapital. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I would now hand the conference over to Mr. Nitin Tiwari from PhillipCapital. Thank you, and over to you, sir.

Nitin Tiwari – PhillipCapital: Thank you, Muskan. Good day, ladies and gentlemen. Best wishes in advance for the upcoming festive season. On behalf of PhillipCapital (India) Limited, I welcome everyone to GAIL (India) Ltd.'s Q2 FY27 earnings call. Today, we have the pleasure of having with us the senior management of GAIL, led by Director (Finance), S. K. Sinha. I will now hand over the floor to the management for their opening remarks, which will be followed by a question-and-answer session. Over to you, sir.

S. K. Sinha – Director (Finance): Thank you, Nitin. Good evening, everyone. It is always a pleasure to talk to investors and analysts, and we are deeply thankful for your continued trust and engagement with GAIL. The company declared its results for Q2 FY27 today, which you must have seen by now. I will talk about the highlights, business overview, outlook, status of capital expenditure, and then we will take your questions.

I will start with the key business highlights for the quarter. Number one, GAIL won the prestigious PNGRB Excellence Awards in the categories of Gas Transporter of the Year and Health and Safety. GAIL recorded its highest-ever natural gas transmission of around 148 MMSCMD on September 21, 2026.

Q2 FY27 was another quarter of robust and resilient performance, even as challenging times continue. The West Asia crisis has now continued for over 8 months, and the company's volumes from the Middle East remained disrupted. This was partly offset through portfolio flexibility and spot sourcing. GAIL's diversified portfolio again proved to be a key strength in navigating the quarter effectively. Gas prices continued to be volatile and quite high, at around $30-$32 per MMBtu.

Throughout this crisis, our teams have been resilient and agile and have kept the wheels in motion, even as the times remained challenging. As a company, our prime focus has been to meet our customers' requirements so that they are not left without supply. Our trading arm in Singapore, GGSPL, supported GAIL in sourcing spot volumes from time to time, and we could prioritize supply to our customers. The company continued to focus on operational efficiency and on creating sustainable value for our stakeholders.

PBT and PAT during the quarter stood at 5,838 crores and 4,650 crores, respectively, almost in line with the previous quarter. For H1 of this financial year, PBT and PAT stood at 11,611 crores and 8,943 crores, respectively, which is a growth of more than 116% as compared to H1 of the previous financial year.

Moving to the segment-wise performance, starting with natural gas transmission, the natural gas transmission volume for Q2 FY27 stood at 130.10 MMSCMD as against 122.36 MMSCMD in the previous quarter, an increase of about 6.3%, in line with the recovery in gas consumption in the

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country. During the quarter, we also recorded our highest-ever transmission volume of 147.55 MMSCMD on September 21, 2026. Overall natural gas transmission volume for H1 FY27 stood at 126.25 MMSCMD. We expect that the natural gas transmission volume for FY27 should be around 126-127 MMSCMD in the prevailing circumstances.

Moving to gas marketing, GAIL sourced 18 spot cargoes during Q2 FY27, as against 8 cargoes during Q1 FY27. All the cargoes were sourced through GGSPL. Our gas marketing volume for Q2 FY27 stood at 97.23 MMSCMD as against 93.82 MMSCMD during Q1 FY27, an increase of about 3.6%. Gas consumption in the country was seen returning to the levels prevailing before the West Asia crisis.

During Q2 FY27, the company earned a natural gas marketing margin of 3,148 crores at the PBT level, as against 3,353 crores for Q1 FY27. The Henry Hub-linked portfolio continued to generate higher returns on account of sustained high crude prices, whereas gains from JCC 9-month-linked sourcing moderated. In view of the above, we update our gas marketing margin guidance to around 9,000-9,500 crores at the PBT level for FY27. The range assumes continued Brent volatility and accounts for the disrupted long-term supply during the year.

Moving to the polymer business, polymer production during the quarter stood at 204 TMT as against 51 TMT in Q1 FY27. Due to the scale of operations, the segment remained around break-even during the quarter and is expected to be at the same level during FY27.

Moving to the LHC and LPG transmission businesses, in the LPG transmission segment, volume improved by 5% and stood at 1,130 TMT as against 1,077 TMT in Q1 FY27, primarily due to an improvement in volume from flow in {? VSPL ?}. Overall capacity utilization stood at around 98% for the quarter. In the LHC segment, production increased by 10% to 256 TMT from 232 TMT in Q1 FY27. In view of the ongoing crisis, we restarted operations at our Gandhar plant, and LHC production of 32 TMT was achieved during Q2 FY27. The LHC segment generated a PBT of 442 crores during Q2 FY27 as against 772 crores in Q1 FY27, primarily on account of lower price realization by 18,000 per metric ton.

Moving to the CGD and GAIL Gas business, we have already received PNGRB approval for the transfer of GAIL's 6 GAs to GAIL Gas to have a retail-focused approach. Thereafter, GAIL Gas Limited will be listed, for which the necessary action is underway. These 6 CGDs have 219 CNG stations and around 3 lakh billed DPNG connections. GAIL Gas, which currently operates 16 GAs directly and 9 GAs through its JV [trails off]

Analyst1: Sir, the second question is related to the overall LPG business. Obviously, the volume has been flat, but are you getting more domestic gas, APM gas, to manufacture and produce LPG? There was a shortage in the past, which is currently not there. But has there been any discussion related to that with the ministry?

S. K. Sinha - Director (Finance): Coming to your first question, the PDH-PP plant will be commissioned during the next year, I think. As per the scheduled completion, it is June 30, 2027. This may take plus or minus 6 months from the scheduled timeline. So, certainly, this plant will be commissioned during FY28. Regarding the second question on LPG, we are getting around 1.9 MMSCMD of domestic gas for the production of LPG and other liquid hydrocarbons. So, we are fully

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allocated domestic gas for the production of LPG and other products.

Analyst1: Got it, sir. Do you get any NWG gas for that, for LPG, or is it only APM?

Management: 0.7 is NWG, and 1.12 is APM gas that we are getting. Based on the gas profile that we are receiving, this is the maximum we can produce. We have restarted our Gandhar plant as well to meet the country's requirement. This is the maximum production level based on the domestic gas profile that we are getting from ONGC.

Analyst1: Got it, madam.

S. K. Sinha – Director (Finance): The molecules we are extracting are C3 and C4 plus.

Analyst1: Yes.

S. K. Sinha – Director (Finance): Right now, whatever molecules are available in the gas, we are extracting all of them from the natural gas. Based on the available molecules, we are consuming around 1.9 MMSCMD of gas.

Analyst1: Got it. Out of that, 1.1 or 1.2 is APM, and the remainder is NWG.

S. K. Sinha – Director (Finance): Yes.

Analyst1: Okay, got it, sir. Thank you. Thank you very much.

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

Amit Murarka – Axis Capital: Hi. Thanks for the opportunity. On the gas trading segment, while you are raising the guidance for this year to 9,000–9,500 crores, as you said, will you raise it for next year as well? What is the guidance for that?

S. K. Sinha – Director (Finance): Basically, next year, I think the situation will be normal. Our normal guidance is around 4,500–5,000 crores during the next year.

Amit Murarka – Axis Capital: So, as of now, you are maintaining that guidance?

S. K. Sinha – Director (Finance): Yes.

Amit Murarka – Axis Capital: Sure. Also, on the petrochemical business, you have reported a small positive EBITDA here. I wanted to know the source of gas and the cost of gas during the quarter for petrochemicals.

S. K. Sinha – Director (Finance): Basically, we have gas from different sources. We have HH gas, JCC-linked gas, and spot gas. We are providing around 40%–50% HH gas and 40%–50% spot gas. Based on this mix, we were able to manage positive EBITDA during Q2 FY27.

Amit Murarka – Axis Capital: This mix will continue, right?

S. K. Sinha – Director (Finance): Yes.

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Amit Murarka – Axis Capital: Got it. What was the average cost of gas in Q2?

S. K. Sinha – Director (Finance): Around 13.6.

Amit Murarka – Axis Capital: 13.6? Even though you said that 40%–50% was spot LNG, the average was 13.6? HH was $10, right? As you mentioned, the delivered cost is $10 for HH LNG.

S. K. Sinha – Director (Finance): 8.8. Around 9. Around 9.

Amit Murarka – Axis Capital: 9.

S. K. Sinha – Director (Finance): HH is around 9, and spot is ranging from $20 to $32.

Amit Murarka – Axis Capital: Sure.

Management: We are allocating gas to petrochemicals from our existing portfolio, which includes JCC, some mid-term gas, and HH as well. Based on the availability of gas in our portfolio, we are allocating it to our petrochemical segment.

Amit Murarka – Axis Capital: Understood. Also, transmission opex has risen a bit during the quarter. Is there any kind of one-off over there, or is it a normal increase due to cost inflation?

Management: [pause] Just hold on. [pause] Are you talking about Q2?

Amit Murarka – Axis Capital: Yes, the second quarter.

Management: [pause] It is basically the fuel cost because the transmission volume has increased, so we need to run our compressors to push the gas. It is basically the fuel cost.

Amit Murarka – Axis Capital: Sure. Okay, that's it from me. Thank you.

Operator: Thank you. The next question is from the line of Nitin Tiwari from PhillipCapital. Please go ahead.

Nitin Tiwari – PhillipCapital: Hi, sir. Good evening. There were a few questions from my end. We are seeing a lot of reports about an increase in logistics costs as far as crude sourcing is concerned. Are we facing similar challenges with an increase in freight costs for LNG tankers? Is there any shortage in LNG tanker availability when we are scheduling our cargoes?

Management: [pause] Can you repeat that, Nitin, please?

Nitin Tiwari – PhillipCapital: I was asking whether we are seeing any challenges with respect to an increase in freight costs or the availability of LNG tankers when we schedule our cargoes.

Management: [pause] There is no shortage. We have fixed cargoes in our long-term portfolio, which transport our LNG from the US. Further, we are also getting ship cargo vessels.

Nitin Tiwari – PhillipCapital: The spot cargoes that we are sourcing, are those on an FOB or DES basis? How is the shipping taken care of in those spot cargo cases?

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Management: [pause] They are on a DES basis.

Management: Basically, sometimes we optimize our shipping portfolio through DES, FOB, and DES.

Management: The spot cargo sourcing is on a delivered basis, Nitin, if that is what you are referring to.

Nitin Tiwari – PhillipCapital: All right, ma'am. That is helpful. Secondly, I wanted to understand the prognosis for the petrochemical plant at Pata. We have been facing challenges with its profitability, and I understand that this is a somewhat challenging environment. When things normalize, what kind of normalized profitability can we expect from this unit, and when can we foresee that happening, if you can throw some light on that?

Management: [pause] Currently, the sales realization of petrochemicals is around 136,000-137,000 per metric ton. We are supplying gas at around $14. Based on $14 gas and a 140,000 price, we are achieving break-even. If, during next year, prices drastically come down to around 90,000-95,000 per metric ton, then the gas price will also reduce from the existing level to $9-$10. Based on a 90,000 price and $9-$10 input cost, we will achieve break-even.

Nitin Tiwari – PhillipCapital: Understood, sir. Thank you for that. I will get back in the queue and let others ask questions.

Operator: Thank you. The next question is from the line of Sabhri Hazarika from Emkay Global Financial Services. Please go ahead.

Sabhri Hazarika – Emkay Global Financial Services: Good afternoon, and congratulations on a good set of numbers. My question pertains to these 190 MMSCM PLL volumes. Was there a financial benefit from that during the quarter, which was part of the marketing earnings?

Management: [pause] Can you repeat your question, Mr. Sabhri?

Sabhri Hazarika – Emkay Global Financial Services: In the notes to accounts, you have mentioned that you received 190 MMSCM of supply from Petronet LNG. I think these were some of the Qatar volumes that may have come during that period. Was there a financial impact from this on the marketing volume or marketing earnings?

Management: [pause] Sabhri, yes, we received them. Though QatarEnergy continues to be under force majeure, they supplied some cargoes. One such cargo was received in September, and we received 3 cargoes in October. These cargoes pertain to the long-term portfolio and are supplied back-to-back to fertilizer [line issue] No financial implication. We are getting normal margins on this, which we used to get earlier.

Sabhri Hazarika – Emkay Global Financial Services: So, there are no one-offs or anything of that sort in the marketing numbers. It is basically the JCC versus current Brent spread and HH versus oil-link, plus what is driving the Q2 numbers as well, right?

Management: That's right. In addition to what you have mentioned, we have also earned some margins on our spot sourcing. We continued sourcing spot, and as spot prices were rising, we were

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buying spot. So, we got some leverage on that account as well.

Sabhri Hazarika – Emkay Global Financial Services: Got it. Just one granular detail on the marketing guidance for next year. You were at 40–45 billion earlier, and now we are at 45–50 billion. Is that right?

Management: [pause] Yes, we expect that during the next year things will be normalized. During the current year, our initial guidance was 4,500–5,000, so during the next year it will be around 4,500–5,000 crore.

Sabhri Hazarika – Emkay Global Financial Services: At what level of volumes?

Management: At the current level, 105 MMSCMD. Around 100-plus MMSCMD for gas marketing.

Sabhri Hazarika – Emkay Global Financial Services: 100-plus MMSCMD and 4,500–5,000 crore next year. Thank you so much, and all the best.

Operator: Thank you. The next question is from the line of Aanchal from Antique Stock Broking. Please go ahead.

Aanchal – Antique Stock Broking: Hi, sir. Am I audible?

Operator: Yes, sir.

Aanchal – Antique Stock Broking: Sir, as the GAIL Gas IPO is coming, how do you see its volumes evolving over the next 3 to 5 years? How many CNG stations are you planning to set up over this period?

Management: Basically, right now we have 6 CGDs and 6 geographical areas, and I am going to transfer them to GAIL Gas because the IPO of GAIL Gas will come during FY28. Whatever increase there is in CNG stations or D-PNG connections will be done by GAIL Gas. So, for next year—

Aanchal – Antique Stock Broking: I was asking—[crosstalk]

Management: That's fine. For the next 2 years, GAIL Gas targets adding around 275 new CNG stations and about 3.7 lakh new D-PNG connections.

Aanchal – Antique Stock Broking: Got it. Can you give me the FY27 and FY26 overall volumes and volume breakup in MMSCMD for CNG, domestic PNG, and industrial PNG for GAIL Gas?

Management: For GAIL Gas? Just—

Aanchal – Antique Stock Broking: Yes.

Management: [pause] 2.39 CNG and PNG for GAIL Gas for the half year. 1.67 CNG, 0.58 industrial, 0.05 commercial, and 0.09 domestic. The total gas volume is 2.39 MMSCMD.

Aanchal – Antique Stock Broking: Sir, which period is this for?

Management: For TTZ, around 1.24, and bulk sales, 3.16. The total is 6.79.

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Aanchal – Antique Stock Broking: Sir, this is for FY26, correct?

Management: FY27 H1.

Management: H1.

Aanchal – Antique Stock Broking: H1. Okay, got it, sir. Thanks.

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

Vikas Jain – CLSA: Thanks for taking my question, Sanjay and Anjana. My question is about the gas volume increase that we have seen on a quarter-on-quarter basis. These are great numbers, both there and overall. Regarding the increase from 122 to 130 MMSCMD, is there an element of seasonality? Is there a significant power component, or is there anything that may dry up soon?

Management: The major consumption came from the power sector, as well as CGD and fertilizer.

Vikas Jain – CLSA: Of the additional 8 MMSCMD, how much roughly came from power?

Management: [pause] At the country level, power consumption increased by around 2 MMSCMD. Fertilizer consumption increased by around 4.5 MMSCMD during the quarter as compared to the previous quarter. In addition, petrochemical plants that were not operational in Q1 were also started, such as C2-C3, OPAL, and our own petrochemical plant. So, there was an increase in petrochemical consumption as well by around 3-3.5 MMSCMD. Overall, at the country level, consumption increased by around 8.5 MMSCMD as compared to the previous quarter.

Vikas Jain – CLSA: Okay.

Management: If we compare it to the previous year, we are more or less flat.

Vikas Jain – CLSA: So, fertilizer consumption increased simply because they were returning from shutdowns and so on. Similarly, petrochemical plants are getting back to their volumes. The power element is only about 2 MMSCMD for the country overall, right? Even currently, would it be fair to say that you will not be too far away from these numbers, around 128-129 MMSCMD, close to that kind of volume?

Management: For transmission?

Vikas Jain – CLSA: That's right.

Management: For transmission, we have already said that for the current financial year we will be around 126-127 MMSCMD.

Vikas Jain – CLSA: Okay, fine. Even right now, you are working around that ballpark. That is why you have the confidence. You are building on 126-127 and saying that it will go to 134. Where do you expect the additional 6-7 MMSCMD to come from? How much will come from city gas and how much from other segments?

Management: Mostly city gas.

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Vikas Jain – CLSA: So, you are expecting an additional 7 MMSCMD from city gas?

Management: Yes.

Management: We expect refinery volumes to come back because refineries are currently consuming around 5 MMSCMD less than what they historically used to consume. This refinery volume of 5 MMSCMD will come back. In addition, CGD is growing at a very good pace. Last year, the average consumption of CGD was around 45, which has grown to 50-55 and 54-55. CGD is growing, and refinery volumes will also come back.

Vikas Jain – CLSA: Even at these high LNG prices, do you see this kind of volume of 128, 129, or 130 MMSCMD being sustained around these levels?

Management: That's right.

Management: Basically, we are not supplying $30-$32 gas. We are supplying based on a mixture of gas. We are supplying around $15-$16.

Management: [pause] I hope we could answer your query, Vikas, or—

Vikas Jain – CLSA: Yes, yes. No, thanks a lot. I got my answers. Thank you.

Operator: Thank you. The next question is from the line of Sanjay Mookim from JP Morgan. Please go ahead.

Sanjay Mookim – JP Morgan: Satish and Anjana, good evening. A couple of questions from me. On the balance sheet, there is a sharp increase in trade receivables in the first half. Is this just a pricing issue, or is there anything else on the receivables side?

Management: No, it is a pricing issue. Basically, gas prices have increased as compared to the previous quarter. So, within credit, collectability has increased drastically, by around 5,000 crores.

Sanjay Mookim – JP Morgan: Correct, sir. So, there are no delays in payment from any customer as such?

Management: This is a normal trade receivable.

Sanjay Mookim – JP Morgan: Sure. Second, could you update us on the new pipelines that have been commissioned? Are we seeing any incremental gas volumes on, for example, the Mumbai-Nagpur-Jharsuguda pipeline sections?

Management: Basically, right now we are supplying to the CGD sector in Mumbai-Nagpur-Jharsuguda and similarly in the Srikakulam-Angul pipeline. Certainly, there is a customer in Jharsuguda, so we are connecting these customers, and they will consume gas in the coming years.

Sanjay Mookim – JP Morgan: In that sense, sir, how much customer conversion can you see along the new pipelines?

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Management: [pause] Around 2-3 MMSCMD.

Sanjay Mookim – JP Morgan: I see. Lastly, on the Kochi pipeline, it has been delayed continuously for so many years. You said it will be completed in this fiscal year. How confident are you about that?

Management: Basically, only 3-4 km is left. We are hopeful that the remaining 3-4 km will be laid by March, at the maximum. All the pipelines, including Jagdishpur-Haldia, Kochi-Koottanad-Mangalore-Bangalore, {? SAPL ?}, Mumbai, and Gurdaspur-Jammu pipelines, will be commissioned in the current year by March, at the maximum.

Sanjay Mookim – JP Morgan: All right. Thank you, Subir.

Management: Yes.

Operator: Thank you. A reminder to all participants: you may press star and one to ask a question.

Operator: As there are no further questions from the participants, I would now hand the conference over to the management for closing comments. Over to you, sir.

Management: [long pause] Okay, thank you. Thank you, Nitin, and thank you to all the analysts and the investor fraternity for continuing to place their trust in GAIL. For any further queries, you may reach out to our IR team led by Anjana, {? Ranjan ?} Ma'am. I would like to wish everyone a very happy, prosperous, and joyful Diwali. Thank you. Thank you so much.

Management: Thank you.

Operator: Thank you. On behalf of PhillipCapital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

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