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"GAIL (India) Limited Q3 FY26 Earnings Conference Call"

February 02, 2026



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**MANAGEMENT: SHRI RAKESH KUMAR JAIN – GAIL (INDIA) LIMITED
SHRI SATISH KUMAR SINHA – GAIL (INDIA) LIMITED**

MODERATOR: MR. PROBAL SEN – ICICI SECURITIES LIMITED



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Moderator:

Ladies and Gentlemen, Good Day and Welcome to GAIL Q3 FY26 Earnings Conference Call hosted by ICICI Securities 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 after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Probal Sen from ICICI Securities Limited. Thank you and over to you, Sir.

Probal Sen:

Thank you, Palak. Welcome, everyone to the Post Q3 FY26 Conference Call of GAIL India.

We have with us members of the senior management headed of course by Shri Rakesh Kumar Jain, the Director, Finance of the Company and Other Senior Executives in this Team.

Without further ado, I will hand it over to him for “Opening Remarks,” post which we will have a Detailed Q&A.” Sir, over to you.

Shri Rakesh Kumar Jain: Thank you, Probal, and good morning, everyone, and a very warm welcome to our Q3 FY26 Earnings Conference Call. And here with me, I am joined by my senior colleagues from various sections/departments of GAIL India Limited.

The quarter under review has been marked by continuous volatility in global energy markets due to uncertain weather conditions and evolving geopolitical dynamics, which has kept the HH and spot prices on higher side.

Despite the adversities, GAIL's Natural Gas Transmission volume has shown a recovery as compared to the earlier quarters, marked by elevated consumption by fertilizer, refinery and CGD sectors.

In addition, GAIL has been able to seize the first-mover advantage in the preceding nine months by securing additional tie-ups with CGD customers, which has resulted in new tie-ups of approximately 2 MMSCMD. I find it worth mentioning that during calendar year 2025, more than 15,000 capacity transactions have been booked through GAIL's open pipeline access portal, which is encouraging for us to continue to build and invest in the natural gas infrastructure of the country.

Let me begin with “**Business Updates for the Quarter**”:

As you are aware that PNGRB has issued an interim revision of natural gas pipeline tariff for GAIL's integrated natural gas pipeline network from Rs.58.61 to Rs.65.69 per MMBTU, and this is effective



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from 1st January 2026. This represents an increase of approximately 12.1%, leading to a positive impact of approximately Rs.1,200 crores per annum. GAIL has filed a review petition, that is post announcement of tariff, we reviewed the tariff and filed a review petition on 26th December 2025, seeking an increase of Rs.15 per MMBTU to the interim revision. We submitted approximately say, Rs.78, we got Rs.65.69. Effectively, there was an approximate Rs.12 reduction, but when we filed the review petition, it became Rs.15 on same principles, because as you know that the tariff is worked out on discounted cash flow methodology. Any delay in tariff approvals also results in an increase of tariff, GAIL has ability to get more. So, therefore, the Rs.12 has become Rs.15, and we filed a review petition for an increase of Rs.15 per MMBTU to the interim tariff revision.

Though the petition, GAIL expects truing up of the factors like OPEX, CAPEX, transmission loss, and revenue sharing in terms of the regulatory provisions, which have not been considered in the interim tariff order.

With effect from October 1st, 2025, GAIL has implemented state-wise CST procurement of domestic gas from ONGC, Gujarat to enhance tax efficiency for CGD customers and GAIL is continuously looking for tax optimization, how can we do it for the various sections or various customers so that we have the ability to give competitive prices.

GAIL has been offered to set up two fertilizer plants along the MNJPL corridor. Apart from we seek to go into the fertilizer sector, these plants will also act as an anchor load for MNJPL. The envisaged investment for these two plants is Rs.21,000 crores. The set proposal is having an in-principle approval of the board, and the proposal is under evaluation stage now.

GAIL Global IFSC Limited, which is GAIL'S wholly owned-subsidiary, has successfully commenced operations within the first year of its operation by extending an inter-corporate loan of Rs.290 crores to Bengal Gas Company Limited.

GAIL sees renewable energy as a strategic growth opportunity and is undertaking a significant expansion of existing clean energy portfolio of 145 MW we have, that is, 118 MW of wind and 27 MW of solar.

Several large projects are currently in various stages of development are under progress, including 170 MW wind project in Maharashtra, solar projects of 100 MW and 600 MW in Uttar Pradesh, and approximately 35 MW captive use solar plants across various GAIL locations.

Compressed biogas continues to be a strategic pillar of our clean energy portfolio. Following the successful commissioning of 5 ton per day CBG plant at Ranchi, the board has approved investment for establishing 6 CBG plants. These projects are part of GAIL's commitment to establish around 25-



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30 CBG plants across India, for which the Company is proactively engaging with the multiple state governments to secure land. These initiatives reflect our strong commitment to strengthen India's energy security while accelerating the transition towards sustainable and clean energy solutions and enhancing long-term value creation.

GAIL's Retail LNG business continues to progress steadily with a plan to establish 29 LNG stations. Development of LNG stations at 5 locations is presently underway. Further, GAIL's CGD entities have already commissioned 13 LNG or LCNG stations, marking early steps towards building a cleaner long-haul transportation ecosystem in the country. As you know, this is one of the major upcoming major LNG consuming sectors.

I feel happy to inform our investors that the Company has declared an interim dividend at the rate of 50% of face value for the financial year 2025-2026, i.e. Rs.5 per share.

GAIL's results for the quarter-ended 31st December 2025 have been declared on last Saturday. I will briefly touch upon the "**Major Highlights for this Quarter**," thereafter, we may open the "Session for Queries."

GAIL's turnover stood at Rs.34,030 crores in Q3 FY26 as against Rs.34,972 crores in Q2 FY26. Profit before tax in Q3 FY26 stood at Rs.2,030 crores as against Rs.2,823 crores in Q2 FY26. Profit after tax during the quarter stood at Rs.1,603 crores as against Rs.2,217 crores in Q2 FY26.

"Q3 FY26 vs Q3 FY25":

On a comparative quarter basis, GAIL achieved turnover of Rs.34,030 crores as against Rs.34,907 crores in the corresponding period of last year. PBT stood at Rs.2,030 crores as against Rs.5,029 crores and PAT stood at Rs.1,603 crores as against Rs.3,867 crores.

As you know, this is mainly because of an exceptional income we got last year in Quarter 3, i.e. Rs.2,440 crores, which was recorded by the Company on account of arbitration settlement with SMTS.

Now, I will touch upon the Physical Performance during the Quarter vis-à-vis Previous Quarter":

Gas marketing volume during the quarter stood at 103.98 MMSCMD as against 105.49 MMSCMD in Q2 FY26.

Natural gas transmission volume improved to 125.45 MMSCMD in Q3 FY26 as against 123.59 MMSCMD Q2 FY26. The average capacity utilization was 56%.



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Polymer production was almost flat at 219 TMT in Q3 FY26, which stood at 220 TMT in previous quarter.

LHC production stood at 199 TMT as against 221 TMT in previous quarter.

LPG transmission was 1,188 TMT as against 1,167 TMT in previous quarter. The capacity utilization was 103% during the quarter.

Now, let me take you through the "**Consolidated Financials of Q3 FY26 versus Q2 FY26**":

The consolidated turnover in Q3 FY26 stood at Rs.35,253 crores as against Rs.35,594 crores in Q2 FY26.

The PBT in Q3 FY26 stood at Rs.2,165 crores as against Rs.2,565 crores in Q2 FY26.

The profit after tax in Q3 FY26 stood at Rs.1,756 crores versus Rs.1,972 crores in Q2 FY26.

As you know, GAIL also is directly dealing with six CGDs. Just to take you through the **performance of those six CGDs**. GAIL has direct authorization of 6 GAs and has an infrastructure of 215 CNG stations and 4.64 lakh DPNG connections. During the quarter, 2 new CNG stations and 15,990 new DPNG stations were added. The physical volume stood at 0.55 MMSCMD. In the next two years, GAIL targets to add around 85 new CNG stations and around 1,50,000 new DPNG collections.

I will also take you through the "**Performance of our 100% Subsidiary, GAIL Gas Limited**":

In Q3 FY26, turnover of GAIL Gas stood at Rs.3,292 crores as against Rs.3,235 crores in Q2 FY26.

PBT stood at Rs.143 crores as against Rs.148 crores in Q2 FY26. The decrease is mainly due to increase in input gas cost and exchange rate resulted in reduction in margin.

PAT stood at Rs.106 crores as against Rs.111 crores in Q2 FY26.

The physical volume stood at 7.8 MMSCMD.

During Q3 FY26, GAIL Gas along with its JVs/subsidiaries has added 71,411 new DPNG connections and 9 CNG stations. GAIL Gas with its JVs/subsidiaries have an infrastructure of 12,46,000 DPNG connections and 674 CNG stations.



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I will also take you through the “**Status of Ongoing Projects**”:

As of December 2025, GAIL's operational natural gas pipeline length has crossed to 18,000 Kms. Calendar year 2026 will be an important year for project commissioning with several major pipelines scheduled to come on stream like Mumbai-Nagpur-Jharsuguda, that is remaining portion I am talking about. The Jagdishpur-Haldia project, KKMBPL Phase-2, Gurdaspur-Jammu pipeline. Together, these projects will significantly enhance reach, reliability and regional balance in national gas grid.

GAIL is also actively considering participating in bidding for new petroleum and petroleum product pipelines, largely LPG pipelines.

As regards Petrochemicals project, this calendar year will be an important year from petrochemicals project point of view as well. Major projects such as GAIL's 1,250 KTA-PTA plant at GMPL, Mangalore, 500 KTA-PDH PP plant at Usar are scheduled to be commissioned during this calendar year, and 60 KTA-PP plant at Pata is in very advanced stage of commissioning, may be commissioned in a day or so.

“CAPEX for Q3 FY26”

During the quarter, a CAPEX of Rs.2,186 crores was incurred out of which Rs.804 crores was incurred on pipelines, Rs.455 crores was incurred on Petrochemicals, operational CAPEX and others was Rs.620 crores, and rest was on CGD, E&P, Renewable, Equity contribution, etc.,

I will also take you through the “**Segment-Wise Outlook for Short-to-Medium Term**”:

The PBT from gas marketing during the quarter stood at Rs.779 crores. The PBT from gas marketing during the 9 months stood at Rs.3,000 crores. We are expecting to achieve marketing margin of Rs. 4,000 crores at PBT level from gas marketing segment in FY26.

In Gas Transmission Segment, Q3 FY26, average transmission volume improved to 125.45 MMSCMD as compared to 123.59 MMSCMD during Q2 FY26. Further, the volume during the month of December '25 stood at 128.65 MMSCMD. This reflects that there is now a recovery phase or there is a growth in transmission business after we have seen Q1, which was not up to our expectations. Average transmission volume of 9 months FY26 stood at 123.23 MMSCMD. The recovery in gas transmission volume is primarily on account of elevated consumptions by fertilizer, refinery, and CGD sector and resumption of gas supply on 2 sections after completion of repair jobs which had got disrupted during Q2 FY26 due to extreme monsoon and flash floods in North India. We are hopeful of achieving our gas transmission guidance of 124 to 125 MMSCMD for FY25-26.



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Polymer production stood at 219 TMT as against 220 TMT in the previous quarters. There is a loss of Rs.483 crores during Q3 FY26 due to increase in input gas cost, rupee depreciation, and decline in polymer prices. This segment is likely to be at similar level for remaining part of this financial year. However, likely softening of input gas prices, various measures being taken for cost optimization, and improvement of efficiency may lead to improvement in performance of this segment in the coming years.

LHC production stood at 199 TMT during Q3 FY26 as against 221 TMT in the previous quarter. PBT for Q3 FY26 stood at Rs.29 crores. The PBT for LHC segment has been hit by drop in prices on account of low crude prices coupled with reduction in allocation of New Wells gas from 0.3 MMSCMD to 0.2 MMSCMD. The management is actively engaging with Ministry for more allocation of domestic gas.

In addition to above Operational and Financial Performance, I would also like to highlight the progress of Project Sanchay 2, our flagship project which is focused on maximizing profitability across core business segments through targeted improvements enabled by advanced data analytics.

Phase-I of the project has been successfully completed with 30-approved use cases with an expected benefit of more than Rs.600 crores on net present value basis in the coming five years. This is after net of the CAPEX which we are going to incur ~ Rs.146 crores.

In addition to Monetary Benefits, Sanchay 2 is also helping build internal capabilities. GAIL is establishing a center of excellence comprising existing Sanchay 2 team members and further strengthening a team so that analytics, optimization, and value creation become embedded in the way GAIL operates across all business units.

That is all from my side regarding overview performance and projects.

Now, the management of the Company is available, and we will be glad to address any query that you may have.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Vivekanand from Ambit. Please go ahead.

Vivekanand: Hi, thank you for the opportunity. I have two questions. The first one is on the transmission business. How do you see the volume ramp up for FY'27-28 and what do you think the global gas supply dynamics are looking like when it comes to these assumptions of gas demand?



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Shri Rakesh Kumar Jain: Thank you. With respect to volume ramp up in financial year '26, we have been giving guidance time-to-time, and in terms of our guidance, we are expecting at least 134-135 MMSCMD of volume in the coming financial year. We will end this financial year in fact around 124-125 MMSCMD and we are expecting at least 10 MMSCMD volume which anyway should have been available this year, there were various factors because of which we could not achieve that. So, in order to give even further details of that, almost 4 MMSCMD volume we are expecting to come from natural growth of CGD, and then we lost power volume this year which is almost 2 MMSCMD. We expect that to come back. New refineries volume and old refineries, these 3 MMSCMD volumes will come from there. In Fertilizer, we have seen disruption during the year, that is likely to come up. So, even if that volume which we lost during this year including the CGD growth of 4-5 MMSCMD, we expect to reach 134-135 MMSCMD in financial year '27. Regarding global gas supply, the global gas supply is abundantly available from coming financial year. As you know, lot of capacities are coming on-stream and that is helping the price to go down. We expect those prices to soften. In fact, we have lot of offers available at a very, very competitive price and therefore that will also increase the boost of gas consumption in our price-sensitive market.

Vivek Anand: Okay. Thank you for this. Just one follow up or an additional question on the new gas contracts that you are signing. Are these contracts primarily Brent-linked or do you have a mix of baskets to mix the price to?

Shri Rakesh Kumar Jain: Actually, when we source the volume, we have two, three things in our mind. One, that it should be the cheapest available volume to our country, because you know that ours is a price-sensitive market we do not go based on any geography or any index. So, we are evaluating those offers which we are discussing, but currently we are feeling that, because this is all dynamics, Brent-linked contracts are more competitive as compared to Henry Hub-linked contract and therefore as a portfolio player, we always want to keep a mix of Brent-linked and Henry Hub. So, we are looking immediate basis on Brent-linked contract. We are of course also discussing Henry Hub, but we feel that Brent-linked contract may be available at a competitive rate as compared to Henry Hub during current market. I am not telling that we will not go for Henry Hub, it is a dynamic situation.

Vivek Anand: Right. That really helps. Last question is the current portfolio that you have of a long-term sourcing, which is around 17 MMT, where do you want to take this to in the next couple of years?

Shri Rakesh Kumar Jain: We have a statement about this. By 2030 at least, I am using the word at least, we want to increase our portfolio to around 6-7 MMTPA more from the current level. Though the demand in the country will be significantly more, at least to 22-23 MMTPA we want to increase the portfolio. And when we see that more demand is coming, which are likely to come, we will further take it on.

Vivek Anand: Alright. Thank you and all the best.



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Moderator: Thank you, sir. The next question is from the line of Puneet from HSBC. Please go ahead.

Puneet: Yes, thank you so much. So, you talked about this 6 to 7 MMTPA additional LNG by 2030. When should one think that you will start contracting these?

Shri Rakesh Kumar Jain: We will go progressively. We are already in the market for sourcing of at least 12 cargos per annum. We are having discussions with various suppliers. So, such a huge volume you cannot expect or we do not intend to contract in one-go. So, we are going progressively, because we are also seeing what kind of index, what kind of a supplier, what kind of flexibility is available. So, progressively we will reach to 22-23 MMTPA that is we will be adding 6-7 MMTPA.

Puneet: Are you seeing early signs of price correction coming in or you are still waiting for the glut to really start coming in and then price you will see?

Shri Rakesh Kumar Jain: Actually, we believe that already the competitive offers are available. Because when we are talking of this contracting, it is not from '26, we are talking of '27, '28. For that, the suppliers are ready to offer the competitive price. So, we do not expect that the price will further crash. Of course, you cannot predict anything in oil and gas business, but still based on our analysis that the offers currently available are quite competitive and therefore we have real interest in going ahead.

Puneet: Understood. And if you can also talk, when do you think the tariff review will happen? PNGRB said 1st April 2028. Do you see a scenario where it can happen earlier?

Shri Rakesh Kumar Jain: I want to spend good time on this subject. Actually, our last tariff revision had happened from 1st April 2023. And in normal course of tariff revision, if you go by law of the land, that is regulations, naturally the tariff revision was due in April 2028. But when in April 2023 tariff was revised, PNGRB had done moderations of around Rs.10 per MMBTU largely on two accounts - one on consideration of system use gas at \$3.61 per MMBTU and capacity on a provisional basis and that \$3.61 per MMBTU was not even domestic price. Because of that we filed an appeal with the regulator to consider that. But the appeal was taking time because of some issues and we were asked by PNGRB to file regular tariff. So, whenever you file the regular tariff, you file everything. So, we filed everything and accordingly our submissions in August 2024 was giving us a tariff of Rs.78/MMBTU. But when PNGRB approved the tariff, they approved Rs.65.69/MMBTU. In fact, they only trued up two parameters for which we went for appeal. But, we believe that normally interim tariff concept is not there. So, we again filed an appeal of Rs.15/MMBTU. Now, it has become Rs.15. But while even doing interim relief, we believe that the two parameters should have been considered differently than what PNGRB done. They considered higher volume but did not give the transmission loss on higher volume. There is a regulation that if you transport the volume beyond 75% of capacity, 50% of the revenues the transporter can retain and 50% can be passed on. So, PNGRB considered higher volume,



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but that has not been given. We feel apparently these are mistakes apart from the other parameters. So, we filed an appeal with PNGRB. We are positive and we believe that appeal will be considered. Otherwise, the tariff was due on April '28 and they have not said anything that that will be cut or this will be cut, they have told in the order that will be considered in '28. So, if it is considered in '28, Rs.15/MMBTU we are asking will become Rs.17/MMBTU. Its like a fixed deposit in a bank with a 15% pre-tax return.

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

Somaiah: Thanks for the opportunity, sir. The first question is on the fertilizer project that we plan. If you could just help us in case if we start to invest, what will be the timeline and what is your thought on this CAPEX of Rs.20,000 crores, how does this compare with the Brownfield? We have an expansion option on this, plus also what is the project return that we are looking at. Timelines, cash flows and project return, these three things if you could help us? Thank you.

Shri Rakesh Kumar Jain: We expect a timeline of three years from the date board approves this proposal. Principally, it is approved but it is subject to policy on energy and the subsidies by government. We are working on that. Regarding the returns, it is an assured return. If it is in terms of the policy guidelines of fertilizer, so it will be an assured return. That is not a concern for us. Cash flow, since it is the three years project, so in these three years the cash flow will come maybe initial one year maybe 10-20% then 50-60% and remaining like that cash flow will happen.

Somaiah: So, there is a capital grant or subsidy angle to this at a later point ?

Shri Rakesh Kumar Jain: No capital grant. It is a subsidy which is available to the fertilizer plants. Fertilizer plant subsidy means the production subsidy because after production, the fertilizer is sold at a price notified and the producer gets the differential.

Somaiah: Understood sir. But, based on the current prevailing economics, what do we think of a rough cut of the project IRR for this?

Shri Rakesh Kumar Jain: 12% equity IRR.

Somaiah: Okay. Got it sir. So, second question is on the marketing side. So, one, in the month of January has been quite volatile; it has spiked almost to \$6-7/MMBTU. How do we see this impacting us in the near-term? That is the first part. Second part, sorry I missed your initial remarks on the marketing guidance outlook. And also, in the presentation, in terms of the overseas sales, this number has moved to close to 12 MMSCMD for the nine months FY26 which was 6-7 MMSCMD. I mean earlier it



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looked like the international volumes will continue to decline and will be diverted to the domestic market but in the last nine months it has gone up, if you could just clarify on this.

Shri Rakesh Kumar Jain: So, marketing guidance we have been given time-to-time. Initially, when the year began we gave Rs.4,000 crores of marketing margin we will be able to earn. But seeing the Q2 performance, we were expecting somewhere Rs.4,000 crores to Rs.4,500 crores. But the question you raised about volatility. So, we still maintain that we will be somewhere Rs.4,000 crores plus of marketing margin. That is the guidance.

Somaiah: Sorry, one clarification here sir. When we say Rs.4,000 crores, you are referring to FY26 or FY27?

Shri Rakesh Kumar Jain: I am talking of this financial year.

Somaiah: So, for FY27 earlier, we can expect a similar run rate or we will be guiding at a later point?

Shri Rakesh Kumar Jain: We have been giving this guidance for FY26 also. For FY27 also we are not saying that we will be having any different number than that, because our volumes are same, the marketing kind of challenges are same. So, we expect next year also we earn Rs.4,000 crores of marketing margin.

Somaiah: The second part was on the overseas sales increasing versus last nine months this year 12 MMSCMD.

Shri Rakesh Kumar Jain: My colleague, Mr. Satish Sinha will respond.

Shri Satish Kumar Sinha: Basically during the current year we have taken various optimization measures. So, earlier we used to have destination swaps. Now, we are doing it on FOB-DES basis. So, due to this our overseas sale has increased.

Somaiah: Okay, got it.

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

Amit: Hi, good morning. Thanks for the opportunity. On petchem input gas cost, could you tell us what was the number in Q3?

Shri Satish Kumar Sinha: \$11.2 per MMBTU as against \$10.49 per MMBTU in the previous quarter.

Amit: In Q2? Okay. If you have the same number for last year?

Shri Satish Kumar Sinha: Last year it was \$9.45/MMBTU.



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Amit: Okay. And with Henry Hub still being higher than last quarter, so this number should go up more in Q4?

Shri Rakesh Kumar Jain: Yes, you are right. With Henry Hub it has gone higher. But, we are talking with respect to one month settlement. That is January. So, after January, February has softened if you see the current market of HH. March is still there because January normally we have seen because of the severe winter it goes high. So, February and March we do not see any challenge. January yes, there is a challenge. So, we have a lot of options, risk mitigation measure by marketing in an international market or doing some optimization measures. So, we are working out it. But on the face of it what you are thinking may be correct, because today it has gone up. So, part of that certainly we have to bear the cost.

Amit: Alright. And entire feedstock would be Henry Hub-linked LNG or is there any other gas in the mix?

Shri Rakesh Kumar Jain: Yes, significant amount is Henry Hub also. But, we are supplying Brent and also the available spot prices, whatever, because we have a lot of volumes available. So, we see whatever possible we supply to Pata plant. Largely, it is Henry Hub, but not necessarily everything is Henry Hub.

Amit: Understood. Is it fair to say that you will continue to run the plant at 100% utilization even if LNG is staying high or would you look to curtail that as well?

Shri Rakesh Kumar Jain: February and March we do not see any challenge. In January prices settled for February, yes, there is a challenge, December price settled for January, there was no challenge; it was \$4.69 per MMBTU. So, now coming back to your question, whether we will run 100% now? We are in the fag end of the financial year. So, if you stop for a month or two it actually impacts the energy efficiency, and it also impacts the customer sentiment. So, for a smaller period of month or so, we do not take a call for shutting down. This happens in cyclical business certainly impacts. But second positive thing has happened in the last one month. The prices of polymer has gone up. This month it has gone up by Rs.2,500 per metric ton and before that Rs.1,000 per metric ton, Rs.3,500 per metric ton price has also gone up. One way the input cost has gone up, yes, another side that price of polymer has also increased.

Amit: Understood. And earlier you had mentioned you were also thinking of diversifying into ethane. Any progress there?

Shri Rakesh Kumar Jain: We have not said that we are diversifying in ethane. Because this is only a gas-based plant in North India. What we are working on is to optimize or take various cost optimization measures to make this plant profitable on a sustainable basis even at this price. So, what we are doing is first optimization measure we have taken, we are putting one pipeline carrying C2-C3 from our Vijaypur plant to Pata. So, currently what we are doing, we are extracting C2- C3 at Vijaypur, mixing in natural



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gas pipeline, re-extracting it. During this process, we lost 10% energy. So, that one optimization measure we have already taken and this pipeline will be completed in 1-1.5 years from now. Second what we are working on it, this is quite under consideration that we lay a dedicated ethane pipeline for any of the projects and actually source ethane. Instead of using gas, we actually directly use ethane. Ethane, it has been seen that is cheaper than gas and it will give 20-25% more yield as compared to gas. And if we are able to do that for which we are working, this plant will become profitable even at the current level of prices, whereas the price of polymer if you see in '29 onwards, any forecast suggesting will go significantly high, because today the capacity is higher and demand is less, the situation is going to be reversed in the coming three years.

Amit: And just a last question is on the LPG and liquid hydrocarbons business. The volume has been curtailed in this quarter because of the APM reduction. So, is this a normal run rate now, the 200KTA volume?

Shri Satish Kumar Sinha: I think so. Right now, we are having non-APM gas allocation around 1.12 MMSCMD and new well field gas around 0.2 MMSCMD. So, total gas availability for the LHC segment is around 1.32 MMSCMD. So, our production will be around 2 lakh tons per quarter.

Amit: Okay. Understood. That is all from my side. Thank you.

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

Varatharajan: Thank you for the opportunity, sir. Sir, in your opening remarks you highlighted that the Henry Hub price movement is adverse. Is it only adverse from the point of view of use as a feedstock in petrochem or has there been some kind of an impact on the trading side as well?

Shri Rakesh Kumar Jain: So, first question, yes, it will certainly impact to some extent on the petrochemicals project because the January price settled at higher. With respect to the natural gas marketing, we have some open volume. We have been telling that we source 21 MMSCMD from the United States, almost 3 MMSCMD we have kept open. Second, there are certain take-or-pay contracts where we have signed 60%-70% take-or-pay. So, if Henry Hub prices go higher and becomes uncompetitive as compared to the crude-linked contract, it is the consumer behavior that they restrict themselves to take-or-pay or around that level. That certainly puts us in a situation to market that volume at a prevailing price and certainly the open volume also sometimes provides us arbitrage of different indexes costlier. So, yes, it may to some extent impact us, but our guidance with respect to marketing margin, we have been maintaining of Rs.4,000 crores, factoring in all likely situation or whatever is prevailing currently.



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Varatharajan: Understood. So, in that case, would you be in a position to give us some kind of a split in terms of volume with regard to this oil-linked selling contract?

Shri Rakesh Kumar Jain: Can you come again?

Varatharajan: So, you were mentioning some oil-linked contract take-or-pay is there because of which we have to curtail. So, in terms of how much of volume out of that US contract is actually oil-linked?

Shri Rakesh Kumar Jain: No, no, I have not said so. What I have said, we have 21 MMSCMD of volume we source from the United States. 3 MMSCMD volume we have kept open, that means it is not back-to-back basis, that is index is Henry Hub and market. So, that is the only challenge what we are telling. And some customers' behavior, if the prices change other way, they restrict themselves, take-or-pay and source from other gas. So, that happens regularly.

Varatharajan: Just to get it clarified. So, the remaining 18 are all back-to-back contracts with gas-linked contracts?

Shri Rakesh Kumar Jain: Majority is on back-to-back and some volume we take swaps. So, that is how we make it back-to-back. That is swaps, crude versus Henry Hub.

Varatharajan: Fair enough, sir. Of all these projects, is there any project where we are seeing an escalation in the CAPEX cost?

Shri Rakesh Kumar Jain: So, since most of our current projects are almost at the verge of completion and their cost has become almost kind of certain. PDHPP, Rs.11,258 crores is almost we will be completing that project within that cost, PP is already under commissioning, no likely, Mumbai, Nagpur, Jharsuguda, except some portion, we are almost complete, Srikakulam, Angul, except a spur line, we are completing Gurdaspur. Because these projects are at a very significantly advanced stage of completion and we have visibility that there is unlikely of cost escalation except Jagdishpur-Haldia, which may see some cost escalation, not any other project. Minor, minor escalation, that is what I am saying.

Varatharajan: Great, that is very useful. Thank and all the best.

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

Sabri Hazarika: Yes, good morning, sir. Two questions. Firstly, you mentioned on the Henry Hub price, which is your price for January, you said it is \$4.69 per MMBTU, right?

Shri Rakesh Kumar Jain: Actually applicable price for January is price settled in December, right? So, price settled in December is \$4.69 per MMBTU, which is applicable for January supply. The price settled for January is \$7.46 per MMBTU, which is applicable for current month, that is February.



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Sabri Hazarika: So, that has gone up significantly. So, that will have impact on the petchem, right?

Shri Rakesh Kumar Jain: Yes, I admitted that. But we will take some optimization measures -- can we market it instead of bringing that gas to this market, can we market it to Europe where prices are good and then we source some spot or some crude linked contract gas or available in our portfolio supply. So, those optimization measures we will take, but on face of it, it has gone up.

Sabri Hazarika: And a small follow up to this. When you say Rs.4,000 crores, you mean the EBIT, right?

Shri Rakesh Kumar Jain: I mean PBT.

Sabri Hazarika: You mean PBT, right? So, Q3, what was the PBT then? EBIT was 4,000 crores, but I think below EBIT –

Shri Rakesh Kumar Jain: There was Rs.2,231 crores the PBT.

Sabri Hazarika: Rs.2,231 crores PBT for half year versus that you are expecting Rs.4,000 crores-plus for the full year, right?

Shri Rakesh Kumar Jain: Yes, actually some events are taking place because of geopolitical situation. Has anybody envisaged that the exchange rate will touch to 92?

Sabri Hazarika: Right, definitely.

Shri Rakesh Kumar Jain: So, these factors are also making us to calibrate, but we still maintain Rs.4,000 crores.

Sabri Hazarika: Right, sir. And second question is on your ethane sourcing. I think right now you are setting up Vijaypur-Pata. But if you were to import ethane from the US and also you have to set up another pipeline, which will be set up somewhere in the Hazira-Dahej belt, is that right?

Shri Rakesh Kumar Jain: So, maybe Hazira, maybe Dahej, maybe Dabhol to Vijaypur. We have all the options available because we have our own terminal as well. We are expanding the capacity of Dabhol from current level of 5 MMTPA to 6.3 MMTPA which was already sanctioned and we have planned to gradually increase to 12.5 MMTPA. So, we have all the options available and we are working on that, which terminal we should plan for bringing ethane and utilize, because anybody will prefer that you should utilize your own terminal.

Sabri Hazarika: Got it, sir. Thank you so much and all the best.

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



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Pratyush: Hello, sir. Thanks a lot for giving this opportunity. I have two questions. First is regarding your sourcing. So, since you have mentioned it a couple of times that you source about 15.5 million ton of contracts. Sir, can I get the bifurcation of the contracts, like what kind of volumes are you getting from Ras Gas, what kind of volumes are you getting from Exxon, Chevron, etc.,? That is the first question.

Shri Rakesh Kumar Jain: So, we have 16.53 MMTPA contracts existing. Out of that, we have 5.8 million tons from the United States on Henry Hub and 0.75 from Middle East on Henry Hub, that makes 6.55 million tons, right? Then 4.5 million tons from, again, Ras Gas on crude-linked, approximately 3 million tons, again, from one of the marketing companies, SEFE on crude linked, 0.42 million tons, again, on crude linked through PLL, and we have signed one more contract from Vitol for 1 million tons. That is crude linked, and ADNOC another 0.53 million tons of crude linked.

Pratyush: Got it, sir. Thanks a lot. The second question is regarding the downstream players, the fertilizer, the CGD players and other players whom you actually give the gas. So, I wanted to ask regarding the marketing margins of the contracts, because in the last quarterly call, you mentioned about, there is a 7.8 million tons of contract in which you have a sort of fixed margin, and which is majorly sold to the fertilizer players. So, does it involve that CGD companies also? And this 7.8 million tons is something which you majorly get from the Ras Gas, is it something which I am understanding correct? So, that is the one point. And second is, what is the typical marketing for the other 7.2 million tons contract in which you do not have a typical fixed kind of margin, which is there in the 7.8 million tons?

Shri Rakesh Kumar Jain: Actually, it is not Ras Gas we are getting 7.5 or 7.8, only we are getting 4.8 as of now which is including 0.75 on Henry Hub. That is one. Second, largely our volume, I have said 3 MMSCMD, you can say 0.75 MMTPA or maybe 0.8 MMTPA is open. All other volumes we have marketed either back-to-back, or if not back-to-back, we are taking swaps for mitigating risk time-to-time. And when we have marketed these volumes on back-to-back or through swap, there is a fixed margin. Now, fixed margin varies from contract-to-contract and period of contract. So, that is the overall scenario. Somewhere you get maybe a dollar margin or somewhere you get 20 cent margin or somewhere you get 10 cent margin. That varies from the time we marketed, that varies to whom we marketed, and that varies also based on how much volume we marketed. So, largely you can consider that out of total volume we have marketed largely on back-to-back basis, except maybe 0.8 or 0.9 MMTPA.

Pratyush: Got it, sir. And so over and above this largely the back-to-back contract, you also get margins on the APM, the HPHT, right? Definitely, I think it is capped according to the government of Rs.200 per 1,000 SCM, something like that. So, this was regarding the RLNG part, but not about the domestic front. In domestic front, you also get some marketing margins on getting contract through APM or



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HPHT. Am I understanding it correct? But there is a margin which has been capped by government end about Rs.200 per 1,000 SCM, is it something like that?

Shri Rakesh Kumar Jain: Actually, domestic gas also has two parts. One is APM gas where the margin is Rs.200 per 1,000 SCM, another is MDP gas where marketing margin is around the line of RLNG.

Pratyush: Got it, sir. Okay, sir. That is all from my end. Thanks a lot for answering this question.

Moderator: The next question is from the line of Nitin Tiwari from PhillipCapital India Limited. Please go ahead.

Nitin Tiwari: Hi, sir. Good morning. Thanks for the opportunity. Sir, my question is also on the gas marketing business. So, can you also help us with the guidance for volume for gas marketing in FY27? I suppose the contract with Vitol is supposed to start in FY27, right?

Shri Rakesh Kumar Jain: It has started in FY26.

Nitin Tiwari: It has started? So, what is the volume guidance for marketing, sir?

Shri Rakesh Kumar Jain: So, volume guidance, we expect actually 5% increase. We have been maintaining that 5% to 6% increase in the volume. So, if we end up this year 104 -105 MMSCMD because a year is to be earned, so maybe 109 -110 MMSCMD on a normative basis we should achieve.

Nitin Tiwari: So, sir, my incremental question is linked to that only. So, if we are targeting higher volume in FY27, so are we expecting a contraction in margin, especially in the backdrop of what you earlier commented that now crude-linked contracts are turning out to be more favorable than HH, so, are we expecting any challenges with respect to marketing of HH contracts so that is why we are –

Shri Rakesh Kumar Jain: So, Nitin, considering those challenges, I have not revised my marketing guidance. I have maintained Rs.4,000 crores in spite of increasing volume by 5 MMSCMD.

Nitin Tiwari: Yes. So, your volume is going up, but your PBT guidance remains the same, which tells me that we are expecting a margin contraction. Is that the right assessment?

Shri Rakesh Kumar Jain: We are not expecting, but I cannot give you guidance, which actually may face some challenges, like this year in the beginning, who would have envisaged that situation will happen? Still, we are maintaining the guidance we have given in the beginning of the year, that is Rs.4,000 crores. So, whenever we should give guidance, which is in even conservative or a difficult scenario, you are able to achieve. Right? So, we expect more, but let that to come actually. We want to give you something which is certain based on today's assumptions.



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Nitin Tiwari: Understood. Fair enough. And, sir, my second question was with respect to the petrochemicals business. Thanks for helping us with the gas cost. I just wanted to understand the operating cost. If you can give us any ballpark number around what could be an operating gas cost, excluding depreciation on a per ton basis that to help us understand that how that number is moving?

Shri Satish Kumar Sinha: Basically in the process plant, particularly in the petrochemicals, we have around 70% to 75% as a gas cost, rest is the other cost, which includes repairs and maintenance, employee costs, stores and spares and other costs. So, you can consider this one.

Nitin Tiwari: Sir the 75% number that you are saying would change when the gas cost changes, right? So, I just wanted to understand a ballpark for say operating cost per ton that we can consider for our understanding?

Shri Satish Kumar Sinha: You can calculate whatever we have published a figure for the petrochemicals segment. So, we are reporting separately for the petrochemicals segment and the other segments. So, you can calculate easily from the published figure.

Nitin Tiwari: Okay. Fair enough. Thank you.

Moderator: The next question is from the line of Bineet from Nomura. Please go ahead.

Bineet: Hi, sir. Thanks for the opportunity. One question is on the petchem side. So, I think ONGC has already announced charter contract for a couple of ethane carriers and they also have an agreement with Petronet LNG for ethane handling, and given that the Qatar gas will not be rich gas from 2028 onwards, so what is your plan in terms of sourcing gas for your ethane cracker? I mean, will you be using the Petronet's Dahej terminal for handling ethane or will you be adding this capability in your Dabhol terminal?

Shri Satish Kumar Sinha: Actually, this question I have clarified in detail. That first, we are working on ethane sourcing. We are already in the midst of laying a line from Vijaipur to Pata which can carry ethane. We are also evaluating for putting up a pipeline upstream to Vijaipur. And for that, we have three terminals at least in West Coast in our mind, that is Hazira, Dahej and Dabhol. Dabhol being our own terminal, subject to viability, we will prefer to bring ethane at our own terminal.

Bineet: Okay, sir. And given the current margins for petchem and the margins in the next quarter will be probably worse than what you reported in the third quarter because of higher prices. So, is it not better to just stop operating the cracker in the fourth quarter because you are making losses even at the EBITDA level?



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Shri Rakesh Kumar Jain: Actually, we could have done it, but mind it, there are two consequences of stopping the plant for a very small period. Because anyway, we are expecting next year onwards, the prices are going to be softened. We have those offers available. If we stop the plant for a period of say one or two months, actually, it hurts in two ways; one, the energy efficiency or the minimum energy required to maintain the plant in a preservative condition that we have to incur; second, the customer sentiment. You see, a lot of customers have signed the contract or MoUs with us. If we stop the plant in between, we will lose these customers and they will go to our competitors. So, we cannot fly by night player and now we are losing, we stop it, now we are earning, we start it. So, on a longer term basis, we do not believe that this plant is going to incur losses. Last year, we were at a break-even level. This year, unfortunately, two adverse things happened, prices went down, and the input has gone up. Next year, we are not expecting such a situation to be repeated.

Bineet: Okay, sir. Understood. Sir, last question is a housekeeping question. So, your staff cost is down significantly; I think it is the lowest in many, many years. So, what was causing this very low staff cost in the third quarter?

Shri Satish Kumar Sinha: Basically, during the last year, we provided PRP at 100%. Basically, during the current year, no incremental leisure for the current year. So, we have reduced our PRP provision.

Bineet: And there is no impact of labor code in this number, right?

Shri Satish Kumar Sinha: Right now, no.

Bineet: Okay, sir. Thank you so much.

Moderator: The next question is from the line of Mayank Maheshwari from Morgan Stanley. Please go ahead.

Mayank Maheshwari: Sir, thank you for doing the call. Just a question around CAPEX now. Considering your petrochemicals projects are getting completed this year, and if you can give us a timeline of when they kind of start up on each of them, how much are you thinking about CAPEX for fiscal 27? Thank you.

Shri Rakesh Kumar Jain: Subject to addition of new projects, which I am not factoring it, we expect to incur Rs.9,000 to 10,000 crores of CAPEX in financial year '27. We have 2-3 pipelines which are under construction. Those CAPEX will come up like Vijaypur-Auraiya C2-C3 pipeline, Gurdaspur-Jammu pipeline, completion of KKMBPL and Jagdishpur-Haldia pipeline, and the spur lines of SAPL. Second, we have also approved in board doubling the capacity of our Jamnagar-Loni pipeline. Until now, this segment appears to be a very small segment, but by doubling it will appear to be a very lucrative segment. So, that will also involve a CAPEX of Rs.5,400 crores. So, large part of CAPEX will be on



pipeline in '27 and even in '28. And then we also have net zero plan, Rs.35,000 crores we have planned to incur in a period of 10-years, and we are evaluating various projects, like I narrated during the opening remarks, that almost 700-plus megawatt of renewable energy projects we have in hand, we are working on it, and we are doing it on pure commercial analysis basis to replace our internal uses of power, which we are purchasing. So, around Rs.2,000 to 3,000 crores of CAPEX will come from that side, and then maybe remaining CAPEX, which projects we are completing during this year, will be there from petrochemical and GMPL, and then equity and CGD projects which we are doing, LNG projects, which we are doing, CBG projects, which we are doing, may involve Rs.800 to 1,000 crores of CAPEX. This is how we reach to Rs.9,000 to 10,000 crores of CAPEX, including equity.

Mayank Maheshwari: Got it. So, a very clear answer. The timeline on the completion of the petrochemical plants this year, like when are you thinking which starts up, PTA, Mangalore, PP, PDH, like when do they start up now from your timeline perspective?

Shri Rakesh Kumar Jain: PTA will start during this financial year. We are very hopeful that it will be commissioned during this financial year. PP, which we are putting at Pata, 60KTA, will be commissioned in a day or two. PDH-PP, Usar, we expect to complete during this calendar year, that is delayed as planned, we could not complete, but by calendar year end, we expect it to complete.

Mayank Maheshwari: Got it, sir. Thank you.

Moderator: The next question is from the line of Saurabh from Citigroup. Please go ahead.

Saurabh: Thank you for the opportunity. Sir, you have mentioned that for the tariff hike benefit, which is 12%, the earnings benefit you are looking at is around Rs.1,200 crores. Now, this is what you had announced when this was before the zonal tariff apportionment. Now, based on the zonal tariffs, it looks like the benefit could be slightly higher than that. So, are you still maintaining a 12% number or could you just quantify in terms of realized benefit?

Shri Rakesh Kumar Jain: Actually, we maintain 12%, because this zonal distribution is subject to our risk-and-reward; it may be 14%, it may be 11%, so, we maintain an average number of 12%.

Saurabh: Sure, sir. And just a last question on CAPEX with all your pipelines likely to get commissioned over the next, I think, between March and June, how much should we look at in terms of what you will be capitalizing and the implications for depreciation?

Shri Satish Kumar Sinha: In the current quarter, I have capitalized around Rs.5,200 crores. So, only balanced portion of Srikakulam-Angul spur line around 300 kilometers, and some portion of Jagdishpur-Haldia, from



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Calcutta to Haldia and Dhamra to Haldia, this will be capitalized by June, and some portion of Mumbai-Nagpur-Jharsuguda, mainly Nagpur to Jabalpur in the Maharashtra region. So, this pipeline will be capitalized. And by June '26, Gurdaspur-Jammu pipeline will also be capitalized. So, the CAPEX is around Rs.500 crores. So, these are the CAPEX which will be capitalized in the coming years.

Saurabh: Sir, how much would this amount be if you just exclude the Gurdaspur-Jammu pipeline -- is that another Rs.4,000 to 5,000 crores of capitalization?

Management: From Rs.2,500 crores to 3,000 crores.

Saurabh: Okay, got it. Thank you so much.

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

Vikas Jain: Hi, sir. Thanks for taking my question. I have two of them. Firstly, this staff cost, you said that there was some adjustment because you had made a higher provision earlier. So, going ahead, what would be the annual staff cost on quarterly run rate that one should look at say from FY27 or so?

Shri Rakesh Kumar Jain: Vikas ji, this is very simple. In our pay package, there is a performance-related payment that is linked to incremental profit. So, as compared to last year, this year we are not expecting any incremental profit. So, therefore, on account of incentive, that has gone down. Now, your question, how much you should factor in? This year we are clear, but next year certainly we expect that if we are not having incremental profit, certainly we will have next year, because our base is going down. So, next year, you can consider the staff cost at the level of previous year.

Shri Satish Kumar Sinha: You can add Rs.100 crores on the incremental profit on account of PRC.

Vikas Jain: Okay, understood. Rakesh ji, just one more thing. So, this revision of tariff that we have filed for, if it does not get a look through sometime in the next 12-months or so, then automatically PNGRB will be like anyways going to get it from April '28. Is that how we should look at it? I mean, how is the process? So, once you submit it, then do they have a timeline within which they need to respond?

Shri Rakesh Kumar Jain: Vikas ji, there is no timeline for regulator. That is a fact. So, at our part, we have filed the petition, at our part, we will follow up for that, but the concerned around timeline remains.

Vikas Jain: Okay. And finally, I think just to kind of recap what you were just saying to the earlier participant was, so Rs.5,400 crores is the capitalization in this particular financial year for pipelines And how much is it likely to be in FY27?



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Shri Rakesh Kumar Jain: Vikas ji, I think this is not readily available. Let us give you a right answer. Give us maybe half an hour. Sinha ji will come back to you.

Vikas Jain: Okay. Thank you so much.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to management for closing comments.

Shri Rakesh Kumar Jain: Thank you, dear participants. It is always good to interact with you. I know you may have some more questions which you might not or you could not have asked because of the time constraint or there was some one question of Vikas we could not respond immediately. We appreciate your participation and we will be answering you the questions you could not ask or we could respond offline and look forward to interact with you regularly. Thank you very much.

Moderator: Thank you, sir. On behalf of ICICI Securities Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.