Retail Equity Research

GAIL (India) Ltd

Company Update

BUY

Sector: Gas Utilities

19th August, 2026

Key Changes	Target ▲	Rating ●	Earnings ▼

Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	GAIL:IN	77,235	GAIL	532155	12 Months

Target	**Rs. 200**
CMP	**Rs. 174**
Return	**+15%**

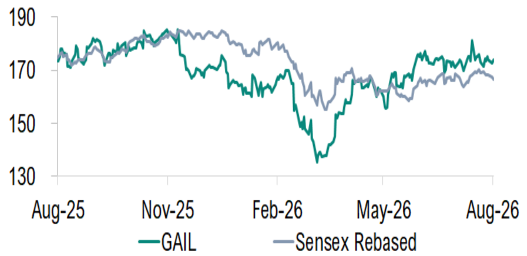
Data as of: 18-Aug-2026, 18:00 hrs

Company Data	
Market Cap (Rs.cr)	114,242
52 Week High — Low (Rs.)	187 - 134
Enterprise Value (Rs. cr)	136,767
Outstanding Shares (cr)	657.5
Free Float (%)	40.9
Dividend Yield (%)	3.2
6m average volume (cr)	1.2
Beta	1.3
Face value (Rs.)	10.0

Shareholding (%)	Q3FY26	Q4FY26	Q1FY27
Promoters	51.9	51.9	51.8
FII's	14.1	13.0	15.0
MFs/Institutions	19.9	20.6	19.2
Public	6.1	6.4	6.5
Others	8.1	8.1	7.6
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	8.5%	3.9%	0.0%
Absolute Sensex	2.5%	-7.8%	-5.0%
Relative Return	5.9%	11.6%	5.0%

***over or under performance to benchmark index**



Y.E March (Rs.cr)	FY26A	FY27E	FY28E
Sales	138,697	147,170	154,034
Growth (%)	*1.0*	*6.1*	*4.7*
EBITDA	10,332	15,085	16,235
EBITDA Margin (%)	*7.4*	*10.3*	*10.5*
PAT Adjusted	6,968	9,585	10,098
Growth (%)	*-21.5*	*37.6*	*5.3*
Adjusted EPS	10.6	14.6	15.4
Growth (%)	*-21.5*	*37.6*	*5.3*
P/E	16.4	11.9	11.3
P/B	1.5	1.5	1.4
EV/EBITDA	13.1	9.1	8.4
ROE (%)	*9.4*	*12.2*	*12.2*
D/E	0.3	0.3	0.3

Core Franchise Remains Well Positioned…

GAIL (India) Limited is a public sector undertaking that processes and distributes natural gas and liquefied petroleum gas (LPG).

- Standalone revenue rose 12.0% YoY to Rs. 38,982cr in Q1FY27, driven by higher realisations across gas marketing, liquid hydrocarbons and transmission services during the quarter.
- EBITDA surged 91.3% YoY to Rs. 6,376cr on broad-based profitability gains, lifting margin by a healthy 680bps YoY to 16.4% during the quarter.
- Gas marketing EBIT jumped to Rs. 3,481cr and liquid hydrocarbons to Rs. 773cr, together underpinning the earnings beat while petrochemicals stayed loss-making at Rs. 123cr.
- Reported PAT more than doubled, rising 127.5% YoY to Rs. 4,292cr, supported by stronger EBITDA, benign finance costs and robust overall profit delivery.
- However, profitability was materially aided by favourable, largely non-recurring pricing gains, suggesting these exceptionally strong margins may normalise meaningfully over subsequent quarters of FY27.

Outlook & Valuation

GAIL delivered a strong Q1FY27 despite LNG supply disruptions arising from the West Asia conflict. While gas marketing margins and LPG realizations are expected to normalize from elevated levels, improving transmission volumes, rising natural gas penetration, expanding CGD infrastructure and multiple projects nearing completion provide visibility on medium-term growth. Supported by a strong balance sheet and healthy cash generation, GAIL remains well positioned to benefit from India's gasification theme. **We maintain our BUY rating with an SOTP-based target price of Rs. 200.** Key upside risk include stronger transmission growth and sustained marketing spreads, while faster margin normalization and prolonged petrochemical weakness could weigh on earnings.

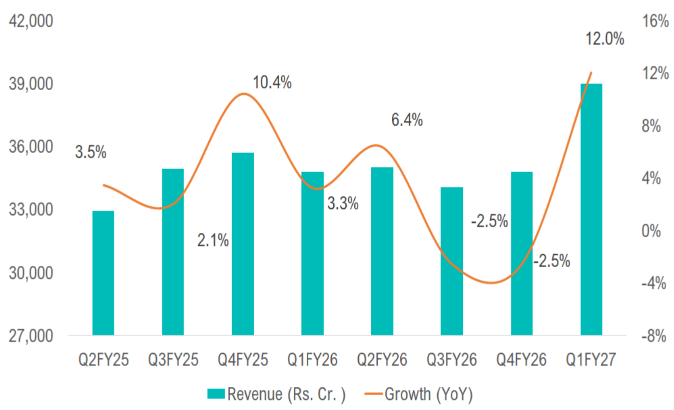
Quarterly Finance Standalone

Rs.cr	Q1FY27	Q1FY26	YoY Growth (%)	Q4FY26	QoQ Growth (%)
Sales	38,982	34,792	*12.0*	34,797	*12.0*
EBITDA	6,376	3,334	*91.3*	1,152	*453.2*
Margin (%)	*16.4*	*9.6*	*680bps*	*3.3*	*1,310bps*
EBIT	5,511	2,451	*124.9*	807	*583.1*
PBT	5,773	2,533	*127.9*	1,577	*266.1*
Rep. PAT	4,292	1,886	*127.5*	1,262	*240.1*
Adj PAT	4,292	1,886	*127.5*	1,262	*240.1*
Adj. EPS (Rs)	6.5	2.9	*127.5*	1.9	*240.1*

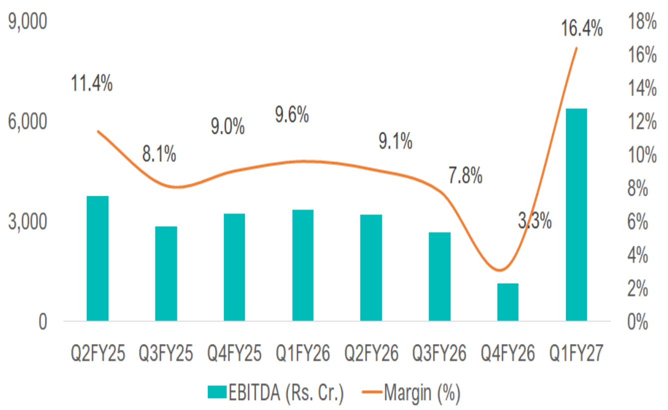
Key concall highlights

- Transmission volumes rose to 122.36 MMSCMD from 118.99 MMSCMD sequentially, led mainly by higher shipper volumes, though staying below FY25 levels, indicating stabilisation rather than structural acceleration.
- GAIL incurred Rs. 6,176cr capex, though 74% was operational spend including ship chartering, leaving pipelines, petrochemicals, renewables and CGD with modest allocations, implying likely back-ended growth spending.
- Marketing volumes fell to 93.82 MMSCMD amid reduced LNG availability after PLL's force majeure and West Asia disruptions, yet profitability rose sharply on favourable pricing indices.
- GAIL sourced eight spot cargoes and alternative supplies to protect priority-sector deliveries, reportedly securing reasonable margins even on spot volumes despite elevated procurement costs during the quarter.
- Liquid hydrocarbon output rose 20% to 232 TMT on additional New Well Gas allocation, with PBT surging to Rs. 773cr, though largely price-driven and likely to normalise.

Revenue



EBITDA



SOTP (SUM-Of-The-Part) Valuation

Particulars	PBIT	Multiple	Year	Value (Rs. cr.)	Value/share (Rs.)
Transmission Services	7,904	7.0x	FY28E	55,326	84
LPG And Liquid Hydrocarbons	831	5.0x	FY28E	4,157	6
Natural Gas Marketing	9,865	6.0x	FY28E	59,190	90
Petrochemicals	236	7.0x	FY28E	1,655	3
Other Segment	575	8.0x	FY28E	4,601	7
Less: Net debt				17,339	26
Standalone value				**107,588**	**164**
Joint Venture companies		2.1x	FY28E	9,738	15
Associate companies		1.0x	FY28E	12,236	19
Other Investments			FY28E	8,126	12
Others					
Total value				**137,688**	**209**
(20% holding discount)		20.0%		-6,020	-9
Target SOTP				**131,668**	**200**

Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	**FY27E**	**FY28E**	**FY27E**	**FY28E**	**FY27E**	**FY28E**
Revenue	147,309	155,920	147,170	154,034	*-0.1*	*-1.2*
EBITDA	14,351	15,813	15,085	16,235	*5.1*	*2.7*
Margins (%)	*9.7*	*10.1*	*10.3*	*10.5*	*60bps*	*40bps*
Adj. PAT	9,241	10,130	9,585	10,098	*3.7*	*-0.3*
EPS	14.1	15.4	14.6	15.4	*3.4*	*-0.3*

Standalone Financials

Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Sales	**130,638**	**137,288**	**138,697**	**147,170**	**154,034**
% change	*-9.5*	*5.1*	*1.0*	*6.1*	*4.7*
EBITDA	**13,375**	**14,327**	**10,332**	**15,085**	**16,235**
% change	*111.7*	*14.0*	*-26.6*	*42.8*	*13.6*
Depreciation	3,331	3,600	3,213	3,884	4,368
EBIT	**10,044**	**10,727**	**7,119**	**11,201**	**11,867**
Interest	697	744	942	961	999
Other Income	2,208	4,841	2,787	2,647	2,708
PBT	**11,555**	**14,825**	**8,964**	**12,888**	**13,576**
% change	*75.5*	*28.3*	*-39.5*	*43.8*	*5.3*
Tax	2,718	3,512	1,995	3,302	3,479
Tax Rate (%)	*23.5*	*23.7*	*22.3*	*25.6*	*25.6*
Reported PAT	**8,836**	**11,312**	**6,968**	**9,585**	**10,098**
PAT att. to common shareholders	**8,836**	**11,312**	**6,968**	**9,585**	**10,098**
Adj.*	-	-2,440	-	-	-
Adj. PAT	**8,836**	**8,872**	**6,968**	**9,585**	**10,098**
% change	*66.7*	*0.4*	*-21.5*	*37.6*	*5.3*
No. of shares (cr)	657.5	657.5	657.5	657.5	657.5
Adj EPS (Rs.)	**13.4**	**13.5**	**10.6**	**14.6**	**15.4**
% change	*66.7*	*0.4*	*-21.5*	*37.6*	*5.3*
DPS (Rs.)	5.5	7.5	5.5	6.1	6.5

Balance Sheet

Y.E March (Rs. Cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash	703	1,104	886	956	1,190
Accts. Receivable	9,698	10,269	8,387	9,094	9,672
Inventories	5,291	6,008	4,910	5,170	5,451
Other Cur. Assets	2,836	2,916	3,652	3,652	3,530
Investments	17,514	17,484	20,304	20,507	20,712
Gross Fixed Assets	**57,676**	**61,220**	**71,591**	**81,737**	**91,202**
Net Fixed Assets	42,266	43,243	51,677	56,114	76,957
CWIP	15,859	18,843	15,895	17,720	1,973
Intangible Assets	6,694	8,923	8,590	8,590	8,590
Def. Tax -Net	871	3	411	495	522
Other Assets	7,797	7,109	7,854	7,924	7,994
Total Assets	**109,528**	**115,902**	**122,567**	**130,222**	**136,591**
Current Liabilities	14,566	15,652	15,451	17,022	18,435
Provisions	934	985	9	11	13
Debt Funds	19,210	18,443	21,846	23,481	23,991
Other Liabilities	10,639	10,257	11,186	11,186	11,186
Equity Capital	6,575	6,575	6,575	6,575	6,575
Res. & Surplus	57,604	63,989	67,499	71,946	76,391
Shareholder Funds	**64,179**	**70,564**	**74,074**	**78,521**	**82,966**
Minority Interest	-	-	-	-	-
Total Liabilities	**109,528**	**115,902**	**122,567**	**130,222**	**136,591**
BVPS	98	107	113	119	126

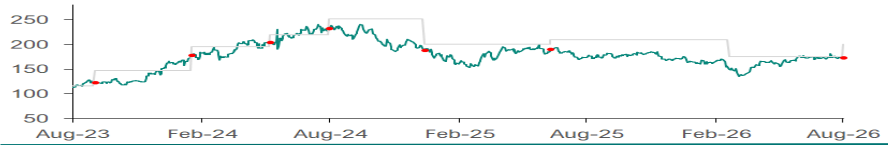
Cashflow

Y.E March (Rs. Cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Net inc. + Depn.	**12,018**	**14,755**	**10,059**	**13,470**	**14,466**
Non-cash adj.	-725	-74	-593	-1,594	-1,194
Other adjustments	-	-	-	-	-
Changes in W.C	555	880	413	495	-24
C.F. Operation	**11,848**	**15,560**	**9,879**	**12,370**	**13,247**
Capital exp.	-7,038	-6,890	-7,176	-10,146	-9,464
Change in inv.	-995	-602	-1,591	-	-
Other invest.CF	30	1,444	1,021	1,149	1,181
C.F - Investment	**-8,002**	**-6,048**	**-7,746**	**-8,997**	**-8,283**
Issue of equity	-	-	-	-	-
Issue/repay debt	1,279	-3,859	2,616	1,635	510
Dividends paid	-3,619	-4,274	-3,945	-3,978	-4,241
Other finance.CF	-1,091	-1,079	-961	-961	-999
C.F - Finance	**-3,431**	**-9,212**	**-2,290**	**-3,303**	**-4,730**
Chg. in cash	415	301	-157	70	234
Closing Cash	**703**	**1,104**	**886**	**956**	**1,190**

Ratio

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	10.2	10.4	7.4	10.3	10.5
EBIT margin (%)	7.7	7.8	5.1	7.6	7.7
Net profit mgn.(%)	6.8	6.5	5.0	6.5	6.6
ROE (%)	13.8	12.6	9.4	12.2	12.2
ROCE (%)	12.0	12.1	7.4	11.0	11.1
W.C & Liquidity					
Receivables (days)	27.1	27.3	22.1	22.6	22.9
Inventory (days)	18.0	19.4	15.3	15.5	15.7
Payables (days)	22.9	26.1	19.8	23.4	24.8
Current ratio (x)	0.9	1.0	0.8	0.8	0.8
Quick ratio (x)	0.5	0.5	0.4	0.4	0.4
Turnover &Leverage					
Gross asset T.O (x)	2.4	2.3	2.1	1.9	1.8
Total asset T.O (x)	1.3	1.2	1.2	1.2	1.2
Int. covge. ratio (x)	14.4	14.4	7.6	11.7	11.9
Adj. debt/equity (x)	0.3	0.3	0.3	0.3	0.3
Valuation					
EV/Sales (x)	1.0	1.0	1.0	0.9	0.9
EV/EBITDA (x)	9.9	9.2	13.1	9.1	8.4
P/E (x)	12.9	12.9	16.4	11.9	11.3
P/BV (x)	1.8	1.6	1.5	1.5	1.4

Recommendation Summary (Last 3 years)



Dates	Rating	Target
18-Sep-23	BUY	147
02-Feb-24	HOLD	195
24-May-24	HOLD	220
16-Aug-24	HOLD	252
30-Dec-24	HOLD	190
27-Jun-25	BUY	209
07-Mar-26	BUY	175
19-Aug-26	BUY	200

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition: Upgrade No Change Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Geojit Investments Ltd. Registered Office: 7th Floor 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website : www.geojit.com/GIL . For investor queries: customercare@geojit.com

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