

November 18, 2019

GAIL (India) Limited
Current Price:
₹ 124.30

STOCK DATA

BSE Code	532155
NSE Symbol	GAIL
Reuters	GAIL.BO
Bloomberg	GAIL IN

VALUE PARAMETERS

52 W H/L(Rs)	183.58/119.60
Mkt. Cap.(Rs Cr)	56061.06
Latest Equity(Subscribed)	4510.14
Latest Reserve (cons.)	41493.96
Latest EPS (cons.) -Unit Curr.	13.27
Latest P/E Ratio -cons	9.37
Latest Bookvalue (cons.) -Unit Curr.	100.16
Latest P/BV - cons	1.24
Dividend Yield -%	2.51
Face Value	10

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 30/09/2019
Foreign	19.64
Institutions	16.13
Govt Holding	8.07
Non Promoter Corp. Hold.	1.19
Promoters	52.20
Public & Others	2.78

Financial Results

	Qtr Ended Sep. 19	Qtr Ended Sep. 18	In Cr. VAR %
Net sales	18235.45	19342.88	-6
OPM(%)	9.10	14.40	
OP	1654.14	2777.35	-40
OI	235.29	147.66	59
PBIDT	1889.43	2925.01	-35
Interest	32.76	49.02	-33
PBDT	1856.67	2875.99	-35
Depreciation	468.51	385.47	22
PBT	1388.16	2490.52	-44
Tax	538.89	911.86	-41
PAT	849.27	1578.66	-46
Share of profit or loss of JV and Associates	318.31	210.32	51
MI	0.51	1.82	-72
Net profit	1167.07	1787.16	-35
PPA	0.00	0.00	
Net profit after PPA	1167.07	1787.16	-35
EPS(Rs)*	2.59	3.96	

GAIL (India) Ltd.'s profit missed estimates in the quarter ended September.

GAIL (India) consolidated net sales of the company fell 6% to Rs 18235.45 crore in Q2FY20 compared to Q2FY19. OPM of the company fell 530 bps to 9.1% leading to 40% decrease in operating profits to Rs 1654.14 crore..

Other income was up 59% to Rs 235.29 crore. As a result PBIDT decreased 35% to 1889.43 crore. Interest cost fell 33% to Rs 32.76 crore while depreciation rose 22% to Rs 468.51 crore. PBT was down 44% to Rs 1388.16 crore.

Effective rate of taxes increased to 38.8% from 36.6%. Profit after tax was down 46% to Rs 849.27 crore. Further considering share of profit or loss of JV and associates with minority interest and prior period adjustments net profit of the company fell 35% to Rs 1167.07 crore.

The physical performance has improved in Petrochem, LPG transmission, LHC and Gas transmission segments by 59%, 21%, 11% and 3% respectively as compared to Q1 of FY20. The market prices of Petrochemicals and LHC declined by 8% and 25% respectively coupled with lower gas prices in international market which adversely impacted the profits of the company in the Q2 as compared to Q1 FY20.

Segment wise, natural gas transmission revenue stood at Rs 1414.98 crore, down by 8% YoY and accounted for 6% of sales. PBIT from the same was down by 10% to Rs 802.75 crore and accounted for 52% of total PBIT with PBIT margin at 56.7% as compared to 58.4% for Sep18 quarter.

LPG transmission revenues revenue stood at Rs 161.18 crore up by 6% YoY and accounted for 1% of sales. PBIT from the same was up 25% to Rs 81.37 crore and accounted for 5% of total. PBIT margins stood at 50.5% as compared to 42.8% for Sep18 quarter.

Segment wise Results

Particulars	Qtr Ended	Qtr Ended	%	In Cr.
	Sep. 19	Sep. 18	of Total	VAR %
Revenue:				
Transmission Services				
1) Natural Gas	1414.98	1530.82	6	-8
2) LPG	161.18	152.38	1	6
Natural Gas Marketing	16857.98	18210.8	74	-7
Petrochemicals	1619.16	1772.18	7	-9
LPG and Liquid Hydrocarbons	960.53	1376.56	4	-30
City Gas	1376.74	1418.68	6	-3
Others	276.39	104.96	1	163
Unallocated	0.77	-35.79	0	
Total	22667.73	24530.59	100	-8
Less: Inter Segment Revenues	4417.83	5177.61		-15
Net Revenue from operation	18249.9	19352.98		-6
PBIT:				
Transmission Services				
1) Natural Gas	802.75	894.47	52	-10
2) LPG	81.37	65.29	5	25
Natural Gas Marketing	241.72	801.28	16	-70
Petrochemicals	-82.32	167.42	-5	-149
LPG and Liquid Hydrocarbons	245.35	767.11	16	-68
City Gas	53.47	31.45	3	70
Others	188.14	48.47	12	288
Total	1530.48	2775.49	100	-45

Natural gas marketing segment revenue stood at Rs 16857.98 crore down by 7% YoY and accounted for 74% of sales. PBIT from the same was Rs 241.72 crore compared to Rs 801.28 crore in Sep18 quarter and accounted for 16% of total. PBIT margins stood at 1.4% as compared to 4.4% for Sep18 quarter.

Petrochemicals segment revenue stood at Rs 1619.16 crore compared to Rs 1772.18 core in Sep18 quarter and accounted for 7% of sales. PBIT from the same was loss of Rs 82.32 crore compared to profit of Rs 167.42 crore.

LPG and liquid hydrocarbon segment revenue stood at Rs 960.53 crore down by 30% YoY and accounted for 4% of sales. PBIT from the same fell 68% to Rs 245.35 crore and accounted for 16% of total PBIT with margins at 25.5% as compared to 55.7% for Sep18 quarter.

City gas segment revenue stood at Rs 1376.74 crore down by 3% YoY and accounted for 6% of sales. PBIT from the same rose 70% to Rs 53.47 crore and accounted for 3% of total PBIT with margins at 3.9% as compared to 2.2% for Sep18 quarter.

Consolidated Performance for the half year ended September 2019

For H1FY'19 sales of the company fell 1% to Rs 36702.89 crore compared to H1FY'19. OPM of the company fell 290 bps to 10.9%. As a result Operating income was down 22% to Rs 4011.75



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crore. Other income was up 46% to Rs 394.88 crore. As a result PBDIT decreased 18% to 4406.63 crore. Interest cost fell 38% to Rs 62.75 crore while depreciation was up 14% Rs 905.42 crore. PBT was down 23% to Rs 3438.46 crore.

Effective tax rate rose to 39% from 37.9% leading 25% decrease in profit after tax to Rs 2095.78 crore. Further considering share of profit or loss of JV and associates with minority interest and prior period adjustments net profit of the company fell 17% to Rs 2669.02 crore.

During the year, the company registered 14% growth in Natural Gas Marketing and 2% growth in Natural Gas Transmission volumes while sales quantity in Petrochemicals, Liquid hydrocarbons (LHC) and LPG Transmission segment rose by 9%, 4% and 7% respectively. The increase in profit was mainly due to robust performance of Natural Gas Marketing segment duly supported by increase in profit from Natural Gas Transmission, LHC and Petrochemicals segments

Management Comments

Dr. Ashutosh Karnatak, Chairman & Managing Director, GAIL stated that company's physical performance in Q2 FY20 has been better due to operational efficiency as against Q1 FY20. The petrochemical plant is running at more than 100% capacity. Further, volume of gas transmission is also showing upward trend in a direction to create gas based economy in the country. However, lower prices of Petrochemicals and Liquid Hydrocarbon (LHC), which are determined by international prices, have impacted the profit adversely.

E-mail: smc.care@smcindiaonline.com



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Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Lotus Corporate Park, A Wing 401 / 402 , 4th Floor,
Graham Firth Steel Compound, Off Western
Express Highway, Jay Coach Signal, Goreagon
(East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-67341697

Kolkata Office:
18, Rabindra Sarani, Poddar Court, Gate No-4,
5th Floor, Kolkata - 700001
Tel.: 033 6612 7000/033 4058 7000
Fax: 033 6612 7004/033 4058 7004

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