

Gail's challenges escalate with adverse tariff decision

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A tariff setback and stubborn LNG prices have once again rattled Gail India investors.

Gail (India) Ltd's shares slipped 5% after the Petroleum and Natural Gas Regulatory Board (PNGRB) set an interim transmission tariff of ₹65.7 per mmBtu (million British thermal units)—12% higher than current charges but well below Gail's proposed ₹78 per mmBtu.

The regulator has once again left out certain cost components to prevent steep

hikes for customers, echoing the 2023 revision that also undershot the company's submission.

PNGRB resets tariffs every five years for the domestic gas transmission sector. The lower-than-expected revision has prompted brokerages to trim Gail's earnings forecasts by 3–7%. JM Financial Institutional Securities, for instance, has cut its FY27–28 profit-after-tax estimates by 3–4.5% and lowered its target price by about 4% to ₹205.

Despite crude's sharp fall, firm liquefied natural gas (LNG) prices are hurting Gail's marketing margins

Growth lever

Timely commissioning of ongoing pipeline projects should buoy Gail's transmission volumes.



Source: Company, Nomura Global Markets Research

GOPAKUMAR WARRIER/MINT

since key contracts are Brent-linked. LNG is up about 20% at Henry Hub so far in 2025 versus an 18% drop in Brent,

also dampening domestic gas demand. Gail now expects FY26 transmission volumes to decline -3% versus 6%

growth in FY25.

"The guidance for gas transmission volumes has been repeatedly lowered over the last three quarters by Gail owing to slower-than-expected demand, specifically from power sector, deferred pipeline expansion projects and stronger LNG prices," according to a 30 November ICICI Securities report.

Given the tough market conditions, Gail's H1FY26 standalone Ebitda fell by 23% to ₹6,400 crore at a time when revenue increased by about 5% to ₹70,000 crore. Outlook for FY27 appears better with JM Financial pro-

jecting 18% Ebitda growth, aided by over 7% growth in transmission volumes.

Gail's shares have fallen by about 8% so far in 2025.

The stock trades at an enterprise value of 9.7x FY26 estimated Ebitda, as per Bloomberg, which is higher than its long-term average multiple.

While Gail's gas transmission network would increase to about 22,000 km by end-FY27 from 16,500 km currently, bringing more consumer centres within its network, a pick-up in demand is essential for the stock to re-rate.

Transcending cloud finops to get value in the AI age

At a round table discussion held by *The Hindu* in partnership with IBM, IT leaders in industry speak on optimising cloud costs with Artificial Intelligence around the corner

The Hindu Bureau
NEW DELHI

At a recent round table in Delhi, hosted jointly by IBM and *The Hindu* Group, technology leaders discussed the shifts in thinking around cloud deployment costs, transitioning from a traditional view of finops (the financial sub-discipline of optimising cloud expenditure) to actually getting value out of deployments.

The theme for this roundtable, third edition of the AI@work series, was "From cost control to value creation: rethinking cloud visibility and automation," and it saw participation from technology and finance leaders from sectors like steel, fintech, PSUs, energy and SaaS.

Finops management

Some firms have outsourced finops entirely. "Our power generation company finops portion is more or less taken care of by SAP, and we're completely using SAP BEAMs," A.K. Patel, General Manager (IT-Communication) at NTPC Ltd. said. Biswadeep Sahoo, Head - Business Solutions (Technology) at Hero Fincorp, said that finops for his firm was "always driven with business outcome-based planning," and that this "itself is part of our infrastructure planning exercise."

"Cloud cost visibility is often treated as bill management," Suresh Vijayaraghavan, *The Hindu* Group's Chief Technology Officer said. "But in reality it can act as a strategic mirror to all of us, right? What does the business demand pattern look like? What type of innovation are we doing at speed? Where are

the hidden inefficiencies?"

Mr. Vijayaraghavan pointed out that automation and AI are not simply cost-saving measures. "Automation and AI can free human capacity," he said, "but embedding intelligence into the infrastructure can enhance the efficiency of the whole infrastructure itself."

He cited research suggesting companies applying finops typically "uncover 10% to 20% of untapped cloud savings," with mature, holistic adopters sometimes seeing 20% to 30% reductions in spend. Moving to a holistic approach could therefore increase cloud spend savings, he said.

Hybrid cloud

Sanjay Mishra, Chief Digital and Information Officer at Jindal Stainless Steel, opened up on cloud costs. "Cloud has two components," he said. "One component is simply rack-and-stack your hardware, your infrastructure, which is instead of buying (hardware), you go and take in the cloud."

The second aspect is taking the services which are not available on the premises. Everybody has to be aware whether they are adopting cloud for the first or the second, because both have different business use cases."

Mr. Mishra said different motivations fuelled different approaches. "If I have an infrastructure need, which is constant for the next five years, it makes more sense for me to have my own infrastructure," he said. "We are taking a hybrid approach. Cloud for niche services and my on-prem infrastructure for my operations. I think this hy-

brid approach should continue when the organisation matures. If you are at the starting phase of your journey, you might go for cloud because it is easier."

Cloud vs. on-prem

Samit Shetty, Country Leader - Automation Platform, IBM India & South Asia, said that there was no tension between on-prem and cloud approaches, and most enterprises typically went with both.

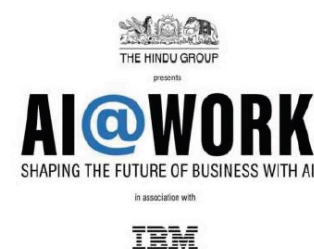
"Industries have been kind of contemplating: should I be all on cloud or should I be all on-prem," he said. "From IBM's standpoint, we have been very clear that you can't be either all there or all here. The pendulum swings both ways. Hybrid is not going anywhere."

However, he said, the effectiveness of getting value from a cloud deployment depended on the level of preparedness of a migrating firm to adopt the appropriate mindset.

"When they moved to the cloud, they also carried, quote-unquote, the bad habits of on-prem onto cloud," Mr. Shetty said.

"You went to cloud expecting that the cost will come down drastically, only to realise that the bills are so high and you don't know what went wrong."

One "born-on-cloud" client, he said, assumed it was already optimised for the transition, and did not bother with looking into optimisation. "They said everything is fine, we are managing it very well," he said. The firm did an assessment over a couple weeks, he said, and "their eyes opened when they saw how much saving they could do just by optimising a few things, even as a



cloud native firm. The tier of storage they had opted for, instances spun up in testing and never shut down that they are getting charged for... They thought they were optimised to the tee."

"The cloud cost is not just in terms of what I am spending," Mr. Shetty said, "but where is the cost getting wasted as well, and whether the cost I am incurring for a particular business is optimal."

Cloud value

Ankit Gupta, Head of Technology and Product for Business at Policybazaar, said that not all indicators of cloud costs were necessarily indicative of the value they were providing.

"Let us say we have made a good mobile application or web application," Mr. Gupta said. "But if it is not able to give the best customer experience in terms of speed and so on, then that particular infrastructure, whether I am spending money or not spending, the application will be not of any use... of course, we need to control the cost but not at the cost of the value that we are creating."

"What we have done in our organisation is that all

situation wherein the thing you have asked for would be underutilised."

In government bodies and PSUs, he added, periodic mechanisms like the August budget review act as a de facto finops mechanism. "I would say the finance person here is acting as a kind of finops," he said, "because he has the requirement of the other departments as well, and he knows the requirement of IT."

Debananda Bera, Chief General Manager (Business Information System) at GAIL India Ltd., said that PSUs had to expend resources "judiciously, and there should always be a capping," and recommended that an estimate of using metered cloud and a flat-fee dedicated cloud should run side-by-side to give customers a more accurate cost estimate, as opposed to overspending on dedicated cloud they may not require. This kind of pay-per-use estimate was not available, he said, when starting out with cloud.

"Unfortunately we do not get the visibility initially as to how much will be the budget and a budget is very, very important for any organisation," Mr. Bera said.

Innovation budget

Prashant Bhatia, Architect - DevOps at Naviga, said that there needs to be enough upfront room for innovation and experimenting.

"One day an alert shoots up," he said. "I have breached so much of my cost, what are we doing here? And the answer was, we are doing innovation."

It was important, he said, to "have the budget for the proof of concept or

the innovation approved beforehand and have a kind of a minimum expectation from the POC. Build small and then you can always scale in cloud."

FinOps is "a shared responsibility between finance and the product and engineering teams," he said. "There are always alternatives" to expensive deployments, he added.

"Choose from many alternatives and then decide what is best for your use case."

Cloud, news industry

"When we started building out small AI applications for use within our company, we had the tendency to just make some applications, roll them out," recalled Nagaraj Nagabushanam, Vice President - Data and Analytics and Designated AI Officer at *The Hindu*. "Our workforce is hugely distributed. Journalists are great at communicating, asking questions, turning answers into stories."

"But if you talk to them about their workflow, they are notoriously reluctant to talk about it."

"I can go to a reporter and say, looks like you used this audio transcription tool fairly heavily. Can you tell me, did you use some or any of those transcripts to write your stories?"

"We have had situations where a 50-dollar-a-month application has given us a much better business outcome than a 1,500-dollar application."

"Sometimes the value is sheer reduction of drudge work," he said. "You're opening up multiple people's time and effort into doing something else that is more productive."

"I think the biggest chal-

lenge I saw in cloud visibility is the bill of materials," Mr. Mishra said.

Cloud bill

"It is so complex that there is nobody who can decipher whether I should stop [a certain line item] or not. Even for very small infrastructure kind of storage if I need 512 GB storage, there might be 20 associated services which I will not be sure of. If I stop it, what is going to happen?"

"Suppose my critical service is running in that environment," he said. "I do not want to touch anything because I do not know. The cost for me might look very small, but I know it is going to multiply over time."

"So, okay, let it run. If I don't stop it, nothing is going to hurt me. I don't want to be the bad guy because somebody has started it."

Mr. Shetty said that this is exactly where finops platforms and AI-based optimisation can help, by showing dependency graphs, likely "blast radius" and safe actions. "We call them 'no-brainer' activities," he said.

"Cost is saved, no downtime, no impact to business and SLAs are improved if not retained."

"The tool is currently capable of doing that automatically, but the trust in AI has to get built over a period of time."

Mr. Shetty said, "FinOps is about giving control to both the finance and the IT guys and allowing them to have a transparent, open conversation and not do guessimates." Please scan to watch the full video.



भगत सिंह लाइन में गेल पाइपलाइन टूटी

● जनवाणी संवाददाता, मेरठ

मवाना रोड स्थित भगत सिंह लाइन में मंगलवार की दोपहर एयरटेल कंपनी के कर्मचारियों की लापरवाही से भूमिगत गेल पाइपलाइन टूट गई। पाइपलाइन टूटते ही गैस रिसाव शुरू हो गया और इलाके में अफरा-तफरी मच गई। सूचना पर सेना सुरक्षा दल के जवान मौके पर पहुंचे और तुरंत क्षेत्र को घेराबंदी कर दिया, लेकिन स्थिति इतनी संवेदनशील थी कि उन्होंने सिविल लाइन थाना पुलिस, गंगानगर पुलिस और फायर ब्रिगेड को भी भीतर जाने नहीं दिया।

एयरटेल कंपनी के कर्मचारी इलाके में केबल डालने का काम कर रहे थे, लेकिन उन्होंने न तो अनुमति ली और न ही गेल कंपनी को कोई सूचना दी। बिना जानकारी के की गई खुदाई के दौरान पाइपलाइन पर चोट लग गई, जिससे गैस तेजी से रिसने लगी। अचानक हुए गैस रिसाव से लोगों में दहशत फैल गई और आसपास के लोग अपने घरों से बाहर निकल आए। प्रत्यक्षदर्शियों ने बताया कि गैस रिसाव इतना अधिक था कि थोड़ी सी

समय पर पहुंची गेल टीम टला बड़ा धमाका

गेल कंपनी के पेट्रोलिंग सुपरवाइजर करन त्यागी ने बताया कि भगत सिंह लाइन में पाइपलाइन टूटने की सूचना मिलते ही टीम मौके पर पहुंच गई। रिसाव वाले हिस्से को तुरंत ठीक कर गैस लाइन को नियंत्रित कर दिया गया। उन्होंने स्पष्ट कहा कि एयरटेल कंपनी पूरी तरह दोषी है क्योंकि बिना अनुमति की गई खुदाई ही इस हादसे की वजह है। अगर समय पर टीम न पहुंचती तो यहां बड़ा हादसा तय था।

चिंगारी भी बड़ा विस्फोट कर सकती थी। हालत की नाजुकता देखते हुए सेना के जवानों ने पूरे एरिया को सील कर दिया। फायर ब्रिगेड की गाड़ी मौके पर पहुंची, लेकिन सुरक्षा कारणों से उसे भी लौटना पड़ा। स्थानीय लोगों ने मांग की है कि जिम्मेदार कंपनी और कर्मचारियों पर सख्त कार्रवाई की जाए, ताकि ऐसी खतरनाक लापरवाही दोबारा न दोहराई जाए। प्रशासन भी अब मामले की गहन जांच में जुट गया है।