IGL Q3 FY23 Earnings Conference Call

- **Mr. Sanjay Kumar – MD, IGL:**
- I would like to make opening remarks and then after that my director would like to say a few words. We assume that the results are already available with you. [00:15 no audio] if you want we can put the numbers on the screen. But from our side we are four people and this guy, Sanjay Kumar, he is our CFO. I am Sanjay [00:32 no audio].
- **Mr. Harsh Dole - Moderator:**
- Vedashree, can you hear them?
- **Ms. Vedashree Patil:**
- No, Harsh.
- **Mr. Harsh Dole - Moderator:**
- Sir, unfortunately there is some issue with the audio from your side.
- Greetings everyone on behalf of IIFL Securities I welcome you all to the 3rd quarter FY 23 earnings call of IGL.
- Firstly, we sincerely appreciate the management's initiative to interact with the investors through this forum. Thank you very much, sir.
- Today to discuss the results in detail we have the entire senior management of IGL. I will make a brief introduction. Firstly, we have MD - Mr. Sanjay Kumar, CFO - Mr. Pawan Kumar, my apologies, Director-Commercial - Mr. Pawan Kumar, CFO - again Mr. Sanjay Kumar and Mr. Manjeet Singh Gulati. I first request MD - Shri Sanjay Kumar…
- **Mr. Sanjay Kumar – MD, IGL:**
- We also have Rajeev Kumar, he is Chief Marketing Officer.
- **Mr. Harsh Dole - Moderator:**
- Welcome, sir. I first request the MD to make opening remarks, subsequent to which I would request the CFO to say a few words, and then we can open the floor for the Q&A. Over to you, sir.
- **Mr. Sanjay Kumar – MD, IGL:**
- I welcome investors to this earnings call [02:39 to 2:57 no audio].
- **Ms. Vedashree Patil:**
- Sir, just a second, sir, we are not able to hear you.

- **Mr. Sanjay Kumar – MD, IGL:**
- Are you able to hear us now.
- **Mr. Harsh Dole – Moderator:**
- Yeah, now it is very clear, sir.
- **Mr. Sanjay Kumar – MD=, IGL:**
- No but why are we disconnecting every minute. My IT team says that there is no problem at our end.
- **Mr. Harsh Dole – Moderator:**
- Let us continue, now it is clear.
- **Mr. Sanjay Kumar – MD, IGL:**
- So, IGL has declared the Q3 results day before yesterday and declared a PAT of Rs. 278 crores which is 10% lower on year-on-year basis. And for the first time IGL has crossed the 5 figure mark in terms of turnover in FY within 9 months which stood at Rs. 11500 crores, during the 9 months. IGL Board has also approved payment of interim dividend of Rs. 3 per share to the shareholders. The sales has grown by 6% over the corresponding quarter in the last fiscal. And with the average daily sales going up from 7.66 million cubic meter per day to 8.12 million cubic meter per day.
- Product wise CNG recorded sales growth of 8% while PNG recorded sales volume growth of 1% in the quarter as compared to corresponding quarter last year. Q-on-Q the sales volume was almost flat - 0.4% growth. However, for the first 9 month period of this FY, significant growth of 19% was witnessed.
- On EBITDA front the company has earned EBITDA of Rs. 428 crores as compared to Rs. 470 crores in the corresponding quarter of last year. The per SCM EBITDA stood at Rs. 5.74 during this quarter against the corresponding previous year number of Rs. 6.67 per SCM. The decrease is mainly on account of increase in the input cost of gas which could not be fully passed on to the customers to maintain the balance between growth potential and profitability. We expect the same to be increased to the range of Rs. 7 to Rs. 8 per SCM in next financial year after implementation of recommendation of Kirit Parikh Committee Report.
- In future outlook we maintain our stand that company expects healthy volume growth and is likely to achieve 9 million cubic meter of sales during FY2024 and further 10 million cubic meter per day sales in FY2025. These are my opening remarks.
- **Mr. Pawan Kumar – Director (Commercial), IGL:**
- Good evening, I am Pawan Kumar, Director (Commercial). I welcome all of the investors in this question-and-answer forum. Post Covid we are meeting first time in this format which we would like to continue.

– As regards to the future outlook we maintain our stand that the company expects healthy volume growth and is likely to achieve 9 mmscmd next year and 10 in this year. The company will try to maintain EBITDA in the range of 7 to 8 rupees per SCM. The results are already available with you. And we have started working recently in the new GA which was allotted to us that is Banda, Mahoba and Chitakoot in Uttar Pradesh. We have started laying pipelines. As far as the others GAs are concerned, others in Delhi and the older GAs we are expanding our network in a faster manner in Ajmer, Pali, Rajsamand, and Muzzafarnagar, Meerut and Shamli and then Karnal and Kaithal [07:37]. We are also expanding quite fast to cover the entire Hapur district and the outer part of Meerut. The jobs have already been tendered out. And this area being quite populous and paying capacity also quite high we expect that the sales volume from this area will be [08:00 to 08:10 no audio]. Now I welcome investors and we can straightaway go to the question answer session.

– <u>**Question & Answer Session**</u>

– **Mr. Harsh Dole - Moderator:**

– So, thank you, we really appreciate the opening remarks and brief overview. I request the participants who would wish to ask questions kindly either type in, in the chat box so that we can read them and recite them for the management. Or you can raise hand, we will call out your name and unmute your line and you can go ahead with that. We will wait for a minute or so. So, the first question is from Yash Goenka. Vedashree, can you unmute, Yash's line?

– **Mr. Yash Goenka:**

– Can you hear me?

– **Mr. Sanjay Kumar – MD, IGL:**

– Yes.

– **Mr. Yash Goenka:**

– Sir, thank you for taking my question. I wanted to know what is the OMC commission and DTC discount for CNGs in NCT region. And second question will be can you give us the break up of CNG volumes in PV, LC, 3 wheeler buses, stage carrier for 9 months FY23.

– **Mr. Pawan Kumar – Director (Commercial), IGL:**

– Yash, OMC commission and what is the other part of the question.

– **Mr. Yash Goenka:**

– DTC discount for CNG and NCT region.

– **Mr. Pawan Kumar – Director (Commercial), IGL:**

– As far as the commission is concerned it is Rs. 5.94 per kg, and it is under discussion, still under discussion by the [9:57] industry. But the provisions have been made in the order book accordingly.

– **Mr. Sanjay Kumar – MD, IGL:**

– So, 5.94 we are already paying to the OMCs. And DTC discount is 6% of the retail price and that we are you know whatever is the retail price 6% of that is the DTC discount because they have given us all the facilities within their bus stand, what is it called, bus depot, for setting up CNG station.

– **Mr. Yash Goenka:**

– Okay. And, sir, break up of CNG volumes in PV, LC, 3 wheeler buses, stage carrier for 9 months.

– **Mr. Sanjay Kumar – CFO, IGL:**

– So, stage carrier and buses approximately contribute 20-22% of the total sales, out of that around 8 to 10% is DTC and DIMTS that's the broad break up of sales in terms of buses and other vehicles.

– **Mr. Yash Goenka:**

– Okay.

– **Mr. Sanjay Kumar – MD, IGL:**

– Total CNG sale is 4.5 million kg per day, of that 20% is DTC you know and stage carrier. And what is the break up?

– **Mr. Sanjay Kumar – CFO, IGL:**

– 8% to 10% is DTC and DIMTS.

– **Mr. Sanjay Kumar – MD, IGL:**

– That is the total volume.

– **Mr. Sanjay Kumar – CFO, IGL:**

– Out of that 20, 10 is DIMTS and DTC remaining 10 is stage carrier.

– **Mr. Sanjay Kumar – MD, IGL:**

– I hope you got it, Yash.

– **Mr. Yash Goenka:**

– I have got around 30, I have got stage carriage and DTC that is 30-35% and?

– **Mr. Sanjay Kumar – CFO, IGL:**

– No, total buses is 20-22%, out of that 8 to 10 is DTC and DIMTS, and remaining 10 to 12 is stage carrier.

– **Mr. Yash Goenka:**

– Okay, fair. And what has been the volume growth for CUGL and MNGL for 9 months and what is the outlook for them on margins and volume for the next two years.

– **Mr. Sanjay Kumar – CFO, IGL:**

– As far as CUGL is concerned CUGL has not grown in terms of volumes and their profits have also been down. As far as MNGL is concerned they have grown by 9%, and they are maintaining their profit during the quarter as compared to last year.

– **Mr. Yash Goenka:**

– Okay, and outlook on margins.

– **Mr. Sanjay Kumar – CFO, IGL:**

– And MNGL has been around 1.1 million cubic meters per day and CUGL is selling around 0.3 million, 0.33 million cubic meter per day.

– **Mr. Yash Goenka:**

– Okay.

– **Mr. Harsh Dole - Moderator:**

– Yash, can I request you to come back in the queue there are participants, thank you. Ladies and gentlemen I would request you to restrict yourself to one question per participant, there are at least 50 people in the queue and we would like to take as many questions as we can.

– So, the next question is from Raunak Chedda. Raunak, please go ahead.

– **Mr. Raunak Chedda:**

– Hello.

– **Mr. Sanjay Kumar – MD, IGL:**

– Yes.

– **Mr. Raunak Chedda:**

– Thanks for the opportunity, sir, really appreciate it. I had a couple of questions but I will restrict to one. Sir, given the delay in litigations in Gurgaon what is the realistic opportunity for us there and what are the current volumes if you can throw some light.

– **Mr. Sanjay Kumar – MD, IGL:**

- Current volume in Gurgaon is 0.18 million that we are selling. We are also selling to the other party in Gurgaon about 0.25 million cubic meter per day. So, this is the volume that is going on. So directly we are selling about 0.18 million cubic meter per day and through that the other party which is you know Haryana City Gas which is operating in some part of Gurgaon we are selling 0.25 million cubic meter per day.

- **Mr. Raunak Chedda:**

- And, sir what could be our opportunity here in terms of volumes say next 2-3 years, how far we can grow.

- **Mr. Sanjay Kumar – MD, IGL:**

- This you may be aware, Gurgaon is actually under review or evaluation whatever you call it has been referred to PNGRB by Supreme Court. So, we expect decision within few months I think when we will get the clarity about, you know, we are a central government authorized entity, the other entity claims that they are a state government nominated entity or NOC entity. So this is a highly technical and legal, these words have got different meanings and they depend on the interpretation. So Supreme Court has referred this matter to PNGRB. Assuming that there are no such obstacles, or there is a free work front available to IGL for whole of Gurgaon, in one or two years the sale can actually escalate, can improve from 0.5 million to 0.8 million also. That's the kind of sale that we can achieve in next two years if there are no legal issues, that is my input to you.

- **Mr. Raunak Chedda:**

- Thank you so much, sir, I will come back in the question queue.

- **Mr. Pawan Kumar – Director (Commercial), IGL:**

- I think this will be the final decision, the case has been lingering in the Supreme Court for years and years and now it is in the final stages. The Supreme Court has also given directions that the gas arrangement which is presently with IGL and these private companies is valid upto September 23 only, now it will be final whatever is done.

- **Mr. Raunak Chedda:**

- Got it, sir, thank you so much for your time.

- **Mr. Harsh Dole – Moderator:**

- We will take a couple of questions from the chat box. First one is from Aishwarya Agarwal, and the question is what is your expectation for APM gas price and the gas volumes and why do you expect the APM prices the way you expect it to be, that's part of the question.

- **Mr. Sanjay Kumar – MD, IGL:**

- As of now about 20 million cubic meter per day of gas is being allocated to CGD sector. We do not foresee any increase in this volume, you know, if from other sector government allocates us some gas it will be good for CGD sector. And about the pricing you may be aware about Kirit Parikh Committee Report which has all recommended that for the first year the price would be 6.5$ per mmBtu which presently is 8.57$ per mmBtu. So, we can easily see that there is likely to be margin enhancement to us of about Rs. 6 per SCM if this goes through, if this gets approved. We hope this gets approved very soon within next one month maybe by 15th of March this should definitely get approved, because the government is already working on that.

– **Mr. Raunak Chedda:**

– Thank you, and the second part of the question is with CNG prices close to liquid fuel, do you see volume growth you know adversely getting affected.

– **Mr. Pawan Kumar – Director (Commercial), IGL:**

– Yes, as we are just talking about the Kirit Parikh Committee Report where we have allocation from APM/non APM around 76% currently. So once the report will be implemented there will be cost reduction on the 76%, almost 76% part of the gas. So, I think that should lead to increase in the margins. And secondly, we are also seeing that the crude prices are coming down and the gas prices wherever they are linked to well they will also come down.

– **Mr. Sanjay Kumar – CFO, IGL:**

– Just to add to what you have said, 76% is from the point of view of the total sales, if we talk about only priority sector it is 86%.

– **Mr. Sanjay Kumar – MD, IGL:**

– 86 to 87%. So, for CNG and DPNG it is 86-87%, for total IGL sale it is 76% we wanted to clarify that. Regarding the other point that you made that the prices are very close as our Director (Commercial) said that Kirit Parikh Committee Report has already recommended 6.5$ per mmBtu. So, we hope that will get approved and that gives us a lot of headway, a lot of possibility of even maintaining the conversion rate of CNG vehicles. So, more and more and vehicles will be bought because we will moderate the prices if that Committee Report gets through, we will moderate it slightly.

– **Mr. Harsh Dole – Moderator:**

– Understood, sir, thank you very much. We will take one more question from the chat box and then we can come to the live Q&A. The next question is from Pinakin Parikh and he asks what is the outlook for gas costs in second half. And what gas you know, would gas cost move up higher in the second half?

– **Mr. Sanjay Kumar – MD, IGL:**

– Which second half?

– **Mr. Harsh Dole – Moderator:**

– I think he means by the calendar year.

- **Mr. Sanjay Kumar – MD, IGL:**

- So, calendar year we are well placed to have lower cost of gas. Most analysts are telling, you see the European winter was so mild this year that some places where the temperature was -5 to -6 degrees centigrade there the temperature recorded on 1st of January was 19 degrees or 12 degrees or 16 degrees, which shows that you know that the heating requirement has gone down in Europe in recent weeks and that is why even the storages today are full upto 76% in Europe. So, we hope that LNG prices would soften and the domestic gas prices which are available on different trading platforms they are actually always mirroring the LNG prices, so they will be lower than the LNG prices. If the LNG prices go down to $15 in next few weeks or $12, then domestic gas will be available at even lower prices. So, the 76% that he was referring to few moments ago, so remaining 24% most of our gas we will have some compensating factor in the form of better margin if we are able to source those gas and we have been doing it in last few weeks and that is why we have maintained this margin we have been able to get the profit of 278 crore.

- **Mr. Harsh Dole – Moderator:**

- Understood Sir, really appreciate. He further asks how does the company view the recent ordering of EV buses by DTC?

- **Mr. Pawan Kumar – Director (Commercial), IGL:**

- EVs are being ordered, but major conversion so far is registration is in two wheelers only and the buses are being ordered, so we are also expanding into their other segments. Like we are expanding very fast into other GAs where our work is progressing very fast. Secondly, we are looking at the long-haul buses like we have converted a few buses in Dehradun and which are plying on Dehradun-Delhi road. Similarly, we are working with the Rajasthan State Road Transport Corporation where we want that the Jaipur-Delhi buses should be converted to CNG and we also want that the Haryana Roadways and UP Roadways which operate from Delhi and passes through our GA they also start converting their fleet into CNG, so we expect that any loss if it is there due to E-vehicles will be - will get offset by these segments.

- **Mr. Sanjay Kumar – MD, IGL:**

- So, in summary what he has told us that we acknowledge the threat of EV. First thing is that we know because they are now, I think issuing tender of 5,000 buses. We understand that buses would come, EV buses would come and by acknowledging we are making strategies, which will compensate for this that business and give us alternate diversification for growth of our volume as well as new business in the form of EV sector also.

- **Mr. Pawan Kumar – Director (Commercial), IGL:**

- Also there are a lot of dumpers, heavy vehicles carrying sand and other things building materials on the periphery of Delhi, we have been able to convert them to CNG and we are also working with the OEMs for tractor manufacturers because large part of this NCR including Muzaffarnagar, Meerut, Hapur, Rewari, this forms a part of

NCR where diesel vehicles more than 10 years old cannot be used. So, our aim is that once we are able to convert the tractors, tractors can be used for 15 years and being a vast agricultural land, a large volume can be compensated from this segment.

- **Mr. Sanjay Kumar – CFO, IGL:**

- Additionally, it's not that they are buying only EV buses, they are also buying CNG buses. Both the fuels will coexist at least maybe 10 years at least. It will not be a certain dropout, I think. Next four or five years we do not see any degrowth in our bus sales.

- **Mr. Harsh Dole – Moderator:**

- Really appreciate it. Thank you. So, the next question is from Rajesh Inor. Vedashree, she can you unmute his line.

- **Mr. Sanjay Kumar – MD, IGL:**

- Yes, Rajesh. Hello?

- **Mr. Rajesh Inor:**

- 23:52 to 24:02 Voice Breaking.

- **Mr. Sanjay Kumar – MD, IGL:**

- Yes, Rajesh, go ahead.

- **Mr. Rajesh Inor:**

- 24:04 to 24:08 Voice Breaking.

- **Mr. Harsh Dole – Moderator:**

- Rajesh,

- **Mr. Sanjay Kumar – MD, IGL:**

- We can't hear you.

- **Mr. Harsh Dole – Moderator:**

- Rajesh, there is some issue with your line. What I'll do is perhaps you know come back in the queue again after a minute or so. Vedashree can we take the next question from Amit Rustagi.

- **Mr. Sanjay Kumar – MD, IGL:**

- Yes, Amit. Is it Amit or Amir?

– **Mr. Pawan Kumar – Director (Commercial), IGL:**

– Amir Rustagi.

– **Mr. Sanjay Kumar – MD, IGL:**

– Yes Amir.

– **Mr. Harsh Dole – Moderator:**

– Okay, some issue with this line as well. Vedashree, can we go with Devansh Nigotia please.

– **Mr. Devansh Nigotia:**

– Yeah. Sir, can you hear me now?

– **Mr. Sanjay Kumar – MD, IGL:**

– Yes, we can.

– **Mr. Devansh Nigotia:**

– Yeah. Okay. Sir, first of all I'd like to congratulate for taking this initiative of hosting the call with the investors and I hope this practice will continue in the coming quarters as well. Sir, I have two questions, one is when we look at the LNG mix like you mentioned 24% LNG, we have around 14% for the priority sector and 10% for the nonpriority sector. So, what is the benchmarks broadly can you tell us and what percentage we are still procuring from spot?

– **Mr. Sanjay Kumar – MD, IGL:**

– The average price that we are paying is about $13-$14 per mmBtu for the remaining gas that you're talking about. You know unfortunately because of the APM, non-APM price being at 8.57, that price is also the gas price without pipeline tariff is around $10 per mmBtu. So, what happens is that, that gas comes at $10 per mmBtu approximately and this one the remaining 24% or 25% of gas that we are using that is coming at around $13-$14. It is here that that $10 will go down to about $7.25 with taxes I'm talking about or $7.5 and that is where the actual margins would come in.

– **Mr. Devansh Nigotia:**

– Okay, okay. Sir, what are the benchmarks we have broadly like how much is linked to Henry Hub 26:31, how much is linked to oil, and how much is linked to spot, if you can give me a broad percentage?

– **Mr. Sanjay Kumar – MD, IGL:**

– See, about 60% is linked to - 50% to 60% is linked to Henry Hub 26:42, this is about the remaining supply that we are talking about and about 30% to 35% is linked to crude oil which could be Brent as well as JCC, and the last bit of about 5% to 10% depends on the week and fortnight and all that is actually bought by us from the current market, that is the strategy we have knowingly kept because sometimes we get gas which is cheaper even than the LNG price from the domestic sources, those who have got volume for mitigation, those who have got volume for operational reason etc. That is the best approach that an operator can have and we are the biggest CGD operator and we would like to continue in that fashion that is the strategy that we have following.

– **Mr. Sanjay Kumar – CFO, IGL:**

– I would also like to add that this quarter we got some domestic gas at ceiling price approximately 2% of the

– **Mr. Devansh Nigotia:**

– Okay, okay, got it, got it.

– **Mr. Sanjay Kumar – CFO, IGL:**

– at $12.46.

– **Mr. Devansh Nigotia:**

– Okay and sir my second question is relating to the volume growth. So, we have already seen that this quarter volume growth was flattish over the last quarter - second quarter I'm referring to. So, what are the reasons you think that has led to a flat volume growth and is there exit volume in the month of December or the end of December was increasing, can you give us some guidance on that?

– **Mr. Sanjay Kumar – MD, IGL:**

– So, the volume growth actually depends on the general feeling about CNG. So, other than IGL, not IGL, but other than IGL most players have increased the prices by ₹5, ₹10 etc., there are people who are selling CNG at ₹89. ₹90. ₹95 and all that. We would like to follow the strategy of keeping our market intact and that has somewhat affected the sentiments of buyers, but there are new models now which are coming. So, you know we have been talking to Maruti, we have been talking to Tata Motors, and some in auto Expo we were also talking to Eicher etc. So, there are some new CV models, there are some new car models, which are coming and we hope to come back with higher conversion rates later. Presently, the conversion rate is about 13,000-14,000 per month, which we had informed you last time we were meeting.

– **Mr. Devansh Nigotia:**

– Okay, Sir. Got it. Sir, thank you for taking my questions and once again thanks for hosting this.

– **Mr. Sanjay Kumar – MD, IGL:**

- Thank you.
- **Mr. Harsh Dole – Moderator:**
- Vedashree, will take the next question from Kirtan Mehta. Kirtan, go ahead.
- **Mr. Kirtan Mehta:**
- Hello. Thank you, Sir for this opportunity. Are you able to hear me? Am I audible, Sir?
- **Mr. Sanjay Kumar – MD, IGL:**
- Yes, yes, go ahead.
- **Mr. Kirtan Mehta:**
- Thank you, Sir. In terms of - my question is about the volume growth that we are looking at, so over the next couple of years we are looking at adding 2 million cubic meter of growth, could you give us a break up in terms of GAs like which are the Gas where this would get added, incremental growth will come from, and how much of this would be from the new GAs? This is the first question.
- **Mr. Sanjay Kumar – MD, IGL:**
- Well, my Director would answer this question.
- **Mr. Pawan Kumar – Director (Commercial), IGL:**
- As far as current position is there, Delhi contributing to around 65% of sales volume, Noida, Ghaziabad, and Greater Noida is contributing to around 21%. Kanpur, Kaithal is just the beginning. Rewari is around 3%. Gurgaon around 2% and Karnal 1%, Meerut, Muzaffarnagar around 1%, and Ajmer it's just the beginning. So, we have laid vast pipeline network in Ajmer area, which we are going to charge shortly and the stations, which are DB stations will be converted to the online stations. Around 1.5 lakh domestic connections, which have been issued in Ajmer will be gasified in 2-3 months' time. Similarly, we have also laid - we have also laid pipeline in Muzaffarnagar, Shamli, Karnal, Kaithal, and Hapur area. So, as we go with the or you know charging the pipeline, the stations will become online, plus the public will remain assured that availability is there, so more and more - we presume that more and more vehicles will be bought by the company and secondly whatever domestic connections we have done there, they will be gasified. So, we will get the sales volume from them and thirdly the Commission for air quality control, which controls the air quality in the NCR basically. So, all these GAs are in NCR only including Meerut, Muzaffarnagar, and Hapur. We have been given a target to connect to all the industrial areas by March. So, I think few industrial areas are remaining which will be connected by the March, whatever industry is there that will also bring us the commercial and industrial growth.
- **Mr. Kirtan Mehta:**

- Would you be able to quantify the volumes that you are talking for the industrial convergence? How much additional can come from the convergence that we are targeting over next 6 to 12 months?

- **Mr. Pawan Kumar – Director (Commercial), IGL:**

- See we are targeting around 9 million per day by the end of next year. So, that one year will be part of - 1 million will be part of - major part will come from these areas only.

- **Mr. Sanjay Kumar – MD, IGL:**

- What he's telling is that additional sale expected in the next financial year end is 1 million cubic meter per day and in the year after that another 1 million, out of this 2 million, 50%-60% will come from CNG sale in these new GAs that he has referred to, which is Ajmer, Pali, Rajsamand, then Kaithal, Karnal, then Muzaffarnagar, Meerut, Shamli, and Kanpur, Fatehpur, Banda, Chitrakoot etc. Now, these are big areas, they have got good highways going through them and we are targeting to set up CNG station on these highways, which have got huge volume of traffic. Once these stations come up and they will be on online mode, our sales will be definitely improving by these numbers that we are talking about.

- **Mr. Kirtan Mehta:**

- Right, Sir. Thanks for sort of detailed answer. Just one more follow up around the same CNG volumes. There is also sort of the some of the BS-6 norms are kicking in March-April, do you think that, that can also translate into additional CNG volumes?

- **Mr. Sanjay Kumar – MD, IGL:**

- Your audio is not very clear, can you repeat?

- **Mr. Kirtan Mehta:**

- I was asking that there are some BS-6 norms kicking in April where the cost of conversion would go up for some of the vehicles as well, so does that translate into additional volumes for us or additional convergence for us?

- **Mr. Sanjay Kumar – MD, IGL:**

- See, direct CNG vehicle anyway are costlier than the petrol-diesel vehicle, when you buy new vehicles whether it is car or a truck, they are anyway costlier by about 7 lakhs to 8 lakhs, how much is it? 8 to 10 lakhs. Now, they are still much cheaper than the EV, so there will be some increase in these cost because of BS-6 new norms that that will kick in on 1st of April. We don't foresee much impact of that. We have not quantified what is the exact increase in the price of bus and car. We will do that now, now that you've given us this input.

- **Mr. Kirtan Mehta:**

– Sure, and one more just follow up in terms of your long haul buses where we are running the pilot, so are there any approvals needed before we can scale this up?

– **Mr. Sanjay Kumar – MD, IGL:**

– No, these are existing permits. They were available with Uttarakhand and there are some more cases in Uttar Pradesh then in Chandigarh, then for Jaipur etc. So, the same permits will be used for running CNG vehicles instead of - because we are offering them lower cost on operating basis. See EV's cannot go long distance, they in no scheme of things the EV can go in next 10 years for say 500 kilometers and come back because nobody would like to wait for charging a bus for 6-7 hours or 4 hours or even 3 hours in a roadside dhaba or in a roadside charging joint. So, that is where we saw the opportunity and that is what Director Commercial was referring to that we have cultivated this and now we are in serious discussion with some carriers and State Transport Corporations for taking up this kind of CNG usage.

– **Mr. Kirtan Mehta:**

– Sure, Sir. Thank you for this clarification. If I can squeeze in one more last question.

– **Mr. Harsh Dole – Moderator:**

– Kirtan, can I request you to come back in queue.

– **Mr. Kirtan Mehta:**

– Sure.

– **Mr. Harsh Dole – Moderator:**

– Thank you.

– **Mr. Sanjay Kumar – MD, IGL:**

– Thank you, Kirtan.

– **Mr. Harsh Dole – Moderator:**

– Vedashree, will take the next question from Rajesh Inor. Hopefully, now he should be able to ask the question.

– **Mr. Rajesh Inor:**

– Hello, am I audible now?

– **Mr. Sanjay Kumar – MD, IGL:**

– Yes please.

– **Mr. Rajesh Inor:**

– Yeah, thanks for the opportunity. Sir, my question is around you know EBITDA per SCM, which we have recorded in the third quarter it was around 5.7 and if I look at your initial comment, you're saying we will try to maintain in between ₹7 to ₹8, so one thing is what are the variables which have gone into this 5.7 number which you have reported because I guess we have accounted $8.5 as the APM cost and not what is recommended by Kirit Parikh Committee right and how do we expect it to improve it back to 7 to 8 range?

– **Mr. Sanjay Kumar – MD, IGL:**

– We cannot account anything lesser than what we have paid and the committee does not say that they will reduce the cost on retrospective basis, so whatever payment is to be made to the gas seller for APM, non-APM gas that is gone. So, that is why the EBITDA is at ₹5.66 per SCM and we hope that this committee - Kirit Parikh Committee report will be implemented by 1st of March to 15th of March that's the usual time that takes for approval of any such high impact proposal and how we will get to ₹7, what my reference to ₹7 was on an yearly basis and we are sure because of softening of the prices, we will be able to maintain ₹7 per SCM EBITDA for the full financial year. You're not talking about any quarter that is the

– **Mr. Sanjay Kumar – CFO, IGL:**

– I would also like to add that we have recently taken one price hike in December, so this quarter it had an impact for only one month. In the next quarter it will have an impact for the full quarter, so that might help increase the per SCM EBITDA.

– **Mr. Rajesh Inor:**

– Sir, if we look at you know the APM gas price formula itself, now Henry hub as well as three of the indices they had a large weight in that and if I look at Henry Hub price itself has actually collapsed from whatever high of $8-$8½ and to almost $3½ now. so, even if we have to go by the normal calculation as per the formula, which was earlier before or through which we are paying right now, do you think there is a significant downside which is possible in the APM price itself because 8½ can actually come down to maybe

– **Mr. Sanjay Kumar – MD, IGL:**

– See the 1st of April – Rajesh, the 1st of April price of APM, non-APM will be based on 12-month data of 4 indices, Henry Hub, Canadian Gas, Russian Gas, and NBP, and these the calculation period is 1st of January, 2022 to 31st December, 2022, so that period is already over. We expect the prices if it is not moderated by Kirit Parikh Committee, it may actually go up by $0.50 to $1 or $2, it will not go down, if there is no implementation of Kirit Parikh Committee report. So, I would be open about it. If the Kirit Parikh Committee report is not coming then this price may actually increase by $0.50 or $1 that is my hunch.

– **Mr. Rajesh Inor:**

- Okay and then when will the recent fall get reflected in the APM price formula by third or fourth quarter or will it be CY 24 itself? Hello?
- **Mr. Sanjay Kumar – MD, IGL:**
- Rajesh?
- **Mr. Rajesh Inor:**
- Yeah.
- **Mr. Sanjay Kumar – MD, IGL:**
- Could you get me?
- **Mr. Rajesh Inor:**
- Yeah, yeah, I asked a subsequent question that when will it - when will the recent fall in Henry Hub and other indices get reflected in the APM price formula?
- **Mr. Sanjay Kumar – MD, IGL:**
- So on 1st of October, 2023 when the - see I'm assuming that there are no changes in the mechanism and Kirit Parikh Committee report is not implemented and it goes on as per the domestic gas pricing guideline of 2014, then 1st of October, 2023 the calculation. Will be 1st of July 22 to 30th of June 23, so then this impact will be visible in the APM price.
- **Mr. Rajesh Inor:**
- Okay, okay. Understood. Thanks a lot, Sir. I'll get back in the queue.
- **Mr. Sanjay Kumar – MD, IGL:**
- Okay.
- **Mr. Harsh Dole – Moderator:**
- Thank you. Vedashree, can we take the next question from Maulik Patel. Maulik, go ahead.
- **Mr. Maulik Patel:**
- Thanks for the opportunity and thanks for this initiative. We hope that you continue with this initiative in subsequent quarter. Sir, I have one question can you just highlight that
- **Mr. Sanjay Kumar – MD, IGL:**
- Can you be louder please?

– **Mr. Maulik Patel:**

– Yeah, sure. I will be. Sir, can you just highlight that post this almost 50% increase in CNG price over the last 7-8 months what has been the impact on the retro fitment market, has your conversion came down significantly from the top of whatever 15,000-16,000 per month?

– **Mr. Sanjay Kumar – MD, IGL:**

– Maulik, this data is available on parivahan.gov.in. We used to see conversion in our geographical areas of around 16,000-17,000 per month. Presently, it is around 13,000-14,000 per month, so people are buying, people are converting their own vehicles to CNG, they are buying CNG vehicles, but it had gone down and we are very sure with the implementation of Kirit Parikh Committee report that traction would come back and people will be back again. They have 42:34 to 42:41 Audio Lost

– **Mr. Maulik Patel:**

– Sir, I lost you in the last line. Sir, you are not audible.

– **Mr. Harsh Dole – Moderator:**

– Manjeetji, there's some issue from your line, can you please check, we are unable to hear you. Yeah, yeah, now we can hear you, Sir. Could you hear the reply?

– **Mr. Sanjay Kumar – MD, IGL:**

– Yeah, are you getting me?

– **Mr. Maulik Patel:**

– Yes, now we are getting you, Sir.

– **Mr. Sanjay Kumar – MD, IGL:**

– That time you were not getting us.

– **Mr. Maulik Patel:**

– Only Sir, last time I couldn't get you.

– **Mr. Sanjay Kumar – MD, IGL:**

– See what I was telling is that 43:29 to 43:38 Voice Lost

– **Mr. Harsh Dole – Moderator:**

– Sir, again we are unable to hear you, there's some - I don't know what is the issue, but

– **Mr. Sanjay Kumar – MD, IGL:**

- report implementation which is expected in few weeks. We should get back the old numbers and what our CFO added that the conversion is actually new vehicles as well as retro fitment in the old vehicles of CNG kit.

- **Mr. Maulik Patel:**

- Okay, got it, got it. Sir, one more question in terms of the time frame which you are looking to set up the network or large part of the CapEx for your new GA starting from the Muzaffarpur and subsequently, how many years we can see that the elevated CapEx level of around 1,300 to 1,400 crore of CapEx every year? How many years we will have that number? 44:30 to 44:45 Audio Lost. Sir, did you get my the second question.

- **Mr. Sanjay Kumar – CFO, IGL:**

- We actually lost you. Now, can you hear us?

- **Mr. Maulik Patel:**

- Yeah, I can hear you.

- **Mr. Sanjay Kumar – MD, IGL:**

- So, can we go to the next question?

- **Mr. Maulik Patel:**

- Yeah. Sir, my second question is that this for how many years this elevated CapEx which we are doing in the new GAs that will last and currently we are doing in the CapEx of around ₹1,300 crore, how many years you see that numbers?

- **Mr. Sanjay Kumar – MD, IGL:**

- See, we we've got some large geographical areas like Ajmer, like Banda, Chitrakoot, Kanpur, so we expect this high CapEx to continue for 3-5 years.

- **Mr. Maulik Patel:**

- Okay, got it, Sir. Thank you.

- **Mr. Harsh Dole – Moderator:**

- Thanks. Next question is from Nitin Tiwari. Nitin, go ahead.

- **Mr. Nitin Tiwari:**

- Hi, good evening, Sir. I hope I'm audible? and thanks for taking 45:42 to 45:50 Voice Lost. Sir, am I audible?

- **Mr. Sanjay Kumar – MD, IGL:**

– Yeah.

– **Mr. Nitin Tiwari:**

– Yeah. Sir, my question is related to the Kirit Parikh recommendation that you pointed out and also the conversion rates that you pointed out, so there is a decline in rates that we have seen as far as vehicle conversion is concerned. So, once Kirit Parikh commendations are implemented would you pursue a margin improvement or would you pursue a price reduction and hence a volume growth? What would be your focus area?

– **Mr. Pawan Kumar – Director (Commercial), IGL:**

– We will balance the trust as well as consumer interest. We have not increased the CNG prices very high level, so we will offset that and we will utilize the part to gain on the margin from front and the part will pass on to the customers.

– **Mr. Nitin Tiwari:**

– Okay, Sir and secondly like LNG prices have started declining, so given that you pointed out earlier in the call that the allocation of incremental APM gas allocation are difficult and incremental of domestic - incremental domestic gas allocation is also difficult, so would you be looking to get into more LNG contracts going ahead are you having those discussions with suppliers?

– **Mr. Sanjay Kumar – MD, IGL:**

– So, we have about 2 million cubic meter per day of LNG contracts already with us and which we are getting some part of that is not coming, but we are getting a lot of RLNG volume and 47:24 to 47:32 Voice Lost

– **Mr. Harsh Dole – Moderator:**

– Hello? I think the connection is lost. Hello, Sir I lost your answer. I can hear you, Sir.

– **Mr. Sanjay Kumar – MD, IGL:**

– So, we have many LNG contracts. We will add up some more LNG - RLNG contracts, but instead we are also analyzing the domestic gas available because there is a lot of increment in domestic volume also and there are some new biddings which are going on and we hope to win some gas there so that we don't need to actually source RLNG. The strategy is being worked out, it will depend on how much of domestic gas is available at our end because that is the bidding part, so you don't know what volume you will win, how much you will win.

– **Mr. Nitin Tiwari:**

– Sure, Sir. Thanks for answering my questions. Sir, I'll get back in queue.

– **Mr. Sanjay Kumar – MD, IGL:**

– Okay. Thank you.

– **Mr. Harsh Dole – Moderator:**

– Thanks. Sir, we'll take a couple of questions from the chat box. One question is from Raunak Chedda. His question is on the capital allocation. So, the question is given the strength of the balance sheet why does the board not think of increasing the payout ratio for the company?

– **Mr. Sanjay Kumar – MD, IGL:**

– So, we have already yesterday declared ₹3 dividend and we are working in that direction. For the first time ever, we have declared an interim dividend. Normally, we used to declare only once, I think. So, we have given ₹3 per share dividend which the record date is I think 7th of 49:23 to 49:27 Audio Lost. Harsh, I hope you got the point.

– **Mr. Harsh Dole – Moderator:**

– Yeah. Thank you very much, Sir. So, there's another question in the chat box, it comes from Vikash Jain. Sir, his question is, hi Sanjay Ji, is it fair to assume volume growth of 10% to 12% YoY going ahead in FY24 as well as FY25?

– **Mr. Sanjay Kumar – MD, IGL:**

– So, the answer is Vikasji we are definitely working on that. One million next FY, another million the year after that.

– **Mr. Harsh Dole – Moderator:**

– Sure. Thank you. So, we'll come back again in the live Q&A. The next question is from Devansh Nigotia. Vedashree, can you unmute his line. Yeah, Devansh, go ahead..

– **Mr. Devansh Nigotia:**

– Yeah. Sir, thanks for the opportunity. Sir, just wanted to understand if we look at QoQ, the APM has increased from $6 to 8½, which is I think 50% of procurement, but RMC per SCM has just increased by 10%, what you understand is with $1. per mmBtu is ₹3 rupees per SCM, the raw material cost per SCM

– **Mr. Sanjay Kumar – MD, IGL:**

– Devansh, can you be a little slower because we are not getting you? Can you be louder also please? Devansh?

– **Mr. Devansh Nigotia:**

– Is this loud? Am I audible?

– **Mr. Sanjay Kumar – MD, IGL:**

– Yeah.

– **Mr. Devansh Nigotia:**

– Sir, the question was regarding the raw material cost of procurement for gas, so yeah we mentioned that 75%-80% is APM gas procurement for us and that has decreased QoQ from $6 to $8½ per mmBtu and what we understand is with every $1 per mmBtu, ₹3 per SCM raw material cost increases, but when we look at our branded raw material cost per SCM for this quarter and we compare it QoQ, it has increased from 35.1 to 38.3. So, just a little confused, if you can help us understand how much has the non-APM fallen and even within that we mentioned that there are three different sources of procurement, so if you could just?

– **Mr. Sanjay Kumar – MD, IGL:**

– The last quarter, the cost of gas was mainly consisting of APM, non-APM price of about $6.2 I think, plus the taxes, and the RLNG cost of $25 approximately.

– **Mr. Devansh Nigotia:**

– Okay.

– **Mr. Sanjay Kumar – MD, IGL:**

– This quarter, the cost is $8.5-dollar APM, non-APM plus the taxes and RLNG cost of about $14-$15.

– **Mr. Devansh Nigotia:**

– Got it.

- **Mr. Sanjay Kumar – MD, IGL:**

- It depends everyday the volumes are different. Actually, it's a nightmare for us. We run a linear programming model there. We can't let any CNG station go dry. So even in the night we have to arrange gas and all that, but that's team IGL; they have the expertise, they have been working in this field for the last 25 years… 24 years We are the best people actually to manage any such movement or any such supply constraint. So, that is how we have been able to manage this cost. What I hope what you meant was that the APM, Non-APM price has gone up by more than $2, why your cost has only gone up by few Rupees per meter cube. I hope I have answered your question.

- **Mr. Devansh Nigotia**

- Yes sir. Another one was relating to capex that you mentioned for the GAs that we have won for the next 3-5 years, which you have guided an aggregated capex. Beyond that, let's say if you don't make any GA, how much would the capex drop and what would the amount be? If you could just share some datapoint over there?

- **Mr. Sanjay Kumar – MD, IGL:**

- See, there will never be any new GAs which will never be allotted by PNGRB. The new GAs allotted by PNGRB are up in the hills only, like Jammu & Kashmir, Ladakh, etc. So, there will be GAs which will be… after 5 years you may be aware, PNGRB allows them through M&A to sell the GA rights to some new player. So, that kind of addition to the GAs is possible. Normally, it is a competitive process or a discussion process which goes through there. The capex that we're talking about for the next 3-5 years of 1,300 to 1,500 or 1,600 crores, is actually in our GAs which are already there with us, which is Banda, Chitrakoot, Mahoba, Kanpur, Fatehpur, Hamirpur, Ajmer, Pali and Rajsamand. We are actually talking about these only, and also Karnal and Kaithal. So, in all these places, the steel pipeline is going to get commissioned and there we will get the additional volumes that we have been talking about for the last one hour, about 1 million and 2 million cubit meters in the next 2 years.

- **Mr. Devansh Nigotia**

- And out of 1,300 that you mentioned, how much percentage is towards the new GA and what is the percentage towards the maintenance capex for existing GAs? If you can just dissect between that?

- **Mr. Sanjay Kumar – MD, IGL:**

- That's negligible. Most of it is in new GAs only because laying the steel frame… by steel frame what I mean is, the rim of the pipeline, the outer ring, that is very costly. The steel pipeline costs are more than 1.5 to 2 crores per km. Whereas, MDPE pipeline costs about Rs. 20 lakh per km. So, the major cost is actually towards new GAs. Specifically in Delhi, we are laying some steel pipelines just to connect some of these stations where we are having pressure problem; just to improve the pressure, just to improve the supply security of the national capital territory.

- **Mr. Devansh Nigotia**

- Okay. And in case of CNG, you mentioned that from 16,000 peak we are at 13,000 conversion. But, when we look at CNG volumes, they are at flat QoQ. Can you help us understand how the volumes have actually shaped up and why has it not translated into QoQ growth?

- **Mr. Sanjay Kumar – CFO, IGL:**

- Can you repeat the question please?

- **Mr. Devansh Nigotia**

- For CNG you mentioned that the conversions are from 16,000 per month vehicle peak to now 13,000 vehicle per month currently. But, when you look at the CNG volume, December over September have actually been flat or slightly deeper. So, if you can just help us understand how conversions are getting affected in this gap?

- **Mr. Sanjay Kumar – MD, IGL:**

- Any conversion is actually addition of pool of CNG vehicle. So, it should typically have gone up. But, because some festival days followed by some holidays, school closure, etc, because of that the volumes have come like this. We will have major impact in the volume when our steel pipeline in Ajmer and in Kanpur gets commissioned in the next 2-3 months.

- **Mr. Devansh Nigotia**
- Okay sir. Thank you.
- **Mr. Sanjay Kumar – CFO, IGL:**
- Just to add, you might be aware that generally the winter vacations in school are for 1 week, this time it was 2 weeks. So that has also impacted the CNG volumes.
- **Mr. Devansh Nigotia**
- Got it. Thanks a lot.
- **Mr. Harsh Dole - Moderator:**
- We'll take the next question from Siddharth Chouhan.
- **Mr. Siddharth Chouhan:**
- I wanted to ask, what are the margins on industrial volume v/s PNG? Can you shed some light on it?
- **Mr. Sanjay Kumar – CFO, IGL:**
- Industrial margin is roughly Rs. 4-5 per SCM, and similar amount for DPNG also.
- **Mr. Sanjay Kumar – MD, IGL:**
- DPNG is over Rs. 3.
- **Mr. Sanjay Kumar – CFO, IGL:**
- More of less, Rs. 3-4.
- **Mr. Siddharth Chouhan:**
- Okay.
- **Mr. Sanjay Kumar – MD, IGL:**
- Actually, the gas allocated to these sectors are different, so the margin is approximately Rs. 3-5.
- **Mr. Siddharth Chouhan:**
- Okay, thank you so much. Also one more thing, how many new CNG stations have you set in 9 months' period?
- **Mr. Pawan Kumar – Director (Commercial), IGL:**
- This year we plan to set up 75 stations, 40 have already been commissioned. Our major thrust this year is to commission online stations only where operating cost is

optimal. And, we are trying to convert DB stations to online stations so that we can rationalise our operational costs.

- **Mr. Siddharth Chouhan:**

- Okay. Just to follow up, if the KPC recommendations are approved and the APM gas price comes down, how do we see the new stations coming up in FY24? How many new stations do we foresee coming up in FY24?

- **Mr. Pawan Kumar – Director (Commercial), IGL:**

- See, if the prices get stabilised, we plan to commission atleast 125 stations atleast every year. But, our focus is on commissioning online stations only because the operating costs in DB stations is very high. That's why we are laying large network of steel pipes.

- **Mr. Sanjay Kumar – CFO, IGL:**

- DB stations are those where we have to carry the gas through the trucks. Online is where we are getting it directly through pipelines. So, the operating costs or the transportation cost is lower in case of online station. So, our focus is on that part.

- **Mr. Siddharth Chouhan:**

- Understood. Thank you so much sir. This was really helpful.

- **Mr. Harsh Dole - Moderator:**

- Can we take the next question from Sabri.

- **Mr. Sanjay Kumar – MD, IGL:**

- Can this be the last question please?

- **Mr. Harsh Dole - Moderator:**

- Sir, there are atleast 10 questions in the queue. I'd request atleast a couple more so that lot of investors can to interact with you.

- **Mr. Sanjay Kumar – MD, IGL:**

- Okay, you go ahead with 10 questions, but count them now because we have some engagement.

- **Mr. Harsh Dole - Moderator:**

- Sure sir.

- **Mr. Sanjay Kumar – MD, IGL:**

- No problem Harsh, 10 questions. No problem.

- **Mr. Harsh Dole - Moderator:**

- Ladies and gentlemen, one question each only please. Thank you.

- **Mr. Sabri Hazarika:**

- Good evening sir. Sabri Hazarika from Emkay Global. Thank you for this. My question is, on your pricing and margin scenario, last quarter you have taken a price hike of Rs. 3, then again this was followed by Re. 1 hike. So what basically determines this kind of increase at a time period that you are taking? And, how do you view it and how do you decide that we should be at Rs. 6 margin?

- **Mr. Sanjay Kumar – CFO, IGL:**

- Sabri, we are losing you. Can you be a little louder?

- **Mr. Sabri Hazarika:**

- I just wanted to know, how do you decide that you have to be at, say Rs. 6 during this quarter and take Re. 1 hike now, Rs. 3 hike at some other time? What is the guiding principle behind that?

- **Mr. Pawan Kumar – Director (Commercial), IGL:**

- Basically, we want to remain competitive in the alternative fuel. There are certain areas where, if we go for the actual price hike, these CNG prices will be higher than the diesel petrol price. So, we are looking at the larger perspective because the prices will get stabilised very soon. So, we are having a larger view that even in the short term if we are not earning, we have a long term view that there's a protection of huge earnings in the future if people are committed to CNG vehicles.

- **Mr. Sabri Hazarika:**

- That's all sir. Thank you so much.

- **Mr. Harsh Dole - Moderator:**

- The next question is from Ankit Saha. Ankit go ahead.

- **Mr. Ankit Saha:**

- My question is on setting up of EV charging stations and battery swapping stations. We shared that we had a plan of setting up 300-500 EV charging and battery swapping stations over the next 3 years. Can you share the planned capex for this piece? And, can you share some more detail on this piece in terms of, whether this will be on our own network of CNG stations or will this be fresh new stations? And cost per station and revenue margins, etc?

- **Mr. Sanjay Kumar – MD, IGL:**

- We will come back to you with these details Ankit. We don't have it readymade here. As of now we are working on separate outside CNG stations also in 50 pieces of land. We have just finalised that kind of transaction where we are likely to set up 50 more EV stations, but we will come back with the model to you.

- **Mr. Pawan Kumar – Director (Commercial), IGL:**

- On the profitability part we'll come, but Delhi government has already allotted us around 50 sites for setting up EV charging stations and we are working on that.
- **Mr. Sanjay Kumar – MD, IGL:**
- … which is other than the 250 COCO station and outside Delhi also there are so many stations. So, 500 is on track.
- **Mr. Sanjay Kumar – CFO, IGL:**
- Just to add that, this capex as compared to our existing capex, will not be very significant.
- **Mr. Sanjay Kumar – MD, IGL:**
- … much lower than CNG stations.
- **Mr. Sanjay Kumar – CFO, IGL:**
- These chargers are much cheaper and the financial models for these kinds of business have not been stabilised yet. So, it's evolving and we'll also go along as they evolve.
- **Mr. Ankit Saha:**
- Sure sir. Thank you.
- **Mr. Harsh Dole - Moderator:**
- Sir if you don't mind, we'll take 2-3 questions from the chatbox because lot of questions are piled up there. The first question is, can you share some insights on your discussion with the ministry on APM gas price, volume and the timelines, particularly now that Kirit Parikh recommendation is in the public domain?
- **Mr. Sanjay Kumar – MD, IGL:**
- No discussion with the ministry should be shared here. Thank you. I would just like to clarify that IGL was not a part of the Kirit Parikh Committee, so we only know what is there in the report. We are not aware of any internal discussions about approval of that.
- **Mr. Pawan Kumar – Director (Commercial), IGL:**
- Since the government has committed to our public, we expect the final outcome will be favourable to IGL.
- **Mr. Harsh Dole - Moderator:**
- Okay. Any update on smart metering and the natural gas cylinder foray? That's another question is the chatbox.
- **Mr. Sanjay Kumar – MD, IGL:**
- Smart metering we are working on. The problem is that the smart meter cost is twice or 100-150% more than the AMR meter, and the AMR meter is 100-150% more than

the normal meter. So, this is always a battle between feasibility of such high cost meters v/s the gains that we will make out of it. We are working on setting up a metering plant where we are putting all these options – the normal meter, the AMR meter (Automatic Meter Reading) and the online/prepaid meter where you can put money and only then the gas will come. The metering plant we are working on, we will start work on that most likely now in 3-4 weeks.

- **Mr. Harsh Dole - Moderator:**

- Sure sir. The next question is from Vishnu Kumar.

- **Mr. Vishnu Kumar:**

- Than you sir. My question is on the domestic volume and gas percentage. You mentioned that we may target 1 million 1.06.35 of incremental volume for next 2 years and we currently are closer to about 90% of domestic gas. Do you see this number going to 60-65 because incrementally domestic gas and cheap price may not be available. So, how should we see this scenario? One, whether we go to 50-60 in 3-4 years? And, what is the EBITDA per SCM that you think will happen in this run?

- **Mr. Sanjay Kumar – MD, IGL:**

- For FY24 the EBITDA that we expect will be more than Rs. 7, it would even be Rs. 8. The volume that we expect, additional volume of 1 MMSCMD is FY24 and additional 2 MMSCMD in FY25 will come from market sources, by which I mean free priced gas in the domestic market as well as RLNG. We do not expect any higher allocation of APM, Non-APM gas. See, gas market has never remained at this kind of price for so long. It's about 1 year and 8 months that the prices have been more than $18. And if you look at the history of the gas market in the last 25 years, never has it remained at such elevated levels for so long. So, by your principle, by CFA principles and the normal market chitchat that we are hearing, if something goes up to that extent, it should go down and remain low for longer. So, we expect that there will be a golden period for us very soon when the prices will remain at around $10-12 and we will be able to force the required 2 million cubic meter gas in 2 years and manage our margins also effectively. This is our view.

- **Mr. Vishnu Kumar:**

- But, just a point on the same question, how are we going to replace that 2 MMSCMD of gas, the new one, from about…

- **Mr. Sanjay Kumar – MD, IGL:**

- That's what I told. We will buy that gas from the market.

- **Mr. Vishnu Kumar:**

- Got it sir. Thank you and all the best.

- **Mr. Harsh Dole - Moderator:**

- Last question is form Vardarajan.

- **Mr. Vardarajan:**

- Thanks sir. Sir, my question is the first question which somebody asked, about the segment-wise demand. You had given the number for DTC and the carriagers. If you could give the same number for CVs, cabs as well private car owners? Percentage share of demand currently.

- **Mr. Sanjay Kumar – CFO, IGL:**

- Around 40% is from private cars and another 40% is from taxis and other commercial vehicles, and 20% is from buses 1.09.43. So, that is the broad break up.

- **Mr. Vardarajan:**

- Any break up available between CVs and the other part of the…

- **Mr. Sanjay Kumar – CFO, IGL:**

- That data we do not have separately.

- **Mr. Sanjay Kumar – MD, IGL:**

- We can work that out and come back to you.

- **Mr. Vardarajan:**

- Great! Thanks a lot.

- (overtalk)

- **Mr. Pawan Kumar – Director (Commercial), IGL:**

- The vehicle population is 51% out of the 100% if I take.

- **Mr. Sanjay Kumar – MD, IGL:**

- We will come back to you Varda ji.

- **Mr. Vardarajan:**

- Sure sir, thanks sir.

- **Mr. Harsh Dole - Moderator:**

- That was actually the last question sir. Ladies and gentlemen, on behalf of IIFL Securities I thank you all for attending this webinar. My special thanks to the IGL management for letting us host the call; really appreciate sir. In case your question has remained unanswered, please feel free to drop a line to me, I'll forward it to the management and have it answered. Any last remarks you would like to make sir before we conclude the session?

- **Mr. Pawan Kumar – Director (Commercial), IGL:**

- First or all, thank you very much for sparing time and hearing us. I just wanted to assure that in Amritkaal our good time will start very soon. And, we are hopeful that

IGL will ensure that investors are rewarded suitably due to the decrease in gas prices and increase in volumes. So, we are sure that IGL will progress well and we'll take care of the investors' interests. Have full confidence in us.

- **Mr. Sanjay Kumar – MD, IGL:**
- And also, from our side the contact point is Manjeet Gulati. He is sitting here. So whatever be the additional queries, please send it to him. If any other investor wants to talk to us, please talk to him. I can't actually speak to you without his clearance. He is the main man.
- **Mr. Harsh Dole - Moderator:**
- Very helpful sir. Loud and clear! Thank you very much.

- ***END OF TRANSCRIPT***