

Linda: We'll now begin and I'm handing over to Hemang. Hi Hemang, please go ahead.

Hemang: Thank you, Linda. Good evening to all the participants. On behalf of Nomura it is our pleasure to welcome you all to IGL's 1Q FY24 Earning Conference Call. Today we have with us the senior management of IGL represented by Mr. Kamal Kishore Chatiwal, the Managing Director, Mr. Sanjay Kumar, CFO, Mr. Pawan Kumar, Director Commercial and Mr. Manjeet Singh, General Manager Finance. The management will share the preparation of quarterly results with us and post this we'll open for Q & A session. Thank you very much and over to you, sir.

Kamal Ketu Chatiwal: Good afternoon to all of you. I on behalf of IGL welcome you all for this quarterly earnings call.

Last financial year we have seen a lot of volatility and very high prices of natural gas price due to geographical situation and supply related challenges across the world. The CGD industry has faced the challenge quite successfully. Now with implementation of the Kirit Parikh Committee report there is visibility in the natural gas price as the floor and ceiling rates of \$4 & \$6.5 per MMBTU respectively has been defined for two years with increment of \$ 0.25 per MMBTU every year.

During the first quarter of FY 2023-2024, IGL has performed well and achieved new heights. I'm very happy to announce that it is the highest ever net profit of PAT that is Rs 439 crore during the quarter against the PAT by IGL in the quarter.

The company has shown a volume growth of 4% YOY in both CNG and PNG segment. The volume growth is expected to pick up in the next quarters as we are yet to see the full impact of reduction in the CNG prices made by the company after implementation of Kirat Parikh committee report.

, the financial highlights if I may say so are as follows:

Sales volume in quarter one of FY 2022-23 crossed at 717.84 million against that we are working for 746.19 million in quarter one FY by 2023-24. The turnover in quarter one FY 2023-24 was 3742.32 crores against 3518.93 crores in quarter one FY 2022-23 which is an increase of 6%. Gas got the input cost of Rs. 2170.56 crores last year in first quarters, which has now increased to Rs. 2334.05 crores in quarter one FY 2023-2024. EBITDA is quoted as Rs. 642.38 crores in quarter one FY 2023-2024 as against Rs. 617.51crores in quarter one FY 2022- 2023. Profit after Tax is Rs. 438.40 crores in quarter one in FY 2023-2024 as against Rs. 420.86 crores which is an increase of 4%.

I will now invite CFO Mr. Sanjay Kumar who will lead it now.

Sanjay Kumar: Good Afternoon! Everybody. With the implementation of Kirat Parikh committee report, the price of domestic natural gas has come down quite significantly. The price of RLNG

has also started softening and the overall impact of gas price reduction is quite visible in the IGL Q1 results. The gross profit per SCM has increased from Rs. 12.04/SCM in Q4 last year to Rs.14.38/SCM in Q1 of current year. The EBIDITA per SCM has also shown a robust growth of 37% and has increased to Rs. 8.61 per SCM from Rs. 6.28 per SCM in Q4.

For CNG the average monthly addition/ conversion in Q1 is in the range of 14000 vehicles per month and in fact after the Kirat Parikh committee report recommendations were implemented and we reduce our prices we have seen increase in the conversions and June numbers were quite healthy at 14800 again which was around 13800 per month and we expect incoming months conversions will pick up more.

On the PNG front, the domestic sales has increased by 20% and commercial Segment has increased by 16%. However our industrial Segment has degrowth of 6%.

Further, the growth in sales volume in New GA is starting to pick up and we expect the momentum will now continue.

Now I open the floor for questions Hemang.

Linda: Just a reminder to the audience if you have any questions you can type in the Q&A chatbox or you can use the raise hand function at the bottom right of the WebEx page. We will then unmute your mic and prompt you to speak up.

Management: there might be some issue in login. I am getting messages from investors, that it is asking for user ID and password to login. If you can check out please.

Hemang: Yes, I'll just check it and confirm.

Management: Have you checked Hemang?

Hemang: Yes Sir we had a few people who are reaching out for the direct dial-in number, so we have shared that. There are quite few number of people who have logged in post that. Just give us a couple of minutes.

Management : How many people are there right now?

Hemang: We have got over 85 people now.

Linda: Just a reminder to the audience, you can submit your questions in the Q&A chatbox to the host or presenter or you can use the raise hand function found at the bottom right of the WebEx page. We will then unmute your mic and then prompt you to speak up.

For those who have joined in via dial-in are you able to use the raise hand function?

//Hemang some people are asking to open the Q&A from the dial-in side also.

Hemang: Yes sir, we are just working on that.

Participant: Can you hear me?

Linda: Yes we can hear you please go ahead with your question.

Participant: Hi, can I ask a question?

Linda: Please go ahead with your question.

Participant: Hi Sir, this is Saurav from Citi. If you can comment on the reason for the softness in the Q1 volumes and Q2 from recovery in the near term. And, secondly is there any major impact from the flood situation in Delhi, and third in terms of your guidance for the year, if you can reiterate that on the volume side. Thank you.

Management : Due to continuous rain in Delhi, we had to shut down some of the stations. We had the impact, but the impact was only for 2 -3 days. Also, from the view point that this time there was an extended winter for delhi, that has also impacted our sales . And in Delhi people are not using Air conditioners in vehicles and that was the another reason for slower CNG sales. That is why volume growth is consistent, which is at 4% at the station. Going forward from new GA as we are expecting that we should be able to achieve the 09 million per day . And that I think from New GA and we are hopeful we would be able to make up for a CNG Sale. Rewari and Gurugram has been performing very well and we have even reduced the prices in Rewari make it more competitive, that would be visible in the next quarter. Rewarii/Gurugram/Ajmer and some extent Muzaffarnagar & Kanpur these are the five GAs who should bring in more volume for us. And finally second Quarter where we have an impact of these recent floods, where some of our stations were closed and traffic was less on the Road & this quarter might also be little subdued but We will be able to achieve 9 million . I think this answers your question?

//Hemang are we audible?

Hemang: Yes sir you are audible.

Management: Saurabh are you still there?

Sir Mayank here from Morgan Stanley. Can I go ahead and ask a question?

Kamal: Yes, Please

Mayank: So, sir a bit of extension on the earlier question of demand. Can you just talk us through a bit in terms of the industrial demand and how you are seeing that kind of move over the next few quarters and the tractions around propane versus the gas prices you are selling. Also on the CNG side can you just talk a bit about how the conversions are moving on in Delhi and what are the trends that you are seeing around that and I think the last point was in terms of last quarter talked about in terms of buses especially the long haul buses. Have you seen any tractions in terms of volume around there as well in the last quarter. Thank you.

Management: First question is regarding the industrial demand that I think is more fully competitive across that we have reduced the prices in the GA. Post that we reduced prices we should be able to pick a volume pickup there.

Second is with respect to conversion that is yes we find that the conversion has increased and they are currently at around per month 14000 levels conversions are there and we have picked up from a return which was around 8000 as the prices were high but with the reduced prices we have picked to 14000 per month and in June we have been able to clock in 14,800. So, we are hopeful that for which we will continue and when we make our self more competitive as in some of the GA we have planned to reduce it further.

Sanjay: for long haul buses I think we are still in discussion with the Uttarakhand government and then we are talking about the mind and we are ready to buy some 200 buses and we are ready to buy further 60-100 odd buses and sell it on contract basis. So, that discussion is still going on and I think for but things are looking good and some of. That's as far as long haul buses are concerned. One contract is also going on with the Rajasthan government and is quite successful and we have to see how to take that forward. We'll come back on that part as well.

Mayank: Thank you!

Linda: We have unmuted another one please go ahead with your question.

Linda: Just a reminder to the audience if you have to submit questions you can type in the checkbox or you can use the raise function or at the bottom right of the WebEx tool. We will then unmute your mic and then prompt you to speak up.

Linda: One line has been unmuted. You wanna go ahead with your questions?

Participant: I think there is some issue in the line. Should I go ahead and ask a few more questions?

//Yes please

Participant :So, the one question was related to the gas sourcing strategies and if you can kind reach the guidance of 9 MMSCMD. How are you thinking about about sourcing on the LNG side and any long term supply that you are basically trying to now lock-in beyond one or two years. On the second thing was that because of the APM gas allocation that has constantly been a bit of challenge. How are you kind of managing the gap sourcing strategies. And the

second question was more related to Capex in terms of we are seeking some guidance about your Capex outlook going forward. The third thing was you were talking about reducing prices. So, what is the level of margins that you are comfortable with you had given us a guidance last quarter is that still kind of sustaining or is that something you still kind of maintain. Thank you.

Management: Regarding present mix of gas sourcing that we have right is around like 9 MMSCMD but still we have 79% domestic gas and RLNG by around 21%. We have long -term tie-up is around 2.2 million and we have 6.2 MMSCMD of allocations that we have. I also have tie-ups of 2.2. Another 0.6 that we are in discussion and from short-term medium to long-term is open to all. In terms of Priority segment we have 91% domestic gas 3% HPHT and rest % is RLNG we have is on contract basis. That is a break-up we have. And we are seeking for more contract and depending upon the Volume growth, We have still time to take a call. Second question was related to capex ended up quarterly at 200 crore. We expect this year or we are little choosy about where to spend now. Going forward as guidance for around for Rs. 1400 to 1500 crores growth of capex I only think that there must be some quarterly Variation might be there and it remains there in next coming year.

Mayank: Anything on the margin guidance?

Management: Yeah margin guidance is I think we are maintaining over a longer tenure we would be able to maintain rs 7.50 to Rs 8.00 per SCM EBIDITA it as the earlier quarter was good. The price reduction was in rewari GA. Over all keeping in view the petrol and diesel prices where we donot have clear visibility, long term guidance for EBIDITA is rs. 7.50 to 8.00 per SCM.

Mayank: Ok! And sir just a last follow up on the capex. You had also, earlier highlighted the opportunities in terms of organic growth as well. Is that something that you are seeing right now or that's something you want to kind of look at once the demand scale is rising a bit more.

Management: Right now we are focusing more on own GA and capex is there we'll focus on minimum Work Program. we are finding opportunities. And in case an opportunity comes we are open to do that.

Mayank: Got it. Thank You!

Linda: Just a reminder audience if you'd like to ask any question please unmute the line on your own. Thank You!

Hemang: Sir, if they have questions they'll ask.

Linda: Would you like to unmute and go ahead with your question?

Kamal: I think some of you are not able to unmute. If you are not able to unmute out on the phone call then. Hemang check who are on mute.

Hemang: Let me check sir

//Linda can you recreate how you have dialed-in the questions that they have in as they are not able to ask questions.

Linda: For those who are online and wants to ask questions can you unmute yourself on your line. Or you can use the raise hand function.

//Talking about the people who have dialed in the call not through Webex.

Participant: Hello!

Linda: Yes are unmute you may go ahead

Participant: Hi sir, thankyou for taking my questions. I think there is some problem with the line but hope that I get through. Sir one question was that the industrial volumes during the quarter was lower in QtoQ and YtoY just wanted to check what was the reason? Are you facing any competition from any competing fuel? Or something like that?

Hi Sir, sorry but can you be little bit louder.

Management : Yeah! So as far as industry volumes are concerned, so our direct competitor is LPG and propane. At this point of time we are not competitive as of our customers are stick to LPG and propane. in many case people have dual fuel and reduce the consumption of expensive fuel and shift to cheaper fuel and so, generally they are not as much as competitive going forward. I hope winter checks in we'd be able to compete more and can be a little bit more.

To be competitive and we have reduced margins and rather for and we have taken lower margins ere. So, that rs. five cut we have revised and that is Par now LPG. Yeah now coming Quarter

: Ok sir, when was this price cut taken by you in the price that are talking about?

:So, it's in second quarter

: Probably in the month of July

:July is ending. So, now the prices are at Par and for small customers still there is a gap of around 5%.

Participant:Sir, if you could share the profile of industrial customers is what I understand it may not make or unless it is a big industrial customer it may not make a lot of sense for the

customers for actually install the propane packages and not many customers would have this extra space to get the propane tanks installed. So, do you have any idea of how many customers that you cater to industrial customers has that flexibility?

Management: Yes in fact for the large customers energy cost for the percentage of their total cost is high and in operation it accounts for their 20-30% in the first quarter. So, from that perspective they are little more concerned about the fuel price .

Number wise the average consumption of our customers and that has come down from 232 SCM per day to 188 SCM. That kind of average reduction per customer is the reason we have is right now. Now that we are at par with the alternate fuel as generally happens in month of September, October and during the entire winter. That will be a Period when we are mostly and when the prices are we would be more competitive

Sound not clear

Participant: Understood! Thank You sir.

Participant: Hello! I have a couple of questions.

//Yeah go ahead

Participant: So, question was about the sourcing mix, sir just wanted to know what kind of pricing are you seeing for our terms in the contract of which is 7% and that we have south in the combination contract, able to get a sense?

Management: This quarter we are having and around 7% and we are having 6-7 contracts average of which was 13.

Participant: Hello sir, am I audible?

Participant: So, sir you have provided the EBITDA margin guidance for 7.5 to 8 rupees to 24. So, the moderations in the margin will happen from the current level is 6.8 as you have reported. So, what could be the reasons in moderations in EBITDA margin going forward for the next 9 months?

Management: We have to see how the material prices change and if at all it changes. Looking at the petrol prices we will have to take price cuts or we will have to take the decision at that time. if any changes happen in alternate fuel. So, we cannot be sure at this point of time that prices will go because people are expecting that prices will come down but again as given that the pricing and the margins of OMC at record high level. Given that the crude prices are again going up, today it is around 84\$ or so. Let's wait & watch how the prices change for petrol and diesel. And then we'd like to maintain a healthy level of price gap between petrol & CNG and anything happens we have to respond keeping that in mind we can expect the EBITDA in range of 7.50 to 8.00 in longer term..

Regarding conversion we are seeing uptick in number We would like to see them the number to 17000 or 18000 per month kind of number. So, again it takes a price hike to that level we will not reach the way it moves on and by pricing as well as in the conversions and moderations in the pricing that we'd be able to achieve it. But these fluctuations will slightly be there.

Participant: Ok! sir, second question is related to volume guidance that you continue to guide the volume and in the 9ML in the end of FY24. What would drive these 9MN and HCM. So, do you expect that the conversions would definitely increase from the current 14000 levels is that what you say in the month of May. It extends to the 18000 per month or is there any other factor which you are considering or which you are having to draw the volume of 9MNS by the end of FY24.

Management: See this volume grows will be from our new GAs. It is expected to grow. As Kanpur has seen some growth and Muzaffarnagar, Rewari, Ajmer, Karnal and kaithal. These are the locations that has seen hike in the growth. So, we are expecting from 0.2 to 0.3 MMSCMD from there and balance would be from NCR. Also, with a point of view that we are having around 14600 levels in the month of June we have 14800 conversions this means annually it is around 1,60,000, 1,70,000 and which is approximately 10% of the total in the CNG sales So, that's the confidence that we'd be able to achieve based on additions we have that at least 10% growth and that gives us confident about the 9.0 million number. Some hick ups in last quarter terms like last year we had an extended winter in Delhi and July month there was flood in Delhi. So, in depth I can we are still hopeful that we achieve 9M and 10M as we are maintaining from last 2-3 years.

Participant: And last questions from my side sir. The CNG domestic volume decline sequentially Q1 Q2 basis, are there any reasons?

Management: CNG domestic?

Participant: Yes Sir

Management: No, we have more than 20% of CNG domestic. You are talking about sequentially?

Participant: Yes Sir

Management: Marginal degrowth and the pickups we have added that 2.2 lakh customers we have added. The Q4 was winter and Q1 was Summer this might be another reason.

Participant: Ok, and how many domestic customers we have added during the quarter any idea sir?

Management: Last one year we have added around 2.2 lakh customers in the domestic segment. This quarter we have added some 60,000 customers and this quarter actually CNG



stations could not function any but it is stated slow it will pickup and we have a target of around 100 CNG stations this year, which will pick up.

Participant: Ok! Thanks a lot sir. I am done.

//Is there any questions for the audience?

//We have received some questions on the message directly from one of analyst. The current volumes that we are doing? This is period affected by the floods in Delhi and our other operation and presently we are selling 7.95 or so.

//I see a couple of raise hands on the line, can you go ahead with your questions?

Participant: This is Vikas, Sir what I wanted to ask was on a daily basis, I do understand that there was some problem, but by the time we are exiting July and also from the reports in the vehicle addition, has the daily volumes picked up as we are hitting July? I am not really looking at the average for the month, but more looking from the daily perspective.

Management: 8.3 - 8.35, in the last two weeks it has picked up.

Participant; So you are already about 8.4 or so which is already much higher kind of average of last quarter basis higher, so basically the impact of that 1 week of flood will be offset and overall the volume will be consistent to your expectations in the third quarter, is that how we should think about it?

Management: So winter was little extended last year. There will be some impact, but it should be better than Q1. To add to that 9.00 MMSCMD we are saying in last quarter Guidance is this will be average in last quarter of 24.

Participant: Exit of the year will be higher than 9M, but last quarter will average around 9M or so. And Sir in terms of vehicle addition there was obviously a little bit of slow down when prices were higher around March, but since Jun onwards vehicle addition have picked up to levels, which should give confidence that the near future volume growth should stay around double digits, is that how we should think about it?

Management: ... last month we have seen 14800.....  
OEMs are saying, they do not want CNG vehicle not in all segments, but entry segment they are taking about and focusing more. These are top three OEMs. If they are saying CNG is adapted in the future the I think IGL will do good. We will be able to achieve what we are maintaining  
Just to add to that. Just to give an overall picture, Total CNG vehicle conversion in the quarter was 42,000, out of which 20,500 was from new cars, so roughly 45-46 % was new cars and in this quarter, first quarter, TATA has launched a vehicle where in your boot space is saved , common complaint of customer and change the customer wants once you have a CNG fitting, boot space take the back space, that they have tried to address. New car additions would pick

up as well as. We have already seen a pickup, in April new car sales it was around 5500 and Jun it was 7800.

Sir I had one more point now the CNG kit conversion for Euro Vi cars has been approved and this will result in the increase in retro fitment also which was pending since last 03 years.

And we hope this will pick up in the next of the 9 months.

Participant: Just one more question on margins this time sir. Although you have given the margin guidance which is 7.5 to 8, but from whatever I could hear, what made you say that, as that's a more longer term target. Would want to build in some rooms for lockdowns and changes that might happen in the market, maybe raw material prices go up and that why you are keeping a buffer for yourself. But per say you are not seeing any visible reason that you can see at this point for margins to fall off immediately, it is just in the longer term you want to keep a buffer. Is that the correct way to think about it?

Management: When we are saying, that it is long term and not short term and ratjer thena giving rosy picture to investors when we talk we are conservative in margins so you are right.

Participant: Hi Sir, this is Kirtan, am I audible? I have one question on the industrial customer, there has been a relaxation has been granted for use of non polluting fuel in NCT area, earlier the deadline was Dec 22, but seems to be extended to Dec 23. Do you see the relaxation has been granted whether there is any impact on our industrial consumption because of that?

Management: It will be very difficult to quantify how much impact it has because we do not have specific measurement along those lines. There might be some impact but quantifying it or saying it with certainty it will be difficult.

Participant: But is there a sort of a relaxation given at least from the timeline usage of non polluting fuel in the NCT region?

Management: Not aware of any such relaxation given, it is actually the other way round, gensets for commercial, they have been banned using.

Participant: On the last call you were also talking about sort of conversation of some of the mobile towers for usage of because gensets were banned. So how many addition you have seen during the quarter from this mobile towers and what kind of usage they can add on a daily basis?

Management: Not very significant. You see, NCR is very good in electricty supply and people are not using gensets and only use when for their maintenance and generally they dont use, and conversation number even as we have done, it doesn't have a very significant impact on our volume.

Participant: In our last discussion, we were discussing about the approval of a type of cylinder from Automotive Research Association of India before its widespread use. So is there any progress on this approval which allows use of device of cylinder?

Management: I think they have started using it, but I think costwise it is little higher, so widespread use we have not seen, but we will come back to you on more information on this.

Participant: One last question, the targeting of the commercial vehicle that we were exploring tractors, construction dumpers, and other heavy vehicles, any progress on that front?

Management: That's an ongoing activity, Muzaffarnagar we have lots of agriculture tractors being used on a day to day basis.

On large heavy commercial vehicles more of an LNG rather than CNG. So LNG we are in discussion with the clients on conversions and prices.

Participant: Last question on the gas basket, in the recent last two RILs that has taken place, what is the quantity that we have added on the medium term contract basis?

Management: We have contracted 0.5 million there and that is a 5 year contract linked to GCM. We have taken a small quantity, we did not want to expose ourselves for a longer period.

Participant: Thank you.

Linda: Is there any further questions? If you have questions please go ahead.  
I'll hand over the line to management to make a closing remark.

Management: Yeah, I would like to correct myself, we have not 0.5, but 0.1 million in the contract.

Linda: Thank you so much and thank you everyone. I think with this we can end the call.

Management: I think there was a lot of issues in terms of joining. We see if we can collate all other questions that we got on messages and we would like to address that and we will also look for other opportunity to connect with you again. Thank you so much for joining this call.

Linda: Thank you all. Have a great evening.