"Indraprastha Gas Limited Q2 FY '26 Earnings Conference Call"

November 14, 2025

MANAGEMENT:	**MR. K. K. CHATIWAL – MANAGING DIRECTOR, INDRAPRASTHA GAS LIMITED** **MR. MOHIT BHATIA – DIRECTOR (COMMERCIAL), INDRAPRASTHA GAS LIMITED** **MR. SANJAY KUMAR – CHIEF FINANCIAL OFFICER, INDRAPRASTHA GAS LIMITED** **MR. MANJEET GULATI – VICE PRESIDENT (FINANCIAL), INDRAPRASTHA GAS LIMITED**
MODERATOR:	**MR. KISHAN GOPAL MUNDHRA – DAM CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Indraprastha Gas Limited Q2 FY '26 Earnings Conference Call hosted by DAM Capital.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*, then '0' on your touch-tone phone.

I now hand the conference over to Mr. Kishan Mundhra from DAM Capital. Thank you and over to you, sir.

Kishan Mundhra: Thank you. Good day, ladies and gentlemen. On behalf of DAM Capital, I welcome all of you to Indraprastha Gas Limited's Q2 FY '26 Earnings Call.

Today, from the Management Team of IGL, we have the pleasure of having with us Mr. K. K. Chatiwal - the Managing Director of IGL; Mr. Mohit Bhatia - the Director Commercial; Mr. Sanjay Kumar - the CFO and Mr. Manjeet Gulati - the VP Finance.

With this, I shall now hand over the floor to the Management for their opening remarks, which shall then be followed by the question-and-answer session. Over to you, sir.

K. K. Chatiwal: Good afternoon, ladies and gentlemen. I am Kamal Kishore Chatiwal – Managing Director of IGL, and it is my pleasure to welcome all of you to the Q2 FY '26 Earnings Call. Thank you for taking the time to join us today.

For those who are new to this forum, let me begin with a brief overview of our organization:

Indraprastha Gas Limited, IGL, is one of India's leading CGD companies operating across 12 geographical areas in 4 states. Our mission continues to focus on providing safe, reliable, sustainable energy solutions to our customers. We have built a well-diversified portfolio of mature and emerging geographical areas that offers both stability and significant growth potential.

On the infrastructure front, our network continues to expand steadily. Today, IGL operates a steel pipeline network of over 2,500 kilometers and an MDPE network of approximately 29,000 kilometers. So, through this robust infrastructure, we supply natural gas to more than 31.75 lakh households, nearly 5,300 industrial units and around 7,200 commercial establishments. Additionally, we operate 955 CNG stations across 4 states.

Turning now to the financial and operational performance for Q2 FY '26:

I will just give a broad overview. The details will be shared by our Director Commercial. So, the overall sales grew by around 3% year-on-year. The CNG segment registered a 3% growth, while PNG volumes grew by 6%. Although the sales to DTC and DIMTS declined due to their ongoing transition from CNG to electric mobility, the underlying CNG demand remained strong. Excluding DTC, the CNG volumes grew around 10%, reflecting continued traction across private and commercial vehicle segments. A key growth driver for the quarter has been the continued increase in CNG vehicle adoption.

On a 12-month rolling basis, we witnessed an average monthly addition of around 19,000 CNG vehicles, a 21% increase over Q2 of last year. The central government's GST rationalization, reducing GST on CNG vehicles from 28% to 18%, has further improved CNG's competitiveness, not only relative to other fuels, but also relative to EVs especially. As a result, October alone saw 31,000 new CNG vehicle additions, supported by festive demand and GST benefits.

With effect from 1st October, the reduction of VAT on domestic gas sourced from Gujarat from 15% to 2% has also lowered the input gas cost by approximately Re. 1 per SCM, and this is expected to positively contribute to EBITDA margins in the upcoming months. And in addition to that, the notification by PNGRB regarding Zone 1 classification for CNG transport and domestic PNG is also there. The implementation of that is yet to start, so we are expecting that to be notified shortly and once that is implemented, there will be benefits. And when the exact number comes, then we will be able to give the quantum of the benefit.

That concludes my opening remarks, and I will now invite our Director Commercial, Mohit Bhatiaji, to share his comments.

Mohit Bhatia: Thank you, Managing Director Mr. K. K. Chatiwal, and good afternoon to everyone. I am Mohit Bhatia, Director Commercial at IGL. I join today's session in welcoming, along with Managing Director, all our investors, fund managers, and analysts to today's session.

Let me take you to the key financial and operational highlights of Quarter 2 for the Financial Year ’25-26:

Our total sales volume for the quarter stood at 857 million standard cubic meter, as compared to 830 million standard cubic meter during the same period of last year, reflecting a 3% year-on-year growth. This translates to an average daily volume of 9.31 million standard cubic meter, as compared to 9.03 million standard cubic meter during the same period of last year. While daily growth remains flat overall, however, the NCR, that is the National Capital Region, grew by 7%, whereas the other GAs, including the new GAs, have shown a healthy growth of 16% during Quarter 2, over the last quarter of last year.

In terms of quarterly average CNG sales:

IGL crossed 50 lakh kgs per day, with volumes reaching almost 7 million SCMD, making a growth of 3%. If we exclude the DTC sales, CNG grew by around 10% year-on-year basis. With DTC shares declining in the coming quarters, we expect CNG growth to remain healthy. In the PNG segment, excluding the NG part, overall sales increased by 6%, reaching 1.84 million standard cubic meter per day, compared to 1.74 million standard cubic meter in the Q2 last year. The total revenue for this quarter stood at Rs. 4,432 crores, with a growth of 9% year-on-year. Our profitability EBITDA for the quarter stood at Rs. 443 crores, compared to Rs. 512 crores in the previous quarter and Rs. 532 crores in Q2 last year. The decline is primarily due to the reason in the average gas procurement costs. Consequently, the PAT for the quarter stood at Rs. 373 crores versus Rs. 431 crores during Q2 of last year.

As highlighted by our Managing Director, EBITDA margins are expected to improve going forward, driven by the growth in the volumes. Reduction in Gujarat's VAT on domestic gas procurement effective October 25. Further, as he mentioned, the upcoming single-zone tariff framework announced by PNGRB, which aims to rationalize tariffs and bring CNG and domestic PNG under a unified structure will also have a positive impact on the margin. Once implemented, this framework is expected to significantly benefit the entire CGD sector, particularly company like IGL operating far from the gas sources and should positively improve IGL margins in the near future.

That concludes my remarks and we are now opening the floor for the Q&A session. Thank you.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Probal Sen from ICICI Securities. Please go ahead.

Probal Sen: Sir, just first question was on the Delhi number which you mentioned was flat on a Y-o-Y basis for this quarter, is it possible to get a comparable number for Q1? What was the Delhi volume growth like in the Q1 of this year?

K. K. Chatiwal: Delhi volumes in the Q1 was also, I think 1%-1.5% positive if we include the DTC numbers. And if we exclude the DTC numbers, it was around 7%-8%. But with the diminishing DTC because the DTC average sales in the month of September, it was hardly left around 30,000 per month only. So, that is why this is a trend and in coming years, we look forward for a healthy growth in terms of CNG because the historical sales of DTC will be absolutely almost 0.

Probal Sen: Sir, given this kind of run rate, is it possible to look at what, will you like to still maintain the 6%-7% overall volume growth guidance for FY '26, I believe that was shared earlier?

K. K. Chatiwal: Yes, we look forward for the same around, may be 8%-10%. If we exclude the DTC volumes, the historical volumes as well as the current and then we overall see, so I think it is in the range of 6%-7% and with the newer GAs performing well closer to a double digit growth, we expect to have in the range of maybe 8%-10%.

Probal Sen: Understood. And the second question was, the obvious question we had about the Saudi JV, just wanted to understand the strategic rationale for looking at the Middle East suddenly as an option and if you can also throw some color on what kind of investment, if any, has been thought of and how will the financing, the modalities of this whole move that you have put?

K. K. Chatiwal: Actually that we feel is a very big opportunity because we have sent a team there to assess their existing industrial cities. Just to give a brief, Saudi has divided the whole kingdom in 36 industrial cities. Out of that, they have awarded 7 industrial cities. Presently, they are on liquid fuels, LPG, propane and all those things, even the heavier fuels also and they want to transition to gas. So, after these 7, now the next in the line is 5 and there the development is little bland in the sense that they open up those industrial cities where the trunk lines are available. Very near to these industrial cities, gas is available and that gas trunk line is operated by Aramco and each industrial city has a potential of 1-1.5 million of gas. The laying cost for the network is also not much since the gas is nearby. So, we feel each zone should have roughly, the investment would be realistic like in India. If we look at India, some of the areas, the pipeline is far away and the gas is not available. So, individual entities have to lay 80-90 kilometers of pipeline to bring the gas. So, that is not the case here. So, the amount of investment to that extent would be less, but the volume potential is huge in each industrial city. So, the IGL will provide the technical, operational, safety assistance or assist in developing both aspects and the financial and overall stakeholder management at Saudi would be with our partners. And the interest rate as you know there is extremely low. So, to that extent, we feel this is a good opportunity and since this is the first venture, so many more opportunities may come in the gas value chain.

Probal Sen: So, our returns therefore will be in the form of basically a consulting fee in terms of this?

K. K. Chatiwal: No. We are investing. The company, they will be having the stake around 40% equity. The partner would have 60. So, that is the kind. It is not a consulting assignment. It is pure investment also. And that will be a JV, joint venture in the form of a JV where 40% stake will be IGF. And we will put in money, we will put in expertise also, we will send people there who will implement all those on ground.

Probal Sen: Sir, if I may ask one follow-up, what is the regulatory and sort of the margin environment for these licenses? Is it similar to India?

K. K. Chatiwal: I think it will meet our threshold. I would only say that it is above our threshold, whatever we have within the company, it is meeting those requirements. And we are not looking at all these 5 cities. So, our next target would be to target those 36 industrials. This is in the Phase-I. Next, we want to expand there. So, 24 cities will again come up for bidding. There also the tendering is there and 2 stage tendering is there. In the first step, the pre-qualification is there based on some predefined criteria and we have to score minimum 60%. But according to us, I think we will be able to get more than 90% there.

Probal Sen: Sir, any numbers you can share?

K. K. Chatiwal: Right now, we don't have the tender document as such. That will be available once we are qualified and the results will be announced in January 9. The last date of bid is 29th of November. So, we will be submitting our bid for pre-qualification. And then, there are some procedural requirements there that you need to have a NISA license and all those things. So, we are in the process of doing all those. And we are taking the help of international consultants based in Saudi, Grant Thornton. So, that is our consultant for the assignment. And so that is whatever prerequisites are there for submitting that bid, we are in the process of doing that once that is done. Then maybe after January, we will know based on the tender document what are the pricing and all those things.

Probal Sen: Understood. So, one last question. This was more around this quarter's margin reduction and the gas cost increase. Just wanted to understand, whether there was a reduction in new well gas and APM allocation for this quarter and any spot LNG procurement if at all was done in this quarter because of which costs have gone up?

K. K. Chatiwal: Actually, there is no spot procurement in our portfolio. All are term contracts. Only thing is that Henry Hub has increased. Dollar appreciation is there. Rupee has depreciated. So, these are the major impacts in addition to the reduction in this APM and new well gas.

Probal Sen: How much was the reduction in this quarter?

K. K. Chatiwal: Yes, Sanjay will be sharing that.

Sanjay Kumar: So, if you talk about APM gas, so last quarter it was out of the priority segment. 44% was the allocation for priority segment. This quarter it is 41%. In terms of NWG, last quarter it was 13%. It has come down to 10%. And HPHT also we had some major contracts or major supplies through HPHT last quarter. It was 16%. This quarter it was 10%. So, our LNG component has increased from 25% to 37%. So, that is the mix change which has happened in the current quarter. It is basically increasing our gas cost.

Probal Sen: Understood, sir. Thank you so much for the detailed answer. I will come back in the queue. All the best. Thank you.

Moderator: Thank you. The next question is from the line of Maulik Patel from Equirus Securities. Please go ahead.

Maulik Patel: Thanks for the opportunity. So, you mentioned that ex-DTC in this quarter the volume growth was 10% for Delhi?

K. K. Chatiwal: Yes. For Delhi it was 7%, overall 10% excluding our DTC sales, overall we grew by 10% in CNG. And if we talk about only Delhi, the growth was 7%.

Maulik Patel: Got it. But sir, this quarter, it seems NCR growth has been on the lower side, right? Generally you grow around 10%-12% growth rate on NCR. This quarter the NCR growth as you mentioned was around 7%-8% only?

K. K. Chatiwal: Yes, it was 7%-8%, correct.

Maulik Patel: Any specific reason or this is a new normal or do you expect that growth to bounce back?

Sanjay Kumar: I think it should bounce back. Maybe there has been a little bit dip in the industrial segment, we can say, if we bifurcate and there has been a certain dip in that. And we are hopeful to recover it back.

K. K. Chatiwal: Actually, if I may just add to that, the LPG prices have been a little soft. As you know, the crude is around 60-65 range. So, that competitiveness is there and there is a minor switch from gas to propane those who have got this flexibility.

Maulik Patel: But sir, I think so. So, when we say about 7% growth in NCR and the argument what you have given is more on the industrial side where the growth was on the weaker side, right? But CNG growth has been good as per you, right? CNG in NCR would have grown by what percentage, sir?

Sanjay Kumar: NCR CNG has grown by 9%. And PNG is 5%.

Maulik Patel: CNG grew by 9% and the PNG grew by 5%. Got it. And one more last question. On this Gujarat government VAT reduction, which you have got it now. Is there any possibility that government of Gujarat can go to court? Because there is no such notification from the central or the Gujarat government. I think it is revision of agreement between GAIL, ONGC and you, right? So, is there any possibility?

K. K. Chatiwal: Understanding is not correct. There is nothing related to Gujarat government. They have not issued anything that we are reducing VAT. VAT remains 15%. Because it is high seas offshore sale that has happened and the arrangement is between GAIL and ONGC and they are delivering us the gas at Delhi. So, nothing that the VAT rates have been reduced. Now, we are looking at CNG.

Maulik Patel: No, sir. From, I think, even a quarter back or 10 years back, the same thing was working, right? ONGC was delivering gas to the GAIL and GAIL was delivering that gas to the IGL or whatever. And the Gujarat government, this 15% VAT, it probably came in 2017 or 18, I don't know which year, but then why it was not happening in the past, sir?

K. K. Chatiwal: I think there has been some intervention from the Ministry of Petroleum and Natural Gas and Central Government and some things have been worked out for the CGD sector. There was some representation that this is an additional thing that is there that is not required. So, I think something has been done, but the details would be available with I think, GAIL and ONGC, what is the arrangement. We are not privy to that.

Maulik Patel: Got it, sir. Sir, and one more. On this rationalization of tariff to the single zone for the CNG, what kind of a cost saving you will have it at a company level? Will it be closer to around Re. 1 per SCM?

K. K. Chatiwal: I think it should be, the numbers are important there, but the numbers those are there floating around, it should be more than 1.

Maulik Patel: More than 1, sir. Got it, sir. Thank you and wish you all the best.

K. K. Chatiwal: Thank you.

Moderator: Thank you. The next question is on the line of Yogesh Patil from Dolat Capital. Please go ahead.

Yogesh Patil: Thanks for taking my question, sir. Sir, as you mentioned the cost of gas savings of Rs. 1 per SCM due to VAT reduction to 2% from earlier 15%. But sir, are we planning to pass on these benefits to the CNG and the DPNG consumers because we have cut the CNG prices in non-Delhi region in October month?

K. K. Chatiwal: Yes. Wherever, actually Delhi, we wanted to keep the prices constant, like earlier we have not increased in anticipation of all these changes. So, that was the reason that Delhi has been kept constant. We have passed on Re. 1 benefit to the CNG customers and outside NCR some new GAs which are growing. So, there we thought that it would be good support that whatever benefit is there, if we pass on that, it will help us in expanding the base.

Yogesh Patil: Is there still a scope to pass on more?

K. K. Chatiwal: We will see that once the tariff notification also comes and we will review the prices and take a call. But as of now, our prices are very competitive with respect to the neighboring GAs and also with respect to alternate fuels.

Yogesh Patil: The second question, if you could provide gas sourcing details for this quarter, how much was the APM, NWG, Crude linked, Henry Hub, Spots and that is mostly into the MMSCMD term, that would be helpful. I know that you have a little bit shared in the percentage term, but if in MMSCMD, it would be helpful?

Sanjay Kumar: So, the gas sourcing which happened in Q2 was the APM, non-APM gas, domestic gas was 3.25 million cubic meter per day. This was 41% of the priority segment. NWG was 0.81 million. Coal-fed methane gas was 0.11 million. HPHT domestic gas was 0.76 million and RLNG was 2.91 million. So, this comprised of 7.83 million cubic meter of priority segment.

Yogesh Patil: Sir, last question from my side. If we try to back calculate the difference between the DTC versus CNG loss, so in the last quarter in Q1, you mentioned the 88,000 SCMD kind of consumptions on a daily basis, while in a September ending, you just mentioned 30,000 SCMD. If we add back the difference of 0.06 MMSCMD into the CNG volume, then the total CNG volume will reach approximately 7.03 MMSCMD from the, which we reported 6.97 MMSCMD. And still, if we try to back calculate the Y-o-Y growth is hardly a 6% while you are indicating a 7% and 10%. Can you please correct me where I am losing?

Sanjay Kumar: See, if you see, we need to compare it with the historical. So, just some data I will share with you. Last year, September, we were averaging out around 2 lakhs per day. So, we just come down to almost 30,000 per day. And Q1, when we see in the June month, I said, you also mentioned that around 80,000 per day, whereas last year, same June was around 2,15,000 roughly. So, I think the historical figures need to be looked into while calculating the growth. So, I think I am able to respond to you.

Yogesh Patil: Yes. And lastly, how many DTC buses remain to be phased out in this year?

Sanjay Kumar: Yes, almost now it has come down drastically. And now only hardly 28,000-30,000 per day sales are there. So, further we expect.

K. K. Chatiwal: We have the DTC buses remained on in operation is 226. And DIMTs, it is remaining at 1750. So, overall, both put together 2000 buses are there. Last quarter, this number was 3200.

Yogesh Patil: Thank you, sir, and wish you all the best.

K. K. Chatiwal: Thank you.

Moderator: Thank you. The next question is from the line of Varatharajan from Antique Limited. Please go ahead.

Varatharajan: Thanks for the opportunity, sir. Looking at the trade margin of OMCs, has there been a significant change during the quarter?

Sanjay Kumar: No, there is no change in trade margin during the quarter.

Varatharajan: Does the contract have any kind of an escalation built into it?

K. K. Chatiwal: Yes, there is. For outside Delhi GAs, there is a provision of 5% increase in the trade margin. Outside Delhi. There is no agreement as such from Delhi. So, outside Delhi, you can see the 25% volume, there is an agreement. I think the agreement is with **_29.06__** that you may be aware. You may be referring to that. So, yes, the 5% increase is there.

Varatharajan: Secondly, the OPEX for the quarter seems to be on the lower side. Is there something sustainable? What led to that kind of a lower OPEX?

Sanjay Kumar: Actually, mainly the savings have been in the repair and maintenance and power and fuel. Power and fuel is marginal in the sense that some of the gas equipments we have shifted to power. So, that has been some. Major improvement has been in the repair and maintenance. Some operational efficiency is there.

Varatharajan: Should we assume this is more like a new normal?

Sanjay Kumar: Yes, this is a new normal. We are focusing on improving it further. Rupees per SCM of RNM we are constantly improving and the partial benefits have been realized. We feel that we can improve further.

Varatharajan: Great, sir. All the best. Thanks a lot.

Moderator: Thank you. The next question is from the line of Amit from Axis Capital. Please go ahead.

Amit: Hi, good afternoon. On margin, like while this quarter you have seen a lower margin, but at the same time, as you mentioned, the Re. 1 plus kind of benefit should come in. So, how do we think about EBITDA margins in that context? In the past, I think you maintained Rs. 7 plus as margin guidance. Could you throw some more light on the margin expectations?

K. K. Chatiwal: We are confident that Rs. 7-Rs. 8 guidance we will be able to maintain. Unfortunately, the tariff order was notified in, I think, 4th of June or 4th of July, I think 4th of July, but it is yet to be implemented. So, in anticipation of that, we have not touched our return selling price for CNG. So, that was, I think, if that order comes, then we will be able to, I think, assess the situation. But our long term guidance remains on Rs. 7-Rs. 8 and we are on path to that.

Varatharajan: Sure. So, assuming the tariff order comes through and this Re. 1 plus cost savings is there in Gujarat. So, essentially, then we should not be requiring any price hikes to kind of go to 7 then, right? Is that understanding correct?

Sanjay Kumar: Yes, more or less that understanding is correct, but we may have to do some review on that front for some of the GAs where the taxes are high. So, that is a constant review process and we will review that situation. But on a broader base, yes, what your understanding is correct that if we get Re. 1 plus kind of a benefit in tariff and Re. 1 from this VAT deduction, then I think we are in Rs. 7-Rs. 8 range.

Varatharajan: Got it. Perfect. And on CAPEX, what is the guidance now?

K. K. Chatiwal: On the CAPEX, during H1, we have done CAPEX of Rs. 580 crores and primarily on our core segment, that is the infrastructure PNG in particularly around 50%-55% and the CNG and the steel part around 40%-45%. So, we have plans for around Rs. 1,200-Rs. 1,400 on our core in the CAPEX and some diversification thing if it happens, we are trying so another maybe Rs. 700-Rs. 800 crores.

Varatharajan: And should be seen more as a run rate CAPEX, the Rs. 1,200-Rs. 1,400 for core business?

Sanjay Kumar: It will be roughly around Rs. 1,200-Rs. 1,400 crores. So, almost Rs. 580-Rs. 600 odd, we have done in H1 already.

Varatharajan: Sure. That is all for me. Thank you.

Moderator: Thank you. The next question is from the line of Nitin Tiwari from Phillip Capital. Please go ahead.

Nitin Tiwari: Hi, good afternoon and thanks for the opportunity. So, staying on the question of growth, first point out and correct me if I am wrong, if I look at the rolling growth over like past 4 quarters for each subsequent quarters, then we are looking at a slowdown in growth from 3rd Quarter FY '25 which is 3rd Quarter last year and this is across segments, not only in CNG. So, how does that growth target of about 10% in a year stand in this backdrop because so far in this year also in the first half we have done about 4% growth? So, are we sticking to our guidance of growing at about 9%-10% in the year?

K. K. Chatiwal: Definitely, as mentioned earlier also, like if we exclude the DTC, we need to have this fact that DTC will be demissioning and there is a transition on the DTC to the EV part. But if we exclude that, I think CFO also mentioned that we are going at 10% in CNG and around 8%-10% in PNG also. So, we look forward on those numbers only 8%-10% should happen and once we get the zero base of the DTC, I think we will be achieving these numbers. So, staying even on the DTC question, I am working with the numbers that you gave of about 0.2 MMSCMD in September last year and about 0.03 in this year. So, even if we adjust for that, the CNG volume has grown by about just 5.5% on a year-on-year basis, I am not sure what am I missing that I am not getting the 9% number over there, first of all, for your CNG growth.

Nitin Tiwari: This is the only the 5%-6% you are seeing on the DTC gap. But otherwise, there is a natural growth also and if we compare in holistic, the outside GAs as well as NCR part, so it is coming as around 9%-10%?

Sanjay Kumar: Apart from DTC, DIMTs sales have also gone down. I told you about the bus fleet which has gone down not only for DTC, but DIMTs also. So, there also the number of buses which have gone out of service on CNG is approximately 1000. So, if you compare both sales put together, there is a reduction of approximately 2.2 lakh kg. These numbers we are talking in kg.

Nitin Tiwari: Got it. So, the 0.2 number that you gave, that was 30,000 SCM per day or 30,000 kgs per day that we are selling?

Sanjay Kumar: kg, kilogram number, 2.2 lakh kg reduction in sales on account of DTC and DIMTs. So, you have to multiply it by 1.4 to arrive at SCM number.

Nitin Tiwari: Understood, sir. That is a mistake on my part. Thanks for correcting me, sir. And secondly, on the margin question, sir, so while we have a benefit of about a rupee because of the tax change that has happened, but just wanted to understand the impact of INR. How should we look at that? And how does that impact our costs as such? So, would the sharp depreciation in INR be offsetting that benefit that we are getting from tax rationalization?

Sanjay Kumar: I didn't get your question.

K. K. Chatiwal: I think this Re. 1 that we have calculated is factoring in that impact of the current whatever INR depreciation has happened. Further depreciation, I think, then we will have to recheck. It will offset. You are right that impact of depreciation would definitely be there, but we are expecting that rupee to be stable, given strong growth and all. So, impact will definitely be there, but Re. 1, it has been factored.

Nitin Tiwari: Right. So, what I am trying to get at, sir, is that your guidance for Rs. 7-Rs. 8 of operating margin. And if we look at the first half, we have done about 5.7, which is 5.5. And the incremental Rs. 1, which is going to come in from 1st October, you are saying that this is in excess of anything that would have been taken away by depreciation in INR?

K. K. Chatiwal: Yes. And outside of Delhi only, we have reviewed the prices. Delhi CNG has remained untouched. And plus, if we get the notification with respect to the tariff order, that will be additional Re. 1 plus. So, that will take it, without any change in the prices that will take to Rs. 7-Rs. 8 soon.

Nitin Tiwari: Understood, sir.

Sanjay Kumar: If you are talking about full year average, then it would be difficult, but on a quarter basis, rupee will be reaching, by maybe quarter 4 we will be reaching 7.

Nitin Tiwari: So, sir, to conclude, how should we look at the volume number for FY '26? The average in the first half has been about 9.2. So, how should we look at the full year then, in your assessment?

K. K. Chatiwal: I think our exit would be around 10.

Nitin Tiwari: And for 27, if you can give us some guidance in specific terms?

Sanjay Kumar: I think if we are able to consolidate some of the GAs and all that we are discussing, then I think we can do more than 1 million addition.

Nitin Tiwari: Understood, sir. Thanks, sir. That is all from my end. Thank you.

Moderator: Thank you. The next question is from the line of Nilesh from HDFC Securities. Please go ahead.

Nilesh: Yes. Hi, sir. Just one question on MNGL. So, is it possible for you to share financial and operational performance of MNGL for this quarter as well as for H1?

Sanjay Kumar: Yes, I will give you. So, MNGL is selling around 1.9 million cubic meter of gas per day. And its profit for the half year was, Q2 profit for MNGL was Rs. 148 crores.

Nilesh: And so similar number for H1?

Sanjay Kumar: It should be similar. So, approximately Rs. 300 crores for half year. The tax number, profit after tax.

Nilesh: Thanks, sir. That is all from me. Thank you.

Moderator: Thank you. The next question is from the line of Sabri from Emkay Global. Please go ahead.

Sabri: Yes. So, just a clarification. You mentioned those Saudi cities. What is the volume potential per city?

K. K. Chatiwal: Actually, as per the initial estimate, it is 1-1.5 million. But exact details would be known once the tender document on Stage-II, they will be sharing the details in Stage-II once we pre-qualify, then they will be sharing the details. But our assessment, our team, we had sent a team there. So, existing industrial cities are doing around 1-1.5 million. They have seven industrial cities. Those are operational. And in present one, three cities are in Jeddah**.** That is the major industrial city there. So, our estimate is that it should be all industrial zones should be in that range.

Sabri: So, 1 and 1.5 million metric standard cubic meter per day, right?

K. K. Chatiwal: Yes, in one industrial city.

Sabri: Yes. MMSCMD, right?

K. K. Chatiwal: Yes.

Sabri: And also, what is the rough cut investments required to like achieve that kind of a volume?

K. K. Chatiwal: I think those numbers are not there, but it will be much less than what is there in India. Because the connectivity is very nearby.

Sabri: So, is there an amp up there or it could be like done very quickly, given that it is industrial?

K. K. Chatiwal: I think it could be done very quickly because that is the mandate that they are given to switch from liquid to gas. And there, I think it will be very quick. And only the phasing in the cities. They have planned it very well in the sense that wherever they have, they are able to give the trunk pipeline connectivity. Those industrial cities, they are opening up for bidding, right. So, now in this phase, there will be 5 and maybe going forward after 1-1.5 years, what the pipeline connectivity in other zones is there, they will open up that. So, timeline for this is very short in the sense that I think the tender finalization would be somewhere around May-June. And by 27 end is the gassing should be there. That is the kind of timeline there.

Sabri: Got it. And secondly, on the currency, you mentioned that when you have talked about this margins going up, so you have built Rs. 88-Rs. 89 of rupee dollar, right versus 87 in Q2?

K. K. Chatiwal: 88.

Sabri: Around 88 you have taken while giving this guidance and the pricing, right?

K. K. Chatiwal: Yes.

Sabri: Thank you so much.

Moderator: Thank you. The next question is from the line of S. Ramesh, an Individual Investor. Please go ahead.

S. Ramesh: Thank you and good evening. So, if you are looking at your 4th quarter EBITDA guidance of around Rs. 7, so if you were to be asked how you will be able to achieve Rs. 8 per SCM, say over FY '27 or '28, would it come from operating leverage on say, 11 MMSCMD by 27? And is there any other benefit you are factoring in by way of your plan earlier to convert some of the data booster stations to online? If you can give us some thoughts on that, how you would possibly expect to achieve that ramp up from Rs. 7-Rs. 7 over the next 1 or 2 years?

K. K. Chatiwal: Actually, I am happy to share that IGL, the major advantage is that our online sales is almost 97.5%. 97.5% of our sale comes through online stations. So, that is very limited stations which are offline and those are mainly in outside GS. That is point number one. Second is that some of the benefits that we are anticipating is on the LNG front. Going forward, there is an expectation that once the LNG plants are commissioned and they go on stream, the LNG prices which are currently at around $10-$11 should also come down. So, that would be another advantage and the crude being down, we feel that APM and new well gas prices would also be subdued as well as the HPHT prices. So, given that energy prices overall are lower, so we feel that the input gas cost should come down. And once that comes down, then I think we will be comfortably in Rs. 7 and so on. So, these are the factors on the input front. And on the operational front, we continue to improve our operational efficiency, but that will give only an incremental benefit like 20-25 paisa per SCM kind of numbers, but the big numbers would come from the input gas cost as well as the volume that you talked about.

S. Ramesh: Yes, understood. So, if you look at the Saudi project proposal, so if you are looking at technical and operating assistance and your own equity stake, so what is the kind of risk you are taking in terms of developing the project and what will be your revenue stream from that and what is the kind of ROCE you can expect based on whatever internal assessment you have made? I know it is costly already, but to get a sense in terms of what is the motivation to take up, what is it that you are going to do there in terms of earning revenue and how would it support an ROCE in terms of your own target?

K. K. Chatiwal: Actually, our bigger vision is to create an IGL kind of entity. That is the bigger vision, but for these 5 cities, we are looking at 100-150 kind of, for 5 cities, Rs. 100-Rs. 150 crores and the volume should be 4-5 million.

Moderator: Thank you. The next question is from the line of Akash Mehta from Canara HSBC Life. Please go ahead.

Akash Mehta: Yes, so just continuing on the Saudi, so in the existing 7 cities, like who are the players like and how is the competition like, who are you competing with and what are the chances of winning and these additional facilities that you are looking at?

K. K. Chatiwal: Actually, that is what I said that the numbers we are sharing are based on the existing industrial cities. Those are operating and they are doing 1-1.5 million kind of numbers and they are the local CGD entities. The size is much smaller than IGL. So, that is the only plus that we have that we have a history of 25 plus years operating in the sector and we are operating in the most difficult area of NCR region and that too, from the PNG perspective, I am saying. And these are the two factors plus our financial, technical strength, operational experience, safety experience. So, all those factors make us believe that I think we should be able to win those bids and then subsequently the volume should be there and this is the first step I am saying that more and more industrial cities would be coming up and based on our performance, we are confident that we will be able to get some more cities also.

Akash Mehta: And just to clarify, once you bid for the city, you set up the entire infrastructure, so you will be the sole supplier of gas over there. Is there any timeline in terms of how many years and how much exclusivity would be there?

K. K. Chatiwal: I think those details are not available with us because once the tender document is there, then we will be able to know but similarly, I think they also have some exclusivity kind of a period, the infrastructure exclusivity similar to other countries and also similar to India, they will have some exclusivity period and in addition to that, I think the best part is that their trunk pipeline connectivity is near to these industrial cities. So, the connectivity to the main city would not require much CAPEX. So, that is the positive and then once you bring in the steel network, then the MDPE network, you can connect the individual industries and our team has gone and similar equipment, same vendors are there. Those who are supplying the metering skill there, the same metering skills are available in the existing, whatever industrial cities are operating. But the details are not with us right now. That will be part of the tender document. So, that is till now information available with us.

Akash Mehta: Awesome. That is it from my side. Thanks.

Moderator: Thank you. We will take that as our last question for today. I now hand the conference over to Mr. Sanjay for closing comments.

Sanjay Kumar: So, thank you everybody for attending this call. We had a very fruitful discussion and lots of questions on our international venture which we just started yesterday and probably that will be a major milestone in the history of the company. Going forward, probably it will help us improve our profitability and volume. Probably, again for the next meeting, we will have more things to share on that aspect. So, with that, thank you very much. Thank you again for joining this call. Thank you, DAM Capital also, I missed to mention that. Thanks.

Moderator: On behalf of DAM Capital, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.