“Indraprastha Gas Limited

Q2 FY27 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to Indraprastha Gas Limited Q2 FY27 Earnings Con Call hosted by Dolat Capital Markets Private Limited. 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Yogesh Patil. Thank you, and over to you, sir.

Yogesh Patil: Thank you, Saisha. A very good afternoon, and happy Diwali to the management of IGL and to all analysts. I would like to extend a very warm welcome to all the participants and the top management of IGL who are on this call. I would like to especially welcome Mr. Kumar Shanker, Managing Director of IGL; Mr. Mohit Bhatia, Director, Commercial; and Mr. Manjeet Gulati, CFO.

I will hand over the floor to Mr. Kumar Shanker for their initial remarks. Over to you, sir.

Kumar Shanker: Yes. Thank you, Yogesh. Very good evening and a very happy and safe Diwali to all of you. I am Kumar Shanker, Managing Director of Indraprastha Gas Limited. On behalf of IGL's management team, it's my pleasure to welcome you all to our earnings call for the financial results of Q2 of FY26, '27.

At the outset, thank you for your continued trust and support and for joining us today. While the current quarter has been challenging from a financial perspective, let me begin on a positive note. IGL has been conferred with the PNGRB Excellence Award 2026 for the overall performance in the city gas distribution sector.

The continued geopolitical situation in West Asia and its consequent impact on global gas prices and supply chain reliability has directly affected the sector. So at this stage, it will be premature to speculate on the duration or full economic implications of the situation, as we all know, but much of it will depend on how quickly the stability returns and normal shipping movements, particularly across home moves could be restored.

Coming to IGL's performance in Q2, we have delivered a robust volume growth with the company registering 8% year-on-year growth on both the CNG and PNG front. So it's kind of a balanced positive growth rate in both the services, CNG and PNG services.

At the same time, input gas costs have increased considerably during this quarter, which mainly impacted the profitability of the company. The share of spot in our overall gas mix has also increased significantly in this Q2 as compared to Q1. This was actually primarily due to the continued force majeure situation with respect to the term LNG contracts.

And because of that, the continued curtailments in the long-term LNG supplies. So of course, because of this, in addition, we have to also procure relatively additional spot gas to meet the increased growth that we are achieving and we have clocked during the second quarter.

So we are continuously monitoring the situation and evaluating various measures to manage the input gas costs. All possible options and levers are being considered with a view to restoring margins, of course, at the same time, sustaining our volume growth. We believe that the situation should improve as supply conditions normalize.

Government also has been taking steps, including changing the allocation methodology for the high-pressure high-temperature HPHT gas under which allocation going forward would be proportionately increased based on the actual gas consumption in the CNG and PNG D segments being achieved by the individual entities. So we also remain engaged with the evolving gas supply environment, and we'll continue to optimize our gas sourcing mix as well.

So during this quarter, another positive development is the release of TERI report, which was released by a special adviser to the Prime Minister. And the TERI report had a multidimensional factors study, and it covered technical, environmental, economic, social and geopolitical aspects.

And after considering all of these factors together, the report has actually finds that CNG currently retains and will continue to retain a strong position across passenger segments, namely cars, taxis, LCVs.

And it concludes that it can serve as an important intermediate pathway towards the year 2050. This is primarily because of the fact that the CNG services is supported by good existing infrastructure and its already good technical readiness, its superior environment performance, its user acceptance and, of course, the competitive operating costs.

So now let me very briefly share some of the highlights of the performance during this quarter. So with our continued efforts, for the first time in IGL's history, we have achieved an average daily gas sales of 10.06 million SCMD.

So this is the first time the average daily sales of a quarter has crossed 10 million SMD. This is, I think, the first perhaps for any CGD in the country as well. So this is as compared with the figures of 9.31 million SCMD in Q2 of the previous corresponding year.

Our overall CNG sales volume, of course, net of BTC and DIMTS operations also increased by approximately 10%. So during this quarter, IGL also touched a peak CNG sale of 59 lakh kg in a single day as well.

So we achieved another important milestone during this quarter, recording our highest ever quarterly turnover of more than INR5,500 crores. So this half yearly numbers also correspondingly has already crossed INR10,000 crores. So we continue to invest in expanding and strengthening our infrastructure, not only to support government's PNG Drive 2 and 3, but also for our strengthening our own robust infrastructure.

So we incurred capital expenditure of around INR712 crores during the first half of this year, and we are planning broadly to invest equivalent levels of capex during the second half as well. So despite the near-term pressures on input gas costs, our focus remains clear, that is to sustain the volume growth momentum. Strengthen our infrastructure, optimize our gas sourcing mix and take appropriate measures to improve margins. So thank you once again for your continued support.

I would now like to invite our Director, Commercial, Mr. Mohit Bhatia, to share his opening remarks. Thank you.

Mohit Bhatia: Thank you, Kumar Shanker, Managing Director. Good evening all. At the outset, a very, very happy Diwali to all of you. I'm Mohit Bhatia, Director, Commercial at Indraprastha Gas. I would like to welcome all our investors, analysts and members of the financial community joining us today.

I sincerely thank you for your continued interest and confidence in the company and for participating in our earnings conference call for the quarter ended 30th September '26. We believe that long-term fundamentals of the CGD sector remains strong. What is particularly encouraging is the consistent and balanced growth across our all business segments.

This reflects the strength of our diversified business model, the resilience of our operations and the focused execution of our strategy. As mentioned earlier, we have witnessed a robust volume growth, both in the CNG and PNG segments. It is encouraging to see broad-based growth across both the segments with CNG volumes growing at around 9% and PNG volumes growing by 8%.

Within PNG, the domestic volumes grew by 16%. Our commercial operations continue to focus on strengthening our market position, enhancing customer engagement and driving sustainable business growth. Despite the evolving market environment and prevailing industry challenges, we remain focused on improving our operational efficiency, optimizing our commercial performance and pursuing opportunities for long-term value creation.

Let me now share the few key business developments during the quarter. IGL is proudly announced Kidwai Nagar East and West, Nivedita Kunj, and New Moti Bagh as the LPG-free zones with 100% PNG connectivity. IGL has also initiated an automated vehicle verification system across CNG retail outlets to verify cylinder hydro test certification and strengthening onboard cylinder safety and compliance.

We have also signed MOUs with Delhi and several universities, institutions, railways, defense and other government institutions for exclusive PNG supplies and had entered into strategic alliances for technology advancements.

In terms of infrastructure development, our steel pipeline expanded by almost 21 kilometres and our MDP network by almost 827 kilometres during this quarter. We added 1 lakh domestic PNG customers and built almost more than 1.32 lakh new connections in this quarter. We have also connected 537 additional industrial and commercial customers and added around seven new CNG stations in our portfolio.

As the Managing Director had highlighted some of the key points relating to geopolitical situation and financial performance of the company, let me add some more perspective on our performance.

Overall sales volume increased by almost 8% compared to the same quarter of the last year. In Delhi NCR, the CNG sales, excluding DTC and dense volume recorded a double-digit growth of almost 10.2% CNG sales in our other newer geographical areas grew by 34%.

On the financial front, we recorded a gross turnover of INR5,600 crores during this quarter, representing an increase of approximately 26% over the same during the last quarter of the previous year. Profitability, however, was impacted due to higher gas costs during the quarter. IGL recorded a negative EBITDA of INR31 crores, PBT of INR9.5 crores and PAT of around INR24 crores.

Despite higher costs and supply challenges arising from the global situation, we remain committed to our profitable and sustainable operations. We continue to see healthy growth in CNG vehicle segment as during the last 6 months, CNG vehicle additions and conversions have averaged to around 27,000 vehicles per month.

This gives us an immense confidence in the underlying demand of CNG in the coming quarters, which is also demonstrated by the 25% registration of new vehicles into CNG during the month of July itself as a single month.

Considering the increase in the gas cost, appropriate pricing measures have been considered to manage the impact of the prevailing global environment and geopolitical issues and support business sustainability, including acceleration in the compressed biogas potential.

With the PNG 3.0 launched by Government of India, the continued focus on CGD sector is clearly visible, and we believe these efforts will support the company's long-term and sustainable growth plans.

While we remain mindful of the evolving market environment and competitive challenges, we are confident in our ability to respond effectively and capitalize on emerging opportunities, including various diversification strategies.

On behalf of the management team, I assure you that we remain focused on sustainable growth, expansion of our market presence and delivering value to our customers and stakeholders while adapting to the changing business environment.

With this, I welcome once again to open the session for question-and-answer.

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

Probal Sen: First question was with respect to the gas sourcing mix. Can we get a detailed breakup in terms of the sourcing mix and the blended cost of each source for this quarter on an overall basis?

Mohit Bhatia: Yes. I think the first question was very well accepted because of the sourcing issues. So overall, if we see the situation, domestic is still around 48% to 50%, whereas in the domestic also APM and the new gas is almost around 40% and 10% in particularly October, we got on the HPHT. And while we still rely on the RLNG part as around 52%.

However, in particularly during the last quarter because of the force majeure issues and all, spot out of this RLNG was at 15% and as you are aware that the spot has really has increased particularly in the last quarter, it was hovering around $22 and recently now it is $30-plus per MMBtu.

Probal Sen: Got it, sir. So as a follow-up, if I can just ask, you mentioned about obviously mitigating measures that have been considered. But on a very simplistic basis, sir, given that, as you mentioned, spot has already risen to almost $30 as of now. If we do not take price increases across segments, is it fair to assume that even Q3 will be as tough a quarter from a margin perspective as Q2 was?

Mohit Bhatia: See, I'll answer this in two ways. The first and foremost, you must be aware that government has intervened and they had given some mitigation through allocation, enhancement allocation of the HPHT gas also and which is being priced roughly at around $9.8 per MMBtu. So that is one part.

Certain challenges are beyond control in terms of geopolitical issues and all due to force majeure issues and spot will be there. However, the price increase, we have to be very, very mindful in increasing the prices because we are envisioning a very robust growth in terms of in particularly CNG segment.

The numbers also I shared recently in the month of July itself, around 25% of the new registration vehicles in our area, particularly was from CNG. And unless or until we maintain the delta with petrol and diesel, long term will be not favourable.

And secondly, after a long period, including DIMMs and DTC also, we are envisaging a growth of around 8% in CNG. And if we rebar DIMMs and DTC, it is 10% plus. And our outside GAs are having a very, very handsome growth of around 30%. So viewing the overall situation, short term, yes, it will be a pain. But I think if we want to keep as a long-term strategy, unless or until volumes comes, it will be very difficult to sustain.

Kumar Shanker: I would like to add one more point here. Absolutely. Just to add one more point. So our focus right now is how do we reduce the total proportion of spot, presuming that the spot prices continue to be tight. So that spot also prices may soften if super and so many other things as people say.

But we are also trying to again take up with our long-term suppliers. So we expect that some -- trying to get some more additional long-term volumes as well, which are much more moderately priced. So that also is expected to give some kind of a relief.

So yes, so pricing is one lever, but these other levers are also available with us. So we will assess it. And as Direct Commercial has rightly said that we have to strike a balance between the continuing the growth momentum as well as margin pressure.

Probal Sen: Got it, -- that's very helpful. But I mean just to try and sum it up very clearly, the focus right now is to continue to sort of protect or grow the market share that we are sort of getting in the current environment, particularly in the CNG segment and live with the losses in the near term to the extent that we can from what I could understand?

Kumar Shanker: That is a temporary thing. That is what, one way or the other, we would get definitely more help, and then we do have the levers. It's not that other levers are not there. So we are just keeping a close watch over how the situation is emanating because in the past also, even when cargo slightly situation improved, the Qatar mine, which was there to 70% overnight, it became to 80% as well.

So we do believe that there are still expectations that things may get resolved. And then if that terminal LNG starts coming in, then the whole thing changes drastically for us. So we are just keeping a close watch.

Moderator: The next question is from the line of Amit Murarka from Axis Capital.

Amit Murarka: On this HPHT chain sourcing, what you mentioned, by when do you think it starts flowing into volume? Because I believe some of these volumes are contracted already for probably a year or longer.

Mohit Bhatia: So it has already, in fact, floated coming into the system. See, last month, particularly October, earlier prior to October, we used to get on the bidding mechanism, and it was disproportionate to our consumption. So in the month of October, this clarification came from the government and wherein it was allocated on the basis of the consumption. And however, I think there has been one more revision with effect from 1st of November. So it is in a phased way.

So 25% will be there in this quarter and then going forward next quarter, 50% and then next quarter, 75%. And finally, next year by September, it will be 100% based on the consumption. So currently around 4 million of HPHT is available in the country.

So going forward, if we see after one year, because as per the clarification, almost 1 million we'll be getting. In fact, last month only, we got 1 million. But due to this revision and all, it will be around 0.4 million going forward in this particular quarter.

Amit Murarka: Got it. And just on capex, like while the cash flows are weak right now, so will you be kind of looking to go slow on your capex.

Mohit Bhatia: See, as mentioned in our opening remarks also, we believe because this is the transition period. And if we do not build the infrastructure right now, so going forward, it will not be that promising. So government trust is also there and being the transaction fuel, CNG infrastructure, the PNG infrastructure has to be built up. And then only the volume growth will be there and ultimately, it will convert into the profitability.

So we are not at all slowing down on the capex. We have similar plans. This is a temporary phenomenon. And we'll be spending almost INR1,700 crores to INR1,800 crores capex this year, INR70 crores, INR712 crores has been already done in the first half, and we will be having a similar pace on this.

Kumar Shanker: And one more point also I would like to add. Actually, if you see government has also given support in terms of for pipeline laying, the charges and permission charges have been moderated considerably. So when this window is available, where the charges are also moderated. And also, of course, the clearing permissions, the window periods have been reduced and all that.

I think it makes every sense to use this time to build otherwise difficult to do infrastructure also. So we foresee that when it comes to investment into creating more pipe infrastructure, I think this is a good opportune time to keep going and keeping up with the momentum.

Amit Murarka: Got it. And just last question. So on industrial, is it fair to say that you would have made maybe a ballpark INR4, INR5 kind of EBITDA margin?

Mohit Bhatia: In fact, on industrial, we have done all whatever back-to-back we could pass on and then with some good margins. Almost INR7 to INR8 per SCM, we could have the margin on the industrial segment.

Amit Murarka: Got it. So the entire loss is on CNG because domestic and DPNG is anyways on domestic gas?

Mohit Bhatia: Yes, you can take that. See, it all depends upon how gas cost is allocated among different segments. The LNG that goes to CNG and some LNG is going to I&C. It all depends upon what part of gas has been shifted to which of the segment.

Moderator: The next question is from the line of Sabri Hazarika from Emkay Global Financial Firms.

Sabri Hazarika: So my question is, again, like just to get some more granular view on the sourcing. So especially CNG in Q2, you mentioned what exactly was the mix for CNG in Q2 versus what it is expected in Q3?

Mohit Bhatia: Exact numbers. Just give a moment, we'll just give you the exact. See, CNG See, the mix remains almost the same if we compare from Q1 to Q2. Only thing the prices have gone up of the spot, point number one. Yes, RLNG spot has also changed.

It was 3% in Q1 and now around 15% in Q2. So otherwise, if you see the domestic allocation and all more or less, it remains the same. Only thing the pricing of the LNG, that is the RLNG with the spot has gone up, so that is giving a hit that you can take it like that way. Otherwise, in terms of domestic allocation seems to be more or less same.

Kumar Shanker: Sorry, I would like to add. In value terms also, what Director Commercial is saying is right. So the moment we start getting back the contracted term LNG, I think things would again normalize. So that's, again, the same point we are coming to. So the replacement of the contracted term LNG with spot is what is having the difficulty.

And Q3 is very difficult to say. So suppose kind of these measures, as I already told you also, with some more suppliers, we are anyway taking up. So even under these difficult circumstances, we do hope that we get some additional volumes of term LNG. And in case if West Asia crisis kind of cools down or if more cargoes start coming in, so that also would make a big change.

So it is basically the proportion of RLNG within that the spot that actually is the one that actually -- so it's very difficult to say that what will happen on Q3. But Q2 versus Q1, exactly it's only the additional spot RLNG, which are currently quite tight and highly priced. So that's the source of difficulty right now.

Sabri Hazarika: No. So Q1, you had pool gas, which was not there. That's why the spot LNG share went up from 3% to 15%. Is that right?

Mohit Bhatia: Exactly.

Sabri Hazarika: And Q2 to Q3, now you have said that you have got HPHT of around 0.4 MMSCM. This is incremental HPHT? That is like 4%. This 15% goes down to around 10%, 11% spot share?

Mohit Bhatia: So this 15% goes down to around 10%, 11%. So it is not the incremental. We were getting around 0.15 to 0.2 HPHT earlier. Only October month was an exceptional case wherein this full 100%, you can say around 1 million we got.

But going forward, October, November and December in particularly, there will be a delta incremental of around 0.2 to 0.25 in terms of the HPHT. So it is expected that spot considering on the same volumes, if we leave the growth part considering on the same volume from 15%, it will get reduced to maybe around 12% or 11%.

Sabri Hazarika: Okay. Got it. And lastly, how many CNG stations you have?

Mohit Bhatia: We have 1,031 as on 30th of September.

Sabri Hazarika: Right. And your volume and EBITDA per FCM guidance for FY27 and '28, if possible?

Mohit Bhatia: Okay. So next year, again, next financial year, we still maintain the guidance on similar around six to seven maybe particularly. We believe that geopolitical things will ease out, things will be normal and because we already had our long-term contracts in place, 100% only because of the force majeure issues, we had to go for the spot and all and the government has also discontinued this coal gas mechanism. But with HPHT coming into our fold, I think it will be better. So our guidance is still there, and we will try to balance it with the volume growth as well as the EBITDA margins.

Sabri Hazarika: Right. And 7% to 8% volume growth is sustainable according to you?

Mohit Bhatia: No. It is more than that. Now we are growing at around 8% and DTC volume being fully going and all and with the newer GS contributing fantastically. So our aspiration is double digit, 10%, we have plans for 10%. Currently, we are achieving 9% in this quarter. So we are very confident to go beyond 10%.

Kumar Shanker: Double-digit growth is what we are aspiring.

Moderator: The next question is from the line of Snehdeep Arora from Dolat Capital.

Snehdeep Arora: I had two questions. First was, how many CNG, DTC, and DIMTS buses are currently in operation, and what is the kind of CNG volume that is coming from them?

Mohit Bhatia: First question was not clear.

Snehdeep Arora: Yes, DTC and DIMTS buses that are in operation currently, and what is the kind of CNG volume that is coming from them?

Mohit Bhatia: Okay. So DTC is almost now zero, you can say. September average per day was hardly 50 kgs. So DTC is all gone. We let us close that chapter now. So DTC is all finished. For DIS, we have the current volumes for the first half of this financial year, 1.34 lakh average, averaging out 1.34. Last year, the average was for the full year, it was 1.47 lakh kg per day -- so it is degrowing. Yes, it is degrowing. But currently, how many vehicles we have?

Kumar Shanker: 1,700.

Mohit Bhatia: 1,700 DIMMs vehicle are into the system.

Kumar Shanker: And also the other good point is some of those stations actually are now converted as for retail one. So that's also helping our kind of retail sales growth. So although on one hand, the buses are out of the way, but the stations, at least 15 stations are still operational and then the volumes are still coming mainly from the passenger and the taxi vehicles and so on.

Snehdeep Arora: The second question was to do with this recent recommendation that CAM recommendation that came moving towards erosion Delhi NCR and phasing out of BS IV vehicles by 2030, they are demanding. So assuming this comes into force, what is the kind of volume impact that we are seeing from this?

Mohit Bhatia: So you are right, the CAQM notification has already come. So in fact, it started with all the EV policy of Delhi government, and they are going to phase it out first phase 1st of January, the CNG 3-wheelers, new registration will be not there.

And then N1 vehicles also, they are switching over to EV and with a mitigation plan by 2030 on the school buses converting 30% to E. So viewing the entire scenario, we have also tried to calculate by 2030, almost, I think, 2 lakh kgs per day of volume will be going off in a phased manner, but this is a cumulative by 2030, 2 lakh will be going.

But however, given the growth pattern and the addition of the new vehicles, in particularly the passenger vehicles in the 4-wheeler segment, car segment, we still envisage that double-digit growth seems to be very, very promising.

Moderator: The next question is from the line of Mayank Maheshwari from Morgan Stanley.

Mayank Maheshwari: I had a bit of a big picture question around your gas sourcing. I think now we have gone through almost two years of supply challenges, especially on the domestic side. Is there a big picture thinking around whether you want to now improve your long-term sourcing of LNG in a much better fashion because your peers have reported much better quality of margins as well?

And I think the second question was related to a similar point around beyond the near term and considering the growth outlook that you're giving, would you kind of think about sourcing and even trading of natural gas at some point of time considering the losses you have reported for this quarter?

Mohit Bhatia: So yes, we are mindful that we need to look on some different sourcing strategies. And during the recent gas Tech and the previous gas Tech also, we have had a great deliberations with some of the global gangs of LNG supplies, including ExxonMobil, including Chevron, including BP.

And since our volumes are also very handsome, I would say, almost we are selling 10 million per day. And if we see on the RLNG sourcing also, it is 5 MMSCMD per day. So we are also looking on the alternatives to source a full cargo also going future. How we can be more efficient in our sourcing strategies.

We are mindful. We are also having long-term discussions with the Indian suppliers also, our parents also and maybe other companies operating in the country. So that also the discussions and deliberations are on. Since the molecule will be available post '29 or '30 onwards. So we are evaluating and to go going forward to get the best offers and all that we will be seeing.

Secondly, your question on trading, yes, we have already gone into various deliberations and all. And this proposal is being put up for the trading. And I think soon, we'll be starting this trading of the gas also.

Mayank Maheshwari: Sir, just a follow-up on that. So is there a target percentage of our LNG long term that you want to have in your overall gas mix, including domestic plus HPHP plus everything put together by 2030 since you're trying to grow at 10%, 11%. Is there a target LNG mix that you want to have by that?

Mohit Bhatia: Okay. See, it all depends like we know that Indian demand of natural gas is going up. And with the diminishing geological considerations of the Indian wells and all. So domestic gas is going to be a strain and already around 5% to 7% APM allocation has to go down year-on-year basis. So that will happen.

So ultimately, it will result in sourcing more and more on RLNG parts. So it will be there. And we need to be very, very mindful how we do our long-term contracts, how efficient we do our long-term sourcing of RLNG because going forward, the dependence will be there.

Management: But just to add on one more point, like gradually this HPHT long-term contracts with other non-priority customers. In future, I think gradually, they will come into the priority segment. So this is a big pool of gas, which is being diverted to priority segments and we being one of the largest CGD, we are going to have a lion's share from that portfolio.

Kumar Shanker: So one thing is there, that's why it's very difficult to put a finger on what's going to happen in 2030. But directionally, HPHT, more HPHT is what we believe would come into the priority sector. And IGL by virtue of having its big share in the CNGT and contribution in the PNGT.

So we are expected to get good considerable volume from HPHT. But the other point is also that within your RLNG sourcing portfolio also, we are looking at how do we kind of balance out the indexation also between today's present is very difficult, even crude is very high. But Brent linked versus HH linked, there are several levers available.

So we are looking at all of them closely. So sometimes it's a bit of temporary thing. One quarter if something favours the other quarter, something else goes in a different way. But you're right, the larger picture is that what already our Direct Commercial has said that we are having a kind of relook because in a scenario there are also still things are there that even spot maybe '28, '29 may be very attractive as well.

So it's not that very easy to say today that we should never have spot and then we should have only all the contracted volumes. So what happens to that when spot sometimes may go below 10 as well, double digits.

So we are actually carefully relooking at it. Yes, of course, it's evolving. So we are looking at all of these options. But long term, because of the volume, as we said and the advantage that we have, yes, that's clearly an option for us to independently also source and also do the trading.

Management: In fact, to a certain extent, we keep an option in our existing contracts to have a good flexibility on take-or-pay basis so that whenever any opportunity is there on spot side, we procure spot volumes and moderate our existing supply to midterm contracts. So such scenarios can also come in future and for which our contracts are already having that kind of provision.

Moderator: The next question is from the line of Vikash Jain from CLSA.

Vikash Jain: Just to come back on the sourcing bit, you said that you have about 15% from spot LNG in this quarter. That is on the total volume. That's about 1.5 MMSCMD of supply was spot LNG. Is that how I should think about that 15% number or is it 15% of CNG? What is the number that you're talking about?

Mohit Bhatia: It is 1.5 MMSCMD of the total volume.

Vikash Jain: And this number even in last quarter was how much? I mean, was it similar 15%?

Management: 0.3 MMSCMD.

Kumar Shanker: Around 0.3 MMSCMD.

Vikash Jain: 0.3 MMSCMD has grown to 1.5 MMSCMD. The remaining 1.2 MMSCMD and the others was from pooled gas, is it?

Kumar Shanker: That is right. The pooled gas and otherwise also the term LNG, which is because of this unexpected continued prolonging.

Vikash Jain: Sure. So, sir, the term LNG that you had, just to kind of get that clarity before you make the clarification on the one for the hedge, and which is the other contract that you have for that, and how much is the total volume which is there which you are not being able to get? The Qatar volume, right?

Mohit Bhatia: It will be difficult to comment like that. Yes, there has been a cut of almost 1.2 MMSCMD with the previous quarter, and that is primarily due to the pooled gas allocation, whereas the other force majeure issues which is there on Qatar and so…

Kumar Shanker: Multiple suppliers.

Mohit Bhatia: And multiple suppliers, yes, it is there. It is there in all sort of contracts, 100% we have not been able to get. So, it is across all the contracts.

Vikash Jain: No, sorry, sir. I was just wanting to know that when you had the contract when it was normal times, say about one year ago, what was the total contracted volume for Qatar? That's the only thing that I'm asking. The long-term LNG volume contract that you have, how much MMSCMD was it?

Management: See, traditionally, like the Qatar volume, what we used to get was close to 0.6 MMSCMD. Yes. And there have been some contracts which have multiple sources. So some flexibility.

Kumar Shanker: Only contracts have moved from one particular source specific to a portfolio, say, suppliers are giving. It will be very difficult for us to identify.

Vikash Jain: The long-term LNG supply that you are not getting, all of them put together is how much MMSCMD? That is the question that I am asking?

Kumar Shanker: That is almost 1.5 MMSCMD.

Management: That is 1.4 MMSCMD.

Mohit Bhatia: That is the spot only.

Vikash Jain: 1.4 MMSCMD.

Kumar Shanker: Otherwise, spot, at least in the recent times, was not part of our regular portfolio. This quantity is which otherwise are there contracted out, but because of this crisis that we are not getting, either through the pool or from the other contracts or from the other suppliers as well. Exactly it's that quantity that is getting affected and that is getting replaced by costlier spot.

Vikash Jain: Okay. Sure, sir. All of us are of course hoping that the geopolitical risk kind of end and we get to a more normal market. But clearly not something that any of us can predict and there is obviously a risk that this may continue as well. Two problems to address.

Number one is that anyways, if you're saying that you can grow by about 10%, that's an increase of almost 1 MMSCMD or so, even as early as next year. So where are we going to get that extra volume from? Is it going to be largely spot fed till the time we get or sign? Because if we sign a

long-term LNG contract, many a times that may not start immediately. Are we going to be more and more spot fed till that happens?

Mohit Bhatia: There are three answers to your question. Point number one, we have already done our 100% contracts in line with the envisaged volumes up to 2027 end and up to 2028 also made, right? With a take-or-pay of 60%-70%, all those things are there. Now, due to this cut and all, as per the current our consumption, there is a shortfall of 1.5 MMSCMD. However, our total contracted volume is more than 1.5 MMSCMD.

The second thing is we have also recently sold some additional in the existing contracts with our upstream suppliers and all, wherever they could give us on the existing long-term contract some volume, that whatever volume we could get. That is there. And the third one, we get the additional HPHT also, which we have already mentioned and clarified in the previous questions. I think these three levers are there going forward.

Management: And just to add on to this, like some of our contracts already there is a provision on calendar year basis, the volume is already being signed in a graded fashion. It is increasing over a period of time. That provision is also there.

Kumar Shanker: From calendar year 2027 onwards, as such also, we are expecting to have additional volumes. That's what the first point our Director, Commercial, mentioned, that we are covered. This, we still see that it's a bit of a temporary phenomena of the Hormuz getting stopped and the normal volumes are not at all coming. I think, let's not be so pessimistic. Let's see how it turns out.

Vikash Jain: No, sure, sir. I'd like to be optimistic whether, but in the case of a risk scenario, how well are we protected? That's what I'm trying to kind of get a sense of?

Kumar Shanker: Yes, I got it.

Vikash Jain: But currently, in the current quarter, as things have progressed, other than the extra HPHT that you talked about, we might be getting, we will get from this month. This sourcing mix hasn't really changed much, right?

Mohit Bhatia: The sourcing mix has changed with Q2 or Q3, or you are telling about Q2 and Q1?

Vikash Jain: Q3 versus Q2, as you see Q3 right now.

Mohit Bhatia: Yes, you are right. Our current situation, only the HPHT thing has…

Kumar Shanker: No, sir, additional, some more term LNG.

Mohit Bhatia: Some more volume also. Yes.

Kumar Shanker: We are talking to suppliers. We will be getting additional. Even in this Q3 also. Of course, Q4 even more will come. So, we are taking steps.

Vikash Jain: Okay. But at this juncture, even if this is kind of for the next few months, you are not in a rush to take a price hike, is how you are looking at things, because you would like to…

Kumar Shanker: No, that lever is always there. That is not a right way to conclude. We are looking at it. It is not that, that lever is not there with us. It is available with us.

Moderator: The next question is from the line of Bineet Banka from Nomura.

Bineet Banka: Thanks for the opportunity. Can you please share the MNGL and CUGL volumes and margin for this quarter?

Kumar Shanker: Volumes roughly, I think they have clocked 20…

Mohit Bhatia: CNG.

Kumar Shanker: No, you are talking about the volumes clocked by MNGL, right?

Bineet Banka: Volumes for MNGL and CUGL, and margin if you can share?

Mohit Bhatia: MNGL, their last quarter average was around 2.3 MMSCMD, and 0.37 MMSCMD was for CUGL. CUGL is growing at 11%. MNGL is growing at around 22%. Margins, MNGL margin was EBITDA was around INR8-INR9, and CUGL was around INR5-INR6.

Bineet Banka: Okay. Sir, last quarter, I think you gave a breakup of vehicle-wide CNG consumption or sales for your GA. Is there any major change? I think buses were 12%, commercial 19%, taxi 14%, PV was around 50%, and three-wheeler was around 8%. Is this something?

Mohit Bhatia: Mostly it is same.

Kumar Shanker: Percentage is broadly the same. Only thing is the average monthly perhaps has slightly gone up now. Last quarter it was, say, around 22,000. Now 27,000, the previous quarter.

Mohit Bhatia: Previous quarter was 26,000.

Kumar Shanker: 25,000, 26,000 it was, and now average monthly is, I am talking about CNG vehicles, 27,000 - odd it is there. Only in absolute numbers have increased, but the proportion, the numbers are more or less same. There is no major change in the segmental percentages.

Bineet Banka: On the taxi side, 14%, what is the aggregator share in that? Because I think aggregator will have to move to complete EV by 2030. What will be the risk on that 14% volume?

Mohit Bhatia: It is not there. No, no, it is not there like that. See, it was earlier around three years back, some discussions were going on for the aggregator switching over, but in the draft EV policy and the final EV policy also, as such there is no mandate.

Bineet Banka: Okay. Just trying to understand the impact of EV policy. Three-wheeler will be completely going off, so that is 8%, which will go away. Then buses, I think, dens will be around 2% of total CNG volume, so that will go away completely. Any other volume risk in the buses side? I think school bus, what would be the proportion there?

Mohit Bhatia: School, see, that is what I mentioned earlier also, around 2 lakh per kg, that will be the total volume which is expected to go up by 2030, including N1 category school buses and CNG three-wheelers. Yes. That is the expected because CNG vehicle also new registrations will not happen. So, phasing out of CNG vehicles will be 15 years, so roughly around 5,000-6,000 per year will be phased out. So, we have 1 lakh CNG autos running into the system in Delhi. So, it is like that.

Bineet Banka: Are you seeing any incremental additional buying of three-wheelers ahead of this January cut-off?

Mohit Bhatia: No, there's a cap. There is a cap. If anything increase also happens, I don't think so it will be more or less on EV part only, unless or until some other.

Kumar Shanker: There's a cap actually. At the end of the year, it's very difficult to see how suddenly some additional vehicles, particularly three-wheeler category, how will they come?

Management: The cap what we are talking about is being enforced on Delhi because it is permit based. In other GAs, yes, it can happen. But yes, in Delhi it is strictly not allowed.

Bineet Banka: Okay. Sir, lastly on CNG pricing. Just based on current numbers, what will be the price hike required to break even? Any number you can share?

Manjeet Gulati: That being a very commercial subject, we might not be answering in this forum on this question, please.

Moderator: Thank you very much. Last question is from the line of Varatharajan from Antique Stock Broking. Please go ahead.

Varatharajan: Thank you for the opportunity, sir. If you can give us a breakup in terms of the number of vehicles added during the quarter, and secondly, if you have the exact volume of APM procured as well as new well gas separately, each of them, please share. Thanks.

Mohit Bhatia: Okay, so number of vehicles added. I'll tell you monthly basis if it is okay. Average monthly during the last half of this financial year. So additional buses added around 428. Then the goods carrier, that is the commercial vehicles, around 3,097.

Taxis, 3,036. Then your three-wheelers and autos, but it keeps on phasing out and adding, 2,112. Then cars was 11,566. And the retro fitment is also happening around 6,800. In nutshell, overall it is 27,000. This is the average one.

Varatharajan: Thanks, sir. And in case if you have the exact volume of APM procured as well as new well gas production.

Mohit Bhatia: APM procured. October figure you can take, it was around 2.63% APM and new well was 1.67%.

Varatharajan: Thanks, sir. In case you have the quarter also, it will be useful. Otherwise…

Mohit Bhatia: Due to the APM plus NWG put together was 3.88%. That was the allocation to us, which we have consumed in full.

Varatharajan: Would you have the breakup between APM and NWG?

Mohit Bhatia: Breakup? So, breakup we have to just find out for the, I think quarter it will be difficult, but for October I shared with you.

Moderator: Thank you very much. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to management for closing comments.

Manjeet Gulati: Thank you all for taking the time to join us today. We sincerely appreciate your continued interest in IGL and the valuable interaction we had during the call today. Thank you once again to the Dolat Capital for arranging and facilitating this earnings call. On behalf of IGL, I wish you and your family a very happy and a prosperous Diwali. Thank you.

Moderator: Thank you very much. On behalf of Indraprastha Gas Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.