

“Indraprastha Gas Limited Q4 FY24 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to Indraprastha Gas Limited Q4 FY24 Earnings Conference Call hosted by Antique Stock Broking.

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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Varatharajan from Antique Stock Broking. Thank you and over to you, sir.

Varatharajan: Thank you. A very good evening to everyone on the call. I would like to extend a very warm welcome to all the participants and the management of IGL to this Call.

The Management is represented by Mr. Kamal Kishore Chatiwal – Managing Director; Mr. Mohit Bhatia – Director (Commercial); Mr. Sanjay Kumar – CFO and Mr. Manjeet Singh – VP (Finance).

Once again, welcome everyone. I would like to hand over the floor to the Management for the Initial Remarks. Over to you, sir.

Kamal Kishore Chatiwal: Thank you. A very good afternoon to all of you. I am Kamal Kishore Chatiwal – Managing Director, Indraprastha Gas Limited and I welcome you all and thank you for joining IGL's Earning Call for FY23-24.

I am happy to announce that IGL has achieved the highest-ever annual sales volume of 8.43 MMSCMD and also the highest single day CNG sale of 52,00,000 kg in FY23-24. The company has shown remarkable growth and achieved the highest ever EBITDA of Rs. 2,367 crores and profit after tax of Rs. 1,748 crores during the year.

The company has celebrated its Silver Jubilee this year and has been on path of continuous growth. We are targeting the growth in sales volume and are setting a sales target of 9.5 MMSCMD for FY24-25 with special focus on an increase in CNG sales in the new GA along with an increase in sales in the industrial segment. The company is focusing on LNG and CBG to improve volume and profitability.

Further, we are also evaluating the opportunity to diversify in the area of renewable energy. This will also help in bringing reduction in the power cost to captive consumption of the solar power. As discussed earlier, we are in the process to set up small scale LNG plant in our GAs. We utilized the idle capacity of CNG stations. This will boost LNG availability at those stations being set up by the company.

I now request our CFO – Sanjay Kumar to make his Opening Remarks.

Sanjay Kumar: Good evening everybody. I am Sanjay Kumar – CFO, IGL. Just to inform that our Director Commercial, Mr. Mohit Bhatia could not attend the call, so he is not available. As far as IGL results are concerned, the major highlights for the Financial Year 23-24 are as follows. The PAT has increased 21% to Rs. 1,748 crores. Sales volume grew by 4% to 8.43 per million cubic meter per day, which was 8.09 million cubic meter per day. Our EBITDA had shown a growth of 17% and EBITDA per SCM has increased from Rs. 6.86 to Rs. 7.67 per SCM as compared to the previous year. Profit before tax at Rs. 2,307 is the highest one till date and the company has seen a sale in conversion of vehicles and on an average, the Financial Year 23-24 monthly vehicle addition to CNG pool was around 15,500 vehicles per month which was around 14,000 during 22-23. It is a growth of almost 11%, which is healthy growth.

And automobile manufacturers are now coming with new variance of company fitted CNG models and which is adding to our sales volume as the CNG vehicles numbers are increasing day by day. I would also like to inform you that in our GAs the penetration of CNG vehicles has reached around 27%-28%. The company's strategy is to maintain a balance between volume growth and profits, and we will keep focusing on new GAs for volume growth. We are also looking for diversification, as our MD told renewables is one area where we are focusing. And as far as the CAPEX was concerned last year we added 90 new CNG stations and 3.3 lakh new domestic connections. Along with that, in terms of physical infrastructure, we added 187 kilometers of steel pipeline and almost 3000 kilometers of MDP pipeline.

So, with this, I welcome everybody to this annual earning call of IGL and the floor is open and we can start the Q&A session.

Moderator: Thank you, sir. We will now begin the question-and-answer session. We have our first question from the line of Probal Sen from ICICI Securities. Please go ahead.

Probal Sen: Couple of questions. Number one, with respect to the sales target of 9.5 MMSCMD, now if I look at the average volumes that we have done in FY24 that translates to a fairly ambitious 14% growth that we are targeting in FY25. Sir did mention that it could be done through focusing on industrial segment as well as in new GAs. Is it possible to still give a little bit more granular details in terms of how much growth you are expecting from IGL, which GAs we are referring to specifically, how much from industrial and how much from our core area? Any broad range would still be very appreciated?

Sanjay Kumar: When we say new GAs, we are talking about GAs outside of Delhi NCR that is Delhi, Gautam Budh Nagar and Ghaziabad. So, that is 90% of our business presently comes from these three GAs. And 10% comes from the other 8 GAs. So, that is the new GAs we are targeting about which we got in 16-17 onwards. That is the segment we are focusing on. Second is that industrial volumes were flat last year due to the pricing pressure of the alternate fuels. So, this year we feel because of 4th Quarter we could see uptick in that industrial sales, we grew by 10% both sequentially as well as quarter-on-quarter compared to last year. So, we feel that we still have scope for improving that further in that direction as well as the CNG sales in the new GAs.

- Probal Sen:** So, sir, this 9.5 is the average volume that you are targeting and that is the exit rate that you are looking to do for FY25?
- Sanjay Kumar:** So, that is the average we are targeting.
- Probal Sen:** The second question, sir, was with respect to this LCB and MCB segment. Are we seeing any traction in the commercial vehicle segment with respect to our CNG segment? And if so, what kind of volumes do we expect? I mean, is it material enough or will it turn material in the next few years in your opinion?
- Sanjay Kumar:** CNG commercial segment definitely is growing healthy. Last year, the conversion was say around 15,500 average per month as compared to 14,000 in the earlier years and most of them were in the commercial segment. So, 10%-11% growth we are seeing. Only the bus segment, especially the DTC segment, there is a degrowth there, but that is being made up through the passenger vehicle as well as the commercial segment.
- Kamal Kishore Chatiwal:** Additionally, for the commercial vehicle, if you see the monthly addition to the CNG pool is around 2400 approximately in the recent months which used to be around 1800-1900 kind of number. So, we see an uptrend in the commercial vehicles which are being added through CNG.
- Probal Sen:** Sir, the second question was with respect to margins. Now we have seen some moderation obviously in terms of spot LNG prices, but at the same time, the priority sector allocation continues to go down. So, just two parts, one was what was the allocation of APM or domestic gas to prioritize again this quarter and what is the guidance you have for next year and what sort of spot LNG, how much of spot LNG is our overall sourcing as of now?
- Sanjay Kumar:** The current mix would be around, say, 72% domestic allocation including HPHT, and 28% is RLNG. So, that is the mix. And with the softening of prices, the gap between the domestic as well as the RLNG has reduced. Now 10%-12% gap is there, like 27 we are able to, the landed cost of domestic gas is around 27-28 and we are able to get some contracts at 31-32, the landed cost in terms of RLNG, but RNLG spot is slightly volatile as of now, so you sometimes get favorable. We have lined up medium and long-term contracts to reduce the volatility. So, going forward also, we feel that the domestic allocation with the increase in domestic production should not go down much. However, we also feel that increase is also a challenge given the fact that new GAs will come on stream. So, domestic allocation going up would definitely be a challenge and in case that does so that will be a pleasant surprise to us and we will be happy to pass on the benefit to the consumers.
- Probal Sen:** One last question, in that backdrop, sir, I believe you had given a margin guidance of somewhere around Rs. 7 to Rs. 7.5 in terms of EBITDA, should we still maintain that for '25 and '26? Is that sort of a reasonable level to assume?
- Sanjay Kumar:** Yes, 7 to 8-8.5 is the range that we feel would be a reasonable EBITDA of our same range.
- Probal Sen:** That is quite a range. So, 7 to 8.5 is the range that we should be working in.

- Sanjay Kumar:** No present, last year we did 7.67.
- Moderator:** Thank you. We have our next question from the line of Maulik Patel from Equirus Securities. Please go ahead.
- Maulik Patel:** Sir, few questions. You mentioned that the areas outside Delhi and out of Delhi which are approximately 7% of your CNG volume, am I right?
- Sanjay Kumar:** No, 90% comes from Delhi, Gautam Budh Nagar and Ghaziabad. And 10% is from the outside GAs presently.
- Maulik Patel:** So, at what rate they grew in this particular quarter?
- Sanjay Kumar:** I think the Delhi was flat, but other than that Gautam Buddha Nagar, Ghaziabad, they grew at around 10%. And outside GAs, the base is very low, so the number if I tell you, say for example, it grew at 149%, but that doesn't make any sense because the volume, the base is very low. So, any increase there will not be appropriate to capture the growth. Similar is with Kanpur that grew at 123%. Meerut, Muzaffarnagar, Shamli grew at 60%. So, overall, you can say that 15% growth is there in the new GAs that is the reasonable estimate because once the good numbers come and then you grow at this level. So, that will make sense. Right now, the base in couple of years is not capturing. I mean it will be, it is normal to say that they are growing at 150%-160% but the base is very low.
- Maulik Patel:** Sir, in terms of the CAPEX, what we have done around Rs. 1,200 crores this year, is that a large part of the CAPEX is going towards the new GAs which are the areas like Ajmer, Karnal, Kanpur and Muzaffarnagar?
- Sanjay Kumar:** Around 40% is going through Delhi and Noida, Gates Noida area and that 60% is going to the new GAs.
- Maulik Patel:** Sir, can I just suggest something? Just the suggestion from our side. Sir, in terms of volume now if going on forward, if you start giving us in Delhi volume CNG separately that probably considers zone 1, zone 2 might be your Gautam Budh Nagar, Ghaziabad and Gurgaon, zone 3 can be new GA. If we start giving these three numbers separately, it will be easier for us to track the volume growth on each of the three geographies. I understand that all the GAs in the new will have very different growth rate, but one number across its new GA category will be very helpful from under forecasting perspective, sir.
- Kamal Kishore Chatiwal:** Okay.
- Moderator:** Thank you, sir. We have our next question from the line of Somaiah V from Avendus Spark. Please go ahead.
- Somaiah V:** Sir, first question is on the growth. So, if I look from an exit of this quarter, Q4, which is next year, it looks like a 1 MMSCMD kind of a growth. So, this 1 MMSCMD entirely or say 80%-

90% you are expecting from your GAs or is there something that you are building in Delhi NCR also?

Kamal Kishore Chatiwal: You see the industrial, commercial and the PNG segment, if I say the domestic industrial and commercial so that will continue to grow at around 15%. Our belief is that since the reasonable base is there in Delhi NCR, Delhi, we have around 0.65 million domestic so that we will continue to add around 3,00,000 connection. This year also we are targeting, so that is around 15%-16% of the total connections. So, that growth will continue like that. CNG whatever impact is there on VTC, we will see how we can absorb that and continue to grow in Delhi. NCR, Gautam Budh Nagar, Ghaziabad, Rewari and other regions, Gurgaon, so they will continue the CNG as PNG, they will continue to grow at 10% to 15%. That is our expectation that they should continue to grow.

Somaiah V: So, I mean, Delhi, NCR, you are looking at it 10% plus kind of a growth in CNG, is this the right understanding?

Kamal Kishore Chatiwal: But Delhi, 10% would be a challenge because the base is also very big 70% PNG sales is from Delhi out of 50,00,000 KG per day we do around 35 from Delhi so that growing at 10% would be a challenge. I mean would be say 4% to 5% growth there, but outside of Delhi, including Noida, Ghaziabad, Gurugram, everything will grow at 10% to 15%.

Somaiah V: Second question is on the newer GAs. So, what we have won in the last few rounds, so what is the total CAPEX on a per GA basis? What we need to spend to CAPEX fully ramped up and in how many years do we expect this CAPEX to be largely complete?

Kamal Kishore Chatiwal: No, we are ahead of our minimum work program schedule. So, whatever the minimum requirement is there that we are fulfilling because other if we don't do that, then there will be a challenge to retain that GA. So, that obligation we are doing, but any expense that we are doing GA wise, we are doing it judiciously so that the asset utilization is there. We don't want that we invest money, and that the asset is not utilized, it is not giving returns. So, for that, the conscious call is there that wherever we can charge the areas, wherever gas is available, we can charge it, so there we are spending. Fortunately, in most of our GAs other than say the new ones like Banda, Mahoba, Chitrakoot and Ajmer, some areas. Other than that, charging gas to those areas is not an issue. We have the trunk pipelines as well as the connecting lines ready. So, we are a little bit judicious in spending in our new GAs. So, that nothing is idle. So, in that sense, Ajmer, we have spent and now we are a little cautious in expanding aggressively in those GAs.

Somaiah V: So, the current CAPEX run rate that we have, so just to keep up with the minimum work program. So, what next couple of years, we will continue to spend in a similar way. So, what is the CAPEX outlook for the next couple of years very broadly?

Kamal Kishore Chatiwal: This year we are targeting Rs. 1,700 to Rs. 1,800 crores. We did last year 1,270. Now this Rs. 1,700-Rs. 1,800 crores is mostly in our core areas as well as some amount in the LNG and CBG. So, other than that, most of the CAPEX would be in the core area. And in case any opportunity

of say inorganic growth or some new renewal opportunity is there, so that is not included in that Rs. 1,700-Rs. 1,800.

Somaiah V: So, basically around Rs. 1,200-Rs. 1,300 crores is what is going in our core area as of now and for this year, we are expecting that we will be able to, towards diversification in LNG and CBG sourcing. We will spend around Rs. 400 crores or something like that. And this amount is something which is spent not specifically on MWP. It is much more than, a little more than MWP because we have to basically build basic infrastructure in all the new GAs. And as the amount in different GAs are concerned, different geographies has different challenges and the size of the GAs are different. So, from that perspective, comparison among the different GAs would be difficult, but from our side we are basically focusing on whatever infrastructure we have already built to consolidate it and then try to cater to the needs of the customers.

Moderator: Thank you. We have our next question from the line of Nitin Tiwari from Phillip Capital. Please go ahead.

Nitin Tiwari: Sir, it would be helpful if you could provide some more color on the vehicle addition part. So, you give the vehicle addition number for the full financial year, so what is the number for the 4th Quarter? One is that and also breakup in terms of different vehicles and how has the trend been in terms of monthly progression. I mean if we look through January, February and March, so how has the vehicle addition proceeded? So, that would be my first question?

Kamal Kishore Chatiwal: So, if I tell you about the conversion numbers, each bill number, the latest one which is available is 15,500. I am talking about total including retro fitment. March, the number was 15,700; February, it was 15,800; January was may be because of the the new models were available, it was 19,000; before that December and prior period it was 13,000-15,000 kind of numbers. If you talk about specifically I think you are referring to the impact of EV, so if I talk about specifically the taxi segment, that number is basically moving up and it has reached 2100 in April, March also it was around 2000, February it was around 1950. And before that January, it was 2300; December it was 1700. So, it is kind of moving like that.

Nitin Tiwari: So, basically segment is not looking impacted to you in terms of like because of EV policy or any situation, right at least for now?

Sanjay Kumar: Yes, at this moment, we don't see any negative impact of the EV policy on taxis being added to.

Nitin Tiwari: And sir, my second question is related to the other CNG volume opportunities you were exploring with respect to interstate buses and dumpers, so would be helpful if you can provide some update in terms of, if there is any progress in terms of conversion of dumpers or interstate buses? So, that would be my second question? And also like in terms of BTC buses how many more are remaining for conversion to EV as of March?

Kamal Kishore Chatiwal: Regarding this conversion of dumpers, so we have sanctioned a pilot study in one of our GAs Banda and Amirpur area and that is the mining and sand area. So, there we will be demonstrating

2-3 dumpers conversion and then demonstrating the benefits of conversion to the transporters there. So, that should be on stream in another one month or so. In addition to that, regarding BTC, so we have around 1200 buses, they have gone off road and over 13 stations they have been decommissioned. The balance is I think another 1700-1800 buses including some spare that they have. This is including the spare capacity that they have 1700-1800 more or less, so that we feel they will go away in next two years' time and what was another question?

Nitin Tiwari: So, it was on the dumpers and interstate buses, so you were?

Sanjay Kumar: We are in discussion with the Uttar Pradesh, Uttarakhand and Rajasthan, so they have agreed to do some pilots with 200 odd buses, Uttar Pradesh has agreed and Rajasthan with 20 buses and Uttarakhand also with 200. In addition to that, Uttarakhand has also, I think, lowered the tax on the CNG buses. So, there was some news item regarding that. So, as you are aware that CAQ mandate is there that within Delhi NCR, only that Euro-VI compliant and CNG buses are allowed. So, that is helping us when we discussed with the state roadways, so they are positive about converting to CNG and we have told them that enroute we can provide them that refilling facility. So, with this 200-300 odd buses from UP and Uttarakhand and Rajasthan also 20 buses, so we will be able to demonstrate it to them and hopefully in future more conversions will take place.

Nitin Tiwari: So, any sense on like, what are the per day consumption of these buses could be, the interstate buses and second sir, in terms of dumpers also, so what is the feedback from the dumper operators when you are interacting with them because this would be a significant cost for them to convert their dumpers. So, are they basically early signs of any interest from the dumper operator?

Sanjay Kumar: I think if they if they have one to 1.5 years payback time for the 10-12 lakhs that they have to spend, so they are positive about that that they are willing to experiment with that. And once we show them what is the average and what is the filling time, everything and right now our infrastructure also is that in nascent stage there. So, we have to set up some big CNG stations for refueling those dumpers and all. So, that work is in progress, but for demonstration we can demonstrate in our two stations that we have commissioned, so that we can do and as also the Interstate buses.

Kamal Kishore Chatwal: 160 interstate buses Uttarakhand government has already got and around 150 or 200 is in the pipeline.

Nitin Tiwari: Sorry, how many buses they have already required?

Kamal Kishore Chatwal: 160 is that they have already bought.

Nitin Tiwari: And 200 are in construction and their per day consumption or any broad understanding on the consumption that they have?

- Kamal Kishore Chatiwal:** Normally, if you say 3 to 4 average and 8200 kg consumption is there on per day basis. There are around 300-400 kilometers. So, 80 to 100 kg per day.
- Moderator:** Thank you, sir. We have our next question from the line of Raj Kiran Gandhi from SBI Mutual Fund. Please go ahead.
- Raj Kiran Gandhi:** Sir, this DTC CNG buses which are going off the pool, can they be redeployed on by any other these guys, this Interstate buses who have to be replaced and all this, old diesel and all so they can be immediately put to use elsewhere and that will kind of reduce the time to add bus also?
- Sanjay Kumar:** So, actually their life has, I mean, whatever 10-15 years life is there, so that life is over, so they cannot be redeployed. So, in case DTC wants to deploy CNG, they have to purchase new CNG buses.
- Raj Kiran Gandhi:** So, I was just wondering if these buses could be put to use for this interstate routes and all where they are using older diesel?
- Sanjay Kumar:** We are not purchasing any new CNG buses, whatever CNG buses they purchase, their life is getting over and now they are purchasing the electric buses.
- Raj Kiran Gandhi:** And sir, just some feedback we got was that this LPG and all, initially it was a restricted to Morbi, but now increasingly even in the entire Northern belt, in the industrial LPG and all the value chain is kind of making the distribution and all of that. So, what kind of competition you are seeing in that sense?
- Sanjay Kumar:** Yes, the pricing advantage is still there as far as the commercial segment is concerned with respect to LPG and natural gas. There are some advantages, but in bulk industrial consumers, they offer some bulk discount. So, that will be at par. So, we have to bring out some strategies to counter that. We also offer some bulk discount to make it more favorable. We are working on some policy tweaks in that direction. One more input is there that recently there is some favorable because of the crew movement, so there is some 5% to 7% advantage. May be we don't know because it is a volatile commodity, but the present advantage is there.
- Kamal Kishore Chatiwal:** Recent quarter, I think our volume growth of industrial has gone up probably this is also reflective of the CNG and the price cheaper. Some price advantage is there now and if it continues then we will see growth in the industrial segment.
- Moderator:** Thank you. We have our next question from the line of Yogesh Patil from Dolat Capital. Please go ahead.
- Yogesh Patil:** Sir, my question is related to CNG volume growth in the last one year from Quarter 4 FY23 to Quarter 4 FY24. So, CNG volume addition is only 0.26 MMSCMD. But based on the CNG vehicle additions of 15.5 thousand per month vehicle additions with the daily consumption of 3.5 SCM and if we try to calculate it, it gives us a number 0.65 MCMCMD CNG volume, but actually CNG volume growth is only 0.26 MMSCMD in last one year. Is it because of DTC?

- Kamal Kishore Chatiwal:** Degrowth in the DTC segment.
- Yogesh Patil:** Is it because of DTC conversions to EV impact or this vehicle addition is gross in number and the net vehicle additions would be little bit lower which is hitting a lower CNG volume growth addition?
- Sanjay Kumar:** No DTC has definitely gone down last year from 3.5 lakh KG per day that you are selling to say 1.9, 1.85 to 9, right now what we are doing, so that is one impact. Second is that new additions, the sales impact maybe in the next quarter. Whatever additions are there, they may get full benefit of those numbers will come in the next quarter.
- Kamal Kishore Chatiwal:** LNG, you may be right, because the numbers which we are telling is a gross number. The vehicles which are going out of the system once in their life is over. That number, that data is nowhere available. So, we cannot really comment how many vehicles have gone out of the system. Some impact might be there as well because CNG industry in Delhi is almost 20 years old. So, some vehicles might be going out of the system.
- Yogesh Patil:** My second question is related to if you could share the non-APM gas sourcing breakup. I mean how much volume you are sourcing from the reliance CGDC and LNG tie-up?
- Sanjay Kumar:** The 28% breakup 60% is Henry hub linked and 40% is brand JKM linked. So, that is the broad vehicle I can give you and 2.5 is the quantity that we are sourcing.
- Yogesh Patil:** 2.5 MMSCMD, right?
- Sanjay Kumar:** Yes.
- Yogesh Patil:** And the last one, sir as per our understanding, the royalty or the trade margins on a sale of CNG at a retail outlets of OMC issues have been settled. So, can you give us an idea now total royalty you need to pay them per unit basis? How much it has increased?
- Sanjay Kumar:** The issue is not settled as far as we are concerned. So, we are disputing especially the Delhi, Delhi and Mumbai, there is some dispute left. Other than that, it has been settled.
- Yogesh Patil:** And currently, how much royalty we are now paying CNG?
- Sanjay Kumar:** Delhi, it is around more than Rs. 5-Rs. 5.5 and a little later than that in other geographical areas. So, exact number would be difficult to share, so that kind of number is there. And the question you were asking about HPHT gas, so during the quarter 0.38 million was the number for HPHT.
- Yogesh Patil:** Is it a tied up gas or sir, are we getting it based upon the demand required?
- Sanjay Kumar:** It is tied up.

- Moderator:** Thank you, sir. We have our next question from the line of Amit Murarka from Axis Capital. Please go ahead.
- Amit Murarka:** I just wanted to check like for DTC buses, how many have already been retired and converted and how many are left to be done and is there a timeline to complete that process?
- Sanjay Kumar:** So, around 1,200-1,300 have gone off road and similar numbers 1,300-1,400 are balance in the next two years or so, they will go out.
- Amit Murarka:** Sorry, 1,200-1,300 have been shifted to EV or they have just been retired?
- Sanjay Kumar:** They have been retired and they have been replaced with EV.
- Amit Murarka:** And are there also like buses that have been retired but not replaced yet?
- Sanjay Kumar:** No, because they need to run, the commuting has to be there, so whatever they are taking off, they are replacing with EV. In case EV is taking time, some of their tenders may take time. So, they are continuing with the CNG buses.
- Amit Murarka:** And what is the timeline for the balance conversion?
- Sanjay Kumar:** They have given us a timeline of 25-26, so by 25-26, 100% will be converted, DTC buses. DIMs may take a slightly longer time.
- Amit Murarka:** So, basically like that much the volume that you mentioned, which is 1.9 like KG will essentially go down to 0 by end of 26?
- Sanjay Kumar:** Yes.
- Moderator:** Thank you, sir. We have our next question from the line of Sabri Hazarika from Emkay Global. Please go ahead.
- Sabri Hazarika:** Sir, two questions. So, firstly, one bookkeeping question. In terms of your OPEX was higher as you mentioned, I think in the media that it was because of certain CSR related expenses, right, so CSR in itself has gone up Y-o-Y because every Q4 CSR is generally there, but was it like much higher this Q4?
- Kamal Kishore Chatiwal:** Actually, this year prior years we were accounting every quarter, but last year we did all the accounting in the last quarter. That was the reason. It is a one-time expense you can say.
- Sabri Hazarika:** So, the annualized trend will be largely in line with that?
- Kamal Kishore Chatiwal:** Yes. From this year onwards it will be annualized only.

- Sanjay Kumar:** That was one, another reason was last year we had taken some offsets for the expenses which we had already incurred on higher side during FY21-22. If you see the full year CSR expenditure 22-23, we booked Rs. 14 crores and in 23-24 we booked around Rs. 34 crores.
- Sabri Hazarika:** No other item beyond this in the other expense, which everything else is normal, right? Is there anything else which is?
- Kamal Kishore Chatiwal:** Apart from that, normal increase in.
- Sanjay Kumar:** One more increase was there that employee increase onetime because of this Silver Jubilee. So, we rewarded the employees for their consistent performance. So, that is a onetime increase due to the silver jubilee celebration.
- Sabri Hazarika:** That is part of the employee cost?
- Sanjay Kumar:** That would be part of employee benefit expense, not other expenses. So, apart from that normal increase in R&M and few other heads, legal and professional is one where our case is going on for Gurugram and Faridabad, normal increase in those two heads otherwise, it is all normal.
- Sabri Hazarika:** And what was the CNG station total number of stations at the end of the year?
- Kamal Kishore Chatiwal:** 882. Actually, we added the 126, out of this 90 were new stations and 30 were upgrade, upgrade in the sense that we put up to three dispensers on the existing stations. We upgraded the compression capacity. So, you can say that 90 new stations and 36 upgradation of the existing stations. So, the total number would be 126.
- Sabri Hazarika:** And 882 is the grand total?
- Kamal Kishore Chatiwal:** Cumulative presently we have 882.
- Sabri Hazarika:** And in kg terms, what would be the CNG volumes?
- Kamal Kishore Chatiwal:** KG, the compression capacity is 110 lakh kg per day, and we are doing around 50-52.
- Sanjay Kumar:** Those are on individual days, on weekends, the average is 4.5 million, 45,00,000 per day.
- Sabri Hazarika:** Sir, just on your volume front, so you have given a guidance of 9.5 MMSCMD. So, this is roughly like 13%-14% sort of like Y-o-Y growth, now you have mentioned that in Delhi, you would be growing at 5% in NCR, rest of NCR probably 10% and other GAs as a whole 15%-16%. So, Delhi being 60%-70% of the mix, I think somehow the numbers don't add up. So, do you see anything on top of that like DTC is also like going down? Is there anything else beyond these things that is making you confident of like clocking 9.5 MMSCMD?
- Sanjay Kumar:** Actually, one is the industrial segment and Delhi also Delhi NCR the complete region, the industrial segment we are confident that we can increase the volumes there. I think 15% growth

there. In addition to that we have started the LNG operations also. So, if you see there is a mention of LNG sales also that will commission in the last quarter. So, those sales will come up and we are in discussion with a few operators. So, in case that volume ties up, so that will increase the numbers.

Moderator: Thank you, sir. We have our next question from the line of Nitin Sharma from M. C. Pro Research. Please go ahead.

Nitin Sharma: So, what is the plan for the LNG segment from FY25 and FY26 perspective and some quantity data would be helpful?

Sanjay Kumar: I think we are planning one station we have already commissioned and five to six stations in are in advanced stage of planning and construction. So, those should come on stream in this year. And we also have a MoU with the conqueror for their captive consumption. So, we will be setting up one station in their depot, one in Noida region and another in Bangalore.

Nitin Sharma: And how much would be the volume?

Sanjay Kumar: So, presently they have a fleet of around 100 buses. That is the number that we got there, but they are open to increasing those numbers based on their experience of this initial LNG trucks that they have. So, they will increase the number as they get more and more experience of those running of those LNG trucks.

Nitin Sharma: So, just help me understand in general what would be the consumption for one bus, just to understand the content?

Sanjay Kumar: One LNG, again depending on the run. So, that will consume 70 to 80. Same number as bus or any other 70 to 80 KG per day.

Moderator: Thank you, sir. We have our next question from the line of Chirag Maru from Key Note. Please go ahead.

Chirag Maru: Sir, from the perspective of backward integration, I wanted to understand what kind of effects are we going to do for CBG plants?

Kamal Kishore Chatiwal: For this year, we are expecting that around 10 numbers of CBG plants will be added. And the CAPEX should be around anywhere between Rs. 200 and Rs. 300 crores.

Chirag Maru: And what kind of benefit can we expect from these within 10% to 15%?

Sanjay Kumar: These will be around, I think, 20 metric ton per day plant and based on that around if you are adding around 2,00,000 CMD will be added to our source and the benefit here is that this will be available in our GA. And the transportation cost, which is there from maybe Western coast to our GA that is the savings which we will have from the sourcing point of view. This will be

the cheapest gas, even as compared to APM gas. And in addition to that, Gujarat VAT is what additionally we will save which is presently levied on the gas which is coming from Gujarat.

Chirag Maru: And sir, I just wanted to understand one thing, a couple of private CBG companies are focusing on creating a hydrogen plant on an EPC basis for their clients. Is it something that I just wanted to know if IGL is also pursuing something into a hydrogen phase or not?

Sanjay Kumar: Yes. I think we are doing a pilot with the IIT Jodhpur and IIT Delhi. Jointly, we are doing a pilot on hydrogen and see what their impact on the network on the transportation segment is. So, those study and that will come up in Jodhpur area. That pilot we are doing and based on the study further action will be taken.

Chirag Maru: Sir, when can we expect an update on the same in the next one year timeframe?

Sanjay Kumar: I think it should, FY24-25, we should see some results of that study.

Moderator: Thank you, sir. We have our next question from the line of Kirtan Mehta from BOB Capital Markets, please go ahead.

Kirtan Mehta: One question on the cost side. When we look at our gas purchase cost, sequential decrease is around Rs. 0.6 to Rs. 0.7 per SCM. This has been lower than some of the other CGDs which have reported around Rs. 2 per SCM cost decrease. The same has also happened during the last quarter as well, where again our decrease in the gas purchase cost was lower than the other CGD. So, are there any particular contracts which are restricting the decrease in the cost for us? Same was the question, related also with the OPEX where the run rate has gone up from 5.7 per SCM in the last quarter and Rs. 6.5 per SCM. That is the second part of the question. So, is there any one-offs in the OPEX that has increased this time? Will it revert to normal level again?

Sanjay Kumar: So, I think the cost of gas for us has gone down by Rs. 3.5 from 35.3 to 31.8. That is in SCM terms, so that is the number that, please check the number, I think it has gone down by Rs. 3.5 during the year as compared to the previous year.

Kirtan Mehta: I was actually talking to Q4 versus Q3 numbers and Q4 versus Q2 numbers?

Sanjay Kumar: So, that could be, I think from 37 to 32.63 to 50 paisa decrease on a sequential basis. Is that the number you are talking about 50 paisa decrease in the Q3 to Q4?

Kirtan Mehta: Yes, when we compare this number with the other CGD's which we reported, the results, this includes turning out lower like the other CGDs have reported at least Rs. 2 reduction sequentially?

Sanjay Kumar: Reduction, maybe the base is higher. They are doing lower than 32. So, the final number is important because maybe our Q3 was anyway lower.

- Kirtan Mehta:** I will take this query offline. In terms of the OPEX, the sequential run rate has grown to Rs. 6.5 per SCM, so is this the new base or were there any one offs during Q4?
- Sanjay Kumar:** So, this is what I spoke about a little earlier and MD also talked about, the CSR expenditure getting booked in the last quarter. That is one reason and Q4 we had some expenditure which we incurred on employee incentive being 25th year of IGL so Silver Jubilee year we celebrated in on December 21st. So, those are the expenditures which have been probably added to the additional per SCM cost which you see. Some adjustment would be with respect to Ind AS adjustment also where we had some long lease agreements which this year turned out to be shorter term and from right of few asset we moved to direct charge to the expenditure heads, so it would have adjusted against depreciation. So, some amount of that is also resulting in this additional amount which is visible to you per SCM.
- Moderator:** Thank you, sir. We have our next question from the line of S Ramesh from Nirmal Bang Equities. Please go ahead.
- S Ramesh:** So, if you are looking at the LNG business, can you explain the commercials in terms of at what price you are selling LNG per liter or per KG and how do you compare that with the diesel price in terms of percentage savings?
- Sanjay Kumar:** LNG is priced at say Rs. 10-Rs. 12 lower than the diesel price, whatever it is there in the GA. So, that say for example, if I take Ajmer example, so there the diesel is at say Rs. 96-Rs. 97, so it will be priced at Rs. 82-Rs. 83. Whatever is the CNG price we try to keep it similar to that so that there is some advantage to him to recover the initial CAPEX, whatever CAPEX he has incurred, and then the benefit is there for him, so Rs. 10-Rs. 12 gap with the diesel and try to keep it, in case the CNG price is there because that will create some arbitrage opportunity otherwise and whatever we are bringing the LNG from the ports. Right now, we are doing only at Ajmer. LNG dispensing is only at Ajmer. So, there we are seeing that we are able to maintain this margin, maintain this difference and as well as keep our margin whatever is the required margin.
- S Ramesh:** One is Rs. 82-Rs. 83 will be rupees per kg.
- Sanjay Kumar:** Yes, Rs. 10 to Rs. 12 per kg, because that is in liter terms, and this is in kg terms. So, we can take it as equivalent so Rs. 10 to Rs. 12 cheaper.
- S Ramesh:** So, in terms of your EBITDA per KG, would it be comparable to your current EBITDA per KG on CNG, higher, lower? How do we work out the numbers if you add say 10 CNG stations for the next two years?
- Kamal Kishore Chatwal:** At this point of time, it is almost similar to what we are having the margin on CNG.
- S Ramesh:** So, just on the new GA incrementally, is there any addition to new GAs of a material nature say 0.5 to one of them we can expect in the next 1-2 years say by 27, what is the kind of volume run rate you see from new GAs in MMSCMD?

Kamal Kishore Chatiwal: So, if you talk about significant contribution, Rewari is the one which is presently adding around 0.35 million and apart from that, Muzaffarnagar is where we are achieving around 0.11 million CMD. So, these are the two newer GAs where we have achieved significant volume. And going forward, this volume we expect to grow to maybe around 15% annually. In the newer GA, Ajmer, is where the last year we had started and we are seeing for the last 3-4 quarters, we are seeing a growth of around 50%-60%, 100% on each quarter basis. But it has not achieved that critical mass, which we can say that it is a significant volume. It is presently around 0.08 kind of number. So, here we expect that a few of these stations which we are not online earlier, we are in this year, we have made them online and now we are focusing on marketing activities so that consumers are shifting to CNG. So, here in Ajmer GA we expect that by maybe next two years we should have some significant contribution. And apart from that, Banda, Chitrakoot, Mohoba is where we started this. Last year we added around 4 stations and going forward those are all presently running on daughter booster basis and our steel trunk pipeline is in the process of getting constructed, so once those get online, then we can see some significant contribution there. Parallely, we are working on marketing activities also like conversion of dumpers to CNG. So, those activities we are taking parallely and the next I think probably 2 years will take in building the basic infrastructure and after that it should take off.

S Ramesh: On the CAPEX, you are spending around Rs. 3,000 crores on the new GAs, assuming the Rs. 5,000 crores, the CAPEX for three years, when do you see the earnings before interest and tax compensate for the increase in depreciation and give you the normalized ROCE? Would that be by 27 or would it be more by 28?

Kamal Kishore Chatiwal: So, if I tell you about EBITDA being positive, so except Ajmer and Kanpur, Banda, of course we have just started. All other GAs are already EBITDA positive. And Ajmer and Kanpur also, once we get a little more traction in terms of volume, the operating cost per SCM basis will turn positive, will be lower and then that will also become EBITDA positive. In terms of gross margin, we are presently having sufficient margin available in those GAs as well. So, once we achieve a little more volume in these GAs EBITDA positive, I think by early next year or next year, we should be able to be EBITDA positive on per SCM basis for all our GAs.

Moderator: Thank you, sir. Due to time constraint, that was the last question for today. I would now like to hand the conference over to Mr. Varatharajan for closing comments. Over to you, sir.

Varatharajan: Thank you. My apologies to the repeat along the question queue. Please take it up with the management or send us the questions or dial those to be addressed. I wish to thank all the participants as well as the management of IGL for taking out time to participate in this conference call. Over to the management, if they have any closing comments.

Kamal Kishore Chatiwal: Thank you everybody for joining IGL Annual Earnings Call and see you next time in the month of probably July and special thanks to the Varatharajan and team from Antique Broking. Thank you so much for organizing this call. Thank you so much.

Moderator:

Thank you. On behalf of Antique Stock Broking, that concludes this conference. Thank you for joining us and you may now disconnect your lines.