"Indraprastha Gas Limited Q4 FY'25 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Indraprastha Gas Limited Q4 FY'25 earnings conference call hosted by PhillipCapital (India) 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nitin Tiwari from PhillipCapital (India) Private Limited. Thank you and over to you, sir.

Nitin Tiwari: Thanks. On behalf of PhillipCapital India Limited, I welcome everyone to Indraprastha Gas Limited's 4th quarter FY'25 Earnings Call.

Today from the Management Team of IGL, we have the pleasure of having with us the Managing Director – Mr. K. K. Chatiwal; our Director (Commercial) – Mr. Mohit Bhatia and CFO – Mr. Sanjay Kumar.

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

K. K. Chatiwal: 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 taking the time to join us today for IGL's Earning Call and for your continued trust and partnership with us. IGL has declared the results for Quarter 4 and Financial Year '24-'25 yesterday evening.

The company has performed quite well in this year despite this being a challenging year in terms of gas sourcing for the entire CGD industry. We have seen a lot of volatility in the allocation of domestic gas to the CGD sector, especially in the second half of financial year. Considering the future requirement of gas and the reduction in APM, IGL has taken several measures in terms of gas sourcing and has entered into term gas agreements with various gas suppliers for sourcing of RLNG of approximately 1.65 million standard **(Blank Audio) (3.14-03:40)**. We are quite sure that the gas mix available with us or current portfolio is one of the best in the CGD sector.

Let me highlight the key highlights of the annual result for FY'24-'25 in comparison to FY'23-'24. In terms of volume, we have registered a total average daily volume of 8.99 MMSCMD as against 8.43 MMSCMD last year. There has been an overall volume growth of 6% on year-on-year basis. The growth in overall CNG sales is 6% and if we exclude DTC sales, the growth in CNG is almost 8%. PNG sales growth story is intact and has shown robust double digit growth of 11%. Domestic sale has taken lead and has increased by 12%. Industrial sales have increased by 10% and commercial sales by 8% on YoY basis.

Another important analysis I would like to share is that if we categorize IGL into 3 parts, Delhi, NCR, and other GAs**,** sales in terms of volume in Delhi GA after excluding DTC has grown by 5%. NCR comprising of Gautam Budh Nagar, Gurugram GA has shown a 13% and other GAs have grown by 32%. We are quite hopeful that with the gas sourcing arrangement in place and the volume growth seen in new GAs, we can plan to achieve sales volume increase of 10% in the year 2025-'26.

Coming to the financial highlight of the year:

The gross turnover has increased by 6% to Rs. 16,400 crores. Gas cost has increased by 13% in current year as compared to last year, impacting the profitability in this year. Despite an increase in gas sourcing cost by 13% leading to some pressure on margins, we maintained a healthy operational profitability with EBITDA of Rs. 1,978 crores and PAT of Rs. 1,468 crores.

On the diversification front, the company has taken a major step for its diversification project. IGL board has approved setting up a 500 megawatt solar plant in the state of Rajasthan with RVUNL. Now I would like to invite Shri Mohit Bhatia, Director Commercial, IGL, to give his opening remarks.

Mohit Bhatia: Thank you all. Thank you once again and good afternoon everyone.

I am Mohit Bhatia, Director (Commercial) at Indraprastha Gas and I welcome all the investors and analysts to participate in today's Earnings Call. The Results have been uploaded yesterday evening and I hope you must have gone through the same. As Managing Director also highlighted some of the points relating to annual performance of the company from the results for the Financial Year 2024-25, let me add the prospective from the quarterly comparison.

The PAT was of Rs. 349 crores and has been achieved as against Rs. 286 crores in the 3rd quarter of FY'25. There has been a significant growth of 22% on QoQ basis. The sales volume in Q4 stood at 9.18 MMSCMD, our highest, from 9.11 million MMSCMD reported in Q4 '24. The gross turnover has increased from Rs. 4,130 crores in Q3 '25 to Rs. 4,323 crores in Q4 '25, showing a growth of 5%. The EBITDA of the current year quarter was Rs. 497 crores as against Rs. 364 crores in Q3 '25 showing a robust growth of 37%. The EBITDA per SCM has increased to 6.03 in the current quarter from 4.34 reported in the 3rd quarter.

Further taking from the quantitative aspect for the financial year, the company has seen a surge in conversion of CNG vehicles with an average of 18,000 plus vehicles were added every month during the Financial Year '24-'25 as against 15,500 showing a healthy growth rate of 11%. During the current financial year, IGL has provided domestic connections of 3.7 lakh consumers. 72 new CNG stations were commissioned. 293 km of steel line pipeline was commissioned and

3834 km of MDPE pipeline was laid. In all, CAPEX of around Rs. 1100 plus crore was spent last year.

At the end, I am happy to inform that the company has announced a final dividend of Rs. 1.5 per share on the increased share capital base as the company has issued bonus share during the year in the ratio of 1:1. This is in addition to the interim dividend of Rs. 5.5 declared earlier.

With this, I welcome you all once again and open the session for question and answer.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press '*' and '1' on the touchtone phone. If you wish to remove yourself from the question queue, you may press '*' and '2'. Participants are requested to use handsets while asking a question. Ladies and gentlemen, in order to ensure that the management is able to address questions from all participants in the conference, please limit your questions to 2 per participant. We will wait for a moment while the question queue assembles. The first question is from the line of EA Sundaram from BugleRock Capital. Please go ahead.

EA Sundaram: Good afternoon and thanks for the opportunity. Sir, instead of 2 questions, I have just one suggestion. So this is given by me as a long-term investor in IGL and is done keeping in mind the interests of the company. So please allow me a couple of minutes to make these points. Periodically, we have seen that IGL has been affected by a negative perception that arises in the minds of some people in the investment community. Sometimes it is about reduced allocation of APM gas. Sometimes it is about the proposed EV policy and its assumed side effects. In each case, sir, the response of IGL has been one of silence. I think, it is the duty of the company's management to set the record straight when such misperceptions are doing the rounds. I am not suggesting that IGL responds every day. But when there is a serious misperception about the company, I think the company should set the record straight. The solution is to put out the facts. In October 2024, during a conference call, I did suggest that the company put out a presentation on its website giving details about how the previous sharp rises in APM costs have been handled by the company and how in the long term the company's profitability was not affected by sharp rises in gas costs. I am disappointed that IGL has chosen to remain silent. It is high time that IGL appointed a full-time and reputed public relations agency through whom the correct information more than what is statutorily required is periodically transmitted to the investment community so that such misperceptions are erased to the extent possible. I am not seeking any future guidance from the company, sir, but I am only suggesting that IGL does its best in erasing the opinion that the company is more vulnerable than what it actually is. I really do think that it is part of the management's duty to be proactive about dispelling wrong opinions and misperceptions about the company without being excessively optimistic. Thank you very much.

K. K. Chatiwal: Yes, we have noted that is a very good suggestion and we will try to address that by putting out more information on our website.

EA Sundaram: Yes, it is essential, sir, because if the understanding about the company is wrong, then that leads to wrong decisions in the investment community. I think it is important that IGL strengths are well understood by everybody.

K. K. Chatiwal: Yes, that is very clear, but our focus has been on mitigating the issues because many a times it is the government that we are dealing with. So we do not want to spell out something in the public domain, which...

K. K. Chatiwal: Sir, I know it is sensitive. I do not want you to talk about the future, but how you handled it in the past can certainly be discussed. You know, for example, this APM gas allocation, we have seen sharp rises in gas costs in the past also, but that has not been affecting the company in the long term. Maybe for 1 or 2 quarters it will affect. It will certainly help if these things are put out in public domain by the company itself, with or without the help of a PR agency. I think it will help dispel the wrong notions about the company. I think that is also a very important aspect.

K. K. Chatiwal: Yes, very true, very true and we will take note of that and address this issue. Thank you.

Moderator: Thank you. The next question is from the line of Probal Sen from ICICI Securities. Please go ahead.

Probal Sen: Thank you for the opportunity, sir. Just a couple of questions. Just a couple of clarifications rather. If we can, you spoke about the additional term gas arrangements to the extent of 1.65 MMSCMD. Can we just get a breakup today of 8.99 MMSCMD that we did in Q4? Can we just break it down into how much exactly was APM, how much was new well pricing gas, how much is long term LNG, and how much are other sources? I mean, if we can just break down source-wise, it will be really helpful, sir. That was my first question.

K. K. Chatiwal: 3.51 is APM allocation as of now and 1.38 is new well gas so total you can say that 58% or so in the CNG and transport and domestic segment is through this segment and 42% is through RLNG. And if you look at the overall company-wise, you can say that around 50-50 is there. 51 is through APM, new well gas, and 49 is through other sources.

Probal Sen: And just to clarify, as you mentioned, almost the entirety of RLNG is through term contracts. There is no spot LNG in this basket, is it?

K. K. Chatiwal: No. We are now completely our future, some amount of future requirement also. We have term contracts in place and we are managing through take-or-pay. There is some headway there. So we manage through that.

Probal Sen: Okay. The second question was again on the sales volumes. As you mentioned that we need to now look at the business frankly in three buckets. One is Delhi, one is the rest of NCR and then the third is the other or newer areas. Now, you helpfully have been mentioning the growth rates of the respective areas, but is it possible to get even a rough split of the volumes today from, let us say, Delhi, rest of NCR and other areas?

K. K. Chatiwal: Yes. Delhi is at 5.38, NCR is 2.28 and other GAs is 0.819, 0.82 you can say. So that's around 8.5 and 0.5 is NG sale.

Probal Sen: Right. Great sir. One last question if I may, just to understand in terms of diversification, just the strategic thought process behind going the solar way, you know, as opposed to maybe expanding the CBG or LNG retail or any of the other direct related segments, just the thought process behind it and what kind of returns are we looking at and what kind of investments are we looking at in this diversification?

K. K. Chatiwal: In our diversification initiative, all 3 are there. CBG is there, LNG is there and solar is there. Now solar has come first. It is not that it is any priority. I mean, we have a priority of one over the other. It is just that the state government, since state government is involved, so their approval was given to us. Now the cabinet approval is pending, although the entity approval has been given. So that's how it has come up and solar serves us two purposes. One is that it gives us an equity return in excess of 14%-15%. Second is that we have a right for 50% as captive consumption. So if we can bring that to our operations, bring that captive solar produced to our operations, so that brings down our cost of operations as well as greening of our operations. Those are the 3 major factors. We are also looking at biogas as an opportunity and LNG retail also as an opportunity and allocating CAPEX for those also.

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

Mohit Bhatia: Just to add, we are already tied up with CONCOR and one LNG station is expected to come up by June and July at Noida and there are 2 more LNG stations also coming up, one in Dadri and one in Rewari. So this is the development on the LNG thing. And CBG also, we are looking forward for some joint ventures and all. So it is in the process and biogas thing will also get metallized fast.

Probal Sen: Great sir. Thank you so much sir and all the best. Thank you.

Moderator: Thank you. The next question is from the line of Nirmal Gore from Aditya Birla Sun Life AMC. Please go ahead.

Nirmal Gore: Sir, you mentioned about guidance for FY'26 volume was at 10%. Would it really helpful if you could break it up between segments? Thank you.

K. K. Chatiwal: 7% to 8% would be in the CNG segment and 13% to 14 % would be in the PNG segment. So that is the kind of rough break up that we can give. And LNG would be some small portion of LNG also.

Nirmal Gore: Okay, thank you.

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

Yogesh Patil: Thanks for taking my question sir. Sir, need some clarification on the APM allocation. The current 16th April APM cuts are for the full year and we will not see any further cuts in the coming quarters or every quarter or every 6 months APM allocation will change. Any clarity on this?

K. K. Chatiwal: What we understand is that now we will be knowing about any change two quarters in advance. So you can assume that for the next 2 quarters, this is going to remain like this. And any change in the next quarter, if we get any communication, so that will be effective after 2 quarters. So that is our understanding of the issue. And whatever shortfall is there, that is being made up with new well gas. So these are the two clarifications or our understanding of the issue.

Yogesh Patil: And sir as you mentioned that the CNG vehicle additions towards 18,000 per month in FY'25 and which has improved from the level of 15,000 per month in FY'24, but sir if we look into the CNG volume growth, it is still only 6% on a YoY basis. What would be the major issue sir in the CNG volume growth despite a healthy or better CNG vehicle addition?

K. K. Chatiwal: Actually there is some negative, you know, some of the DTC buses are going off. So that is one of the major contributor in the sense that 70,000 to 80,000 kg. That has been a reduction on that front. So from 1.8, 1.9 levels, they are now at 1.1. So you can say that that is the reduction and whatever increase we could do, still we have managed to increase our CNG by 6% to 7%.

Yogesh Patil: And lastly want your broader thoughts on the Delhi EV Policy 2.0. We wanted to understand how many CNG 3 yields are flying on the Delhi road and its broader impact on our CNG volume?

K. K. Chatiwal: See, total, if you look at two-wheeler and three-wheeler space on the Vahan data, we have around 97-98 lakhs two-wheelers. Out of that, CNG is hardly 3,000 odd, 3,300. And three-wheelers, the license number is around one lakh. So that is on road. Because they are controlled, so the number is almost fixed at one lakh. You can say that almost 2% to 3% is three wheelers and 95% to 96% is two wheelers.

Yogesh Patil: Okay, thanks a lot sir. This was really helpful.

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

V. Sivasankaran: Thanks for the opportunity. Just write back in terms of the provision if you can explain to us what are the provisions made and why we are writing back now? And there is no requirement in terms of provisionally any kind of negotiation. The only thing is to increase this and you would not require any further provisions in the future?

K. K. Chatiwal: So this provision was made for the period of April 19 to November 21. There was a dispute. The trade margin was expected to be revised. The demand from OMC was that the trade margin is revised from 2019 itself. What we had done was we had already started paying from December 21 and the previous, this period was under dispute. So during the year that dispute is settled and whatever provision we had made in our books, so that has been reversed, that is around Rs. 114 crores. And going forward, I think there is no need of any further provision. Revised rates are already being paid.

V. Sivasankaran: Can you provide us some idea as to what are we paying for the other new GA? Because I think the metro rates are different and the small town rates are different, if you can give us some idea?

K. K. Chatiwal: The rate ranges from Rs. 3.5 to Rs. 4.5. In Delhi, it is more than Rs. 5.5, around Rs. 6. So GA-wise it varies. It depends upon which market we are catering to, what is the cost of serving the customers, what are the land rentals. So keeping those in mind, the trade margins have been very finalized.

V. Sivasankaran: Is there any kind of escalation clause on that sir?

K. K. Chatiwal: Which clause? 5% escalation is there on the trade margin.

V. Sivasankaran: Every year? Is it every year, sir? Is it a 5% escalation every year?

K. K. Chatiwal: The first escalation was supposed to happen from 2000, from 1st April '25 or '26 and subsequently it will be further reviewed and the call will be taken.

Mohit Bhatia: It will be reviewed after 3 years.

V. Sivasankaran: Okay, 5% every 3 years, is it?

K. K. Chatiwal: Every three years it is not finalized yet. But one revision of 5% was what was agreed.

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

Sabri Hazarika: Sir first of all in the opening remarks, you mentioned the growth rate, I guess, of Delhi, NCR and other GAs. So Delhi, that was for FY'25, right? Delhi was 5%, NCR was 13 and other GAs were 32?

K. K. Chatiwal: Yes, the answer is for FY'25. Delhi is excluding the DTC if you exclude that that is 5%, otherwise it is around 2 %.

Sabri Hazarika: Okay and you have mentioned this 1.1 MMSCMD DTC bus volume, is it 1.1 MMSCMD that you have mentioned in one of the questions answered?

K. K. Chatiwal: 1,10,000.

Mohit Bhatia: The current number, March number is 1,10,000 kg per day. That is the DTC sale which is there at present.

Sabri Hazarika: Okay, got it. And how much will be auto rickshaw in terms of volumes?

K. K. Chatiwal: See auto rickshaws are almost you can say 7% to 8% of the volume you can say. That includes all auto rickshaws. So half of that would be in Delhi.

Sabri Hazarika: Total volumes or CNG volumes?

K. K. Chatiwal: CNG volumes.

Sabri Hazarika: Okay, it's fine. And second part is basically, I saw some interview on the TV where you have mentioned the near term EBITDA guidance is EBITDA margin guidance is 6 to 7. But if we look into your FY'24 number adjusted for the provision, of course, and given the fact that you have taken a price hike on first of April, but again, there has been further cut in APM allocation. So are we confident that Q1 FY'26 also we would be at Rs. 6 plus EBITDA per SCM?

K. K. Chatiwal: Yes, one or two quarter would be impacted in the sense that our long term range is 7 to 8. So we are trying to get to first 6 to 7 range and then 7 to 8. So we are confident that first quarter will be in this range. Okay, first quarter should be in 6 to 7 range.

Sabri Hazarika: Okay, fair enough. And last just small question, Q4 FY'25, I mean the breakup you gave between new well gas and APM is how much currently?

K. K. Chatiwal: New well is around 1.38 and the normal domestic APM is around 3.3.

Sabri Hazarika: 3.3 and this includes DPNG also right? For which 100% allocation is there.

K. K. Chatiwal: Hello, Sabri?

Sabri Hazarika: Yes, domestic PNG is also included here?

K. K. Chatiwal: So the domestic allocation is 3.3 million and 1.38 is the new well.

Sabri Hazarika: But this is total priority sector, not just CNG alone? It is total priority sector, right?

K. K. Chatiwal: We get 100% is domestic and PNG transport is the other segment.

Mohit Bhatia: Yes, this is 100%. This includes domestic as well.

Sabri Hazarika: Got it, sir. Thank you so much. Thanks a lot and all the best.

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

S. Ramesh: Hello. Good evening and thank you very much. I am from Nirmal Bang Equities. So when you talk about the Rs. 6 to Rs. 7 per se EBITDA margin in first quarter, can you take us to how you will achieve it because if you have achieved only 4.42 in 4Q, you have possibly taken an increase of Rs. 1 per kg and then that's offset by the increase in gas cost. So is there an element of higher margins on PNG? How do you think you will achieve this in the first quarter?

K. K. Chatiwal: No, actually that is not entirely correct that there has been an increase in gas cost because what has happened is our RLNG costs have come down in this first quarter as well as the rupee appreciation has also helped. In addition to that, whatever cut in APM was there that has been made up with new well gas. So we have received additional new well gas 125% of whatever was cut. APM cut whatever was there, 0.8 was cut and we have received around 1 million of that so 25% extra. So we factor in all this. We feel that the gas cost may not increase much, but Rs. 1 we have increased and if required we may take future increase also. So with that, we anticipate that we will be in the 6 to 7 range for 1 or 2 quarters and then target for 7 to 8.

Mohit Bhatia: Secondly just to add like if we see the RLNG mix also, the Brent is also now we can say at a lower level around $67 per barrel and seems to continue in this trend and the Henry Hub another index is also going down now, it is around $3.3 per MMBTU. So we are hopeful of maintaining in this range 6 to 7.

S. Ramesh: Okay, so now going to your JV share particularly MNGL, can you give us some numbers in terms of how MNGL has done in terms of volume for 4Q and FY'25, similarly Central UP Gas and the timeline for the MNGL IPO what's happening here?

Mohit Bhatia: So in terms of volume, MNGL's volume has grown approximately 19% year-on-year. For CUGL, the volumes are flat if we compare with the previous year. So around 0.3% growth was there. So that is as far as volume is concerned. In terms of profitability, MNGL has grown by around 7% growth is there and CUGL is more or less flat, little reduction is there in terms of EBITDA.

S. Ramesh: MNGL, you said profit after tax of 10%?

Mohit Bhatia: 7% growth is there for MNGL.

S. Ramesh: Can you give us similar numbers for MNGL and CUGL for 4Q?

Mohit Bhatia: Q4, MNGL number, we will give you separately. For MNGL, the quarterly number has grown by 30%.

S. Ramesh: The volume growth, okay.

Mohit Bhatia: The growth is 57%.

S. Ramesh: Okay. So any progress on the MNGL IPO timeline? What exactly is happening there, can you give us some sense of that?

K. K. Chatiwal: So I think we have not got any formal communication from MNGL, but what we understand from the filings that some promoter consent has been given to MNGL for IPO. So I think they are in the process of that. Any formal communication we have not received from MNGL.

S. Ramesh: Okay, so in terms of the new GAs, can you give us some sense in terms of how they are performing on the P&L and what is the kind of addition to the EBITDA and the profits you can expect in the next 1, 2 years?

K. K. Chatiwal: You see, new GAs, we were able to increase the prices because the gas cost has gone up there also and some volume growth was there. So, growth wise they are growing at around 28% to 30% combined all together, some growing at 70%-80% on low base, some at 20%-25%. Now except 1 or 2 GAs, all other are EBITDA positive except for the Kanpur and Ajmer.

S. Ramesh: And when do you think Kanpur and Ajmer will achieve EBITDA positive?

K. K. Chatiwal: I think with the current increase that we have done in this quarter, the price increase that we have done plus some volume growth is also there. So we expect that in this quarter it should be positive.

S. Ramesh: Okay, thank you very much sir and wish you all the best. I will join the queue.

Moderator: Thank you. The next question is from the line of Kunal Ochiramani from Alpha Alternatives. Please go ahead.

Kunal Ochiramani: I have a question on your sourcing front. You said you made new RLNG contracts. Just wanted to understand the nature of sourcing. Are this more crude linked or Henry Hub linked, if we can understand this?

K. K. Chatiwal: This is 65% of our RLNG portfolio is Henry Hub linked. Okay, and still the bias is more towards Henry Hub because in our opinion, there is less volatility as far as Henry Hub contracts are concerned because majority of the portion is constant and some portion is linked to the index. So that is the reason and plus the absolute numbers also on the lower side as far as Henry Hub is concerned. Unless Henry Hub goes way beyond our target, it should remain competitive with respect to crude. So that is the mix, 65%. And 8% is, I think, HPHT. Balance, 27%, 28% is crude linked.

Kunal Ochiramani: Understood. Thank you so much.

Moderator: Thank you. The next question is from the line of Lokesh Manik from Vallum Capital Advisors. Please go ahead.

Lokesh Manik: Good afternoon to the team. So my first question is on growth guidance that you have given 10% volume growth. Now, my assessment from the breakup that you have given on the growth rates from the three AVRs that is Delhi, NCR, and other GAs is coming to addition of about 0.5 or 0.6 MMSCMD, given their historical growth rates. GAs are at 32%, NCR is at 12%-13%. So it comes up to 0.5, 0.6. You also have DTC going out of the system from, they've already come down from 1.8 MMSCMD to 1, and now going down further. So given these two developments, where are you seeing additional growth coming in to match 0.9 MMSCMD by FY'26?

Mohit Bhatia: So if we break up segment wise, as we mentioned earlier also, if we exclude DTC part, then also Delhi CNG is growing by around 5%-6% already. And the trend is also like that with the addition in the vehicles and all, so point number one. Then the NCR part particularly Noida, Ghaziabad and Greater Noida. So that is growing at around 13% to 14% in CNG. And that will definitely grow like that and it may further add also. And the good thing is the GA is outside, GA is growing 30% plus. So we expect phenomenal growth in this sector also. And then coming to the other segment that is the domestic PNG. So almost we are adding around 3 lakh plus customers year-on-year and that is also contributing to the growth factor. And DPNG is growing around 12% to 13%. So this is one thing. And the good thing is the industrial commercial segment is also having a double digit growth. And in fact, in the last quarter, in the industrial front itself, we have crossed one million of the sales in a little bit of period. So that is also expected to grow around 13%-14%. So if we consolidate all these segments and across the Delhi, NCR and this thing, so 10% should come.

Lokesh Manik: Understood. So just one clarification, DPNG is now EBITDA positive for us because what we have understood historically is this is not, on the EBITDA level it is not significantly positive versus CNG but CNG covers up for the DPNG. This is what I understand.

K. K. Chatiwal: Actually to begin with once the infrastructure is not there, then in the initial years, I mean the profitability is not there. But since our infrastructure is quite old, plus we have entire Delhi is now practically covered. So the cost of any new connection is low, leading to our... So that segment is profitable for us. Once that is any DPNG, the beauty is that if it becomes positive, it remains positive for your entire life.

Lokesh Manik: Correct.

K. K. Chatiwal: So for us, I mean because of the numbers, sheer numbers and you get 105% allocation of APM gas. So this is positive for us.

Lokesh Manik: Fair enough. Sir, my second question was on the EV policy, the first one of Delhi has expired on 31st March. They extended the timeline for introduction of new one. It has not come out yet. Any update on that one and second, any update on the new buses in the DTC segment that are getting tendered, are they still being on EV tendering or they are looking at CNG again? Any update because you are in that city, you know the development.

K. K. Chatiwal: You see, I will answer the second question first. So the Delhi Transport Department has decided that their future buses will all be EVs. So whatever the residual number will remain, 1000, 2000, so that will remain. Other than that, 8,000 10,000 buses will be electric. So all new tenders will be based on electric only. So that is number one. Second is, as far as the EV policy is concerned, I mean, some news items also came because the draft policy was never uploaded for comments. It is yet to be approved. From the media reports, we got to know that there is some thought about banning two-wheeler and three-wheeler petrol, diesel, CNG, petrol and CNG basically. So we have given our submission to the Delhi government that gas was brought in Delhi on the directions of Honorable Supreme Court and the Centre was asked that CNG to replace the polluting fuels. So this is an entirely different category and it should be categorized as a bridge fuel, a transition fuel and either it should be clubbed with EV or it should be a separate segment and not to be clubbed with the other petrol and diesel fuels. So that has been our submission. Even some of the central government schemes like sustainable alternative towards affordable transportation, SATAT scheme or synchronization scheme. So they are positioned to take care of this bio CNG, bio methane and bio LNG also and so, we feel that this infra becomes a future ready infrastructure for use of bio CNG, bio methane, as well as hydrogen in a blended form. I think we feel that so it needs to be categorized in a different segment altogether, if not with these.

Lokesh Manik: So sir you were saying that for these introduction of new fuels, especially the bio CNG and the hydrogen that you mentioned, incremental infrastructure will not be required. You can use your existing infrastructure and leverage that to supply these fields. Am I understanding correct on that?

K. K. Chatiwal: Exactly, exactly. Your understanding is correct. There's the same infrastructure, up to certain percentage of blend of hydrogen and 100% blend of biomethane, biogas that can be used.

Lokesh Manik: Understood, understood. So because the EV policy was very harsh when it came out the draft, I mean completely banning everything and only EV.

K. K. Chatiwal: No, I think, let us wait for the final draft so it may be changed actually.

Lokesh Manik: Right, right. Thank you so much for the clarification.

Moderator: Thank you. The next question is from the line of Ruchita Ghadge from iWealth. Please go ahead.

Ruchita Ghadge: Hello, sir. Good evening. So most of my questions have been answered. Thank you so much.

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

Akash Mehta: Hi sir. So I think you all mentioned that the conversions throughout the year have been averaging about 18,000 versus 15,000 in the previous year. So if you could just help with the last couple of months of conversion, at least, I mean, March, April, how the conversions have kind of looked like in terms of vehicle. That will be helpful.

K. K. Chatiwal: Yes, I think the numbers if we see, March it was around 17,500, February also 17,200 but January it was all time hike, it was around 27,000 and December around 15,000. So this is the trend of last 4, 5 months.

Akash Mehta: Okay, that is from my side. Thank you.

Moderator: Thank you. The next question is from the line of Devang Patel from Sameeksha Capital. Please go ahead.

Devang Patel: Can you help us with the CAPEX guidance for next year and the breakup of this between what is the minimum works program CAPEX, what is the CAPEX for CBG, what is the CAPEX for solar, etc.?

K. K. Chatiwal: See, this year, last, in fact, last financial year we have spent around Rs. 1100 plus crores on the CAPEX and primarily it was on the core business that is on the domestic PNG front as well as the steel and on the CNG stations but for the coming year, it waves around Rs. 2000 plus crore is the CAPEX plan with around 1300, 1400 coming in the core segment and on the solar around 400 to 500 and balance on maybe LNG, CBG and some other business development part.

Devang Patel: On the solar CAPEX, once it's commissioned, we will see a reduction in our power cost. That would be around Rs. 500 crore of annual cost that we bear?

K. K. Chatiwal: I mean, that is one of our plans that if we can bring it to our operating stations as a captive consumption, so that should bring down our cost of power.

Devang Patel: What kind of savings could we expect?

K. K. Chatiwal: I think right now for Delhi it will be difficult in the sense that it is on state grid. So I think Rs. 5 to Rs. 6 saving we can expect from that. But if it was a central grid, then almost Rs. 8.

Devang Patel: Sir, in domestic PNG, our growth was constantly in double digits, it come down to 5%. Is this the new growth? Is it because of the base has gone up for us or can we expect PNG to continue growing in double digits?

K. K. Chatiwal: Sir, domestic PNG has grown by 10%. 12% rather.

Devang Patel: Yes, for the full year yes, for Q4 the growth looks slower YoY.

K. K. Chatiwal: I think quarter-on-quarter, it is difficult because the billing is done in 2 months. The billing cycle is 2 months, so sometimes the overlap may be there. So if we look at the full year, that will give us the correct picture. But we are seeing good number of additions. We are targeting to end up to 3 lakh additions every year. And all over GAs, the number of connections are going up. And it is in direct proportion to the number of connections. 0.4 is per household connection. And as and when we add new houses, that is the quantity that goes up. So we are seeing 10% to 12% growth. There is no reduction in that.

Devang Patel: Thank you so much.

Moderator: Thank you. The next question is from the line of Somaiah V from Avendus Park Institutional Equities Private Limited. Please go ahead.

Somaiah V: Yes, thanks for the opportunity, sir. A few clarifications. So first thing is on the CAPEX number, the 1300 that you said for the core part of the business. So if you just break it up into Delhi, NCR, and for the newer GAs, that would be helpful?

K. K. Chatiwal: Delhi will be almost you can say around 40% or 35% to 40% and maybe 20% in NCR Noida Ghaziabad and around maybe 25% to 30% or so will be the other GAs.

Somaiah V: So this is the CAPEX break up that I am referring to sir. Of the Rs. 1300 crores?

K. K. Chatiwal: Yes, so that was only I was mentioning. So it will be around 45, maybe 40% to 45% on Delhi. It will be spent in Delhi and 20% to 25% will be on Ghaziabad or Noida that is the NCR part. And the balance may be around 30% to 40% will be on the other GAs.

Somaiah V: Understood. What are the CNG station additions that we would be doing when we are talking about this?

K. K. Chatiwal: We have taken a target of around 90 to 100. So in this range, we will be targeting.

Somaiah V: And majority would be in the newer GAs?

K. K. Chatiwal: Yes, it will be proportionate.

Somaiah V: Okay. So, this Rs. 1300 crores of CAPEX run rate, is it something that we will continue to see for the next 2, 3 years or how do we look at it? Will it kind of come down this run rate?

K. K. Chatiwal: No, this will continue for next 3, 4 years that we can see that 1300 and in case we get more GAs, then that number may continue for even longer.

Somaiah V: Understood, sir. And also the solar related CAPEX that you said, so that is 300, 400 for this year, right? I mean, so what would be the total CAPEX?

K. K. Chatiwal: I think that is in a joint venture mode so the equity investment would be there of this range. Rest other would be funded by that. That would be taken by that joint venture.

Somaiah V: Apart from the Rs. 300- Rs. 400 crores, further equity infusion is required next year, sir or not?

K. K. Chatiwal: No. Rs. 372 is the final CAPEX as of now. Final equity contribution of IGL in that joint venture, 74% share. So that is the number. I think in the next 1-1.5….I think the commissioning will be in 18 months or so. So in the next 2 years, this will be used and we don't foresee any further requirement.

Somaiah V: Okay. The other question of the new GA is you have given volume of around 0.8 MMSCMD. Is it possible to get a breakup of this between the GAs in new area?

Mohit Bhatia: Rewari is approximately 0.35. Muzaffarnagar is around 0.12. Then, we have Karnal and Kaithal is around 0.15 and Kanpur is 0.5, Ajmer is another 0.8**.** So this is the broad breakup.

Somaiah V: So sir this newer EAs because probably of operating leverage today not being to the fullest. Maybe on the profitability side is on the lower and compared to the established ones. So when do we see an inflection point on what heads, mean maybe transportation today is on the cascade mode. So where do we see this kind of headwinds in the next couple of years?

K. K. Chatiwal: So I think both the GAs Kanpur, Kaithal and Ajmer, so they are nearing that EBITDA positive level. So slight increase in volume and they will cross the line. So it is not that they are at a big gap. So they are already near to the EBITDA positive level.

Somaiah V: One last clarification.

Moderator: May we request to return to the question queue for followup question as there are several participants waiting for the turn. Thank you. The next question comes from the line of Nirmal Gore from Aditya Birla Sun Life AMC. Please go ahead.

Nirmal Gore: Thank you for the opportunity sir. I wanted to know if we have any plans to undertake price hikes in Delhi GA in the near future. And also if you could share us the reason why we were able to underperform towards our guidance of 9.5, we were able to achieve 9.11 MMSCMD. Thank you so much.

K. K. Chatiwal: Your second question first. 9.5, there was a slight miss. We achieved 9.2 and part of the reason is the increase or the reduction in APM volumes in the third quarter and since the cut was sudden, so we had to source the additional volumes. So there was some deliberate attempt to cap the growth till the time we source the gas. Now that we have sourced the gas, so now we are looking at growth. So there was some deliberate attempt there to reduce the growth. Second is price hike that is a very dynamic thing that we keep on evaluating every fortnight, every month based on the allocation, the RLNG prices, the exchange rate and other factors. So we will take a decision on increase in Delhi and other areas based on these factors. So as of now I can't say that when we will be increasing since it is a dynamic, but we have a lot of headroom to increase the prices that much I can say.

Nirmal Gore: Okay sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Kirtan Mehta from Baroda BNP Paribas Mutual Funds. Please go ahead.

Kirtan Mehta: Thank you sir for the opportunity. We have indicated around 18,000 vehicle addition every month in FY'25. Is it possible to break this down across a category of vehicles?

K. K. Chatiwal: 80% is new vehicle addition and 20% is you can say the retrofitment market and segment wise breakup.

Mohit Bhatia: Segment wise also, if we see, if we see the new one addition, so almost 50% comes from the passenger cars and balance is a mix of goods carrier and taxis and the three wheelers.

Kirtan Mehta: And is it also possible to indicate this breakup across Delhi, NCR and other GAs?

K. K. Chatiwal: We have actually taken this from the Vahan data, so GA wise we will share separately.

Kirtan Mehta: Sure. One more question related to in terms of the CNG's competitiveness versus diesel. How does it pan in Delhi, NCR and other GAs looking at the different price levels across this?

K. K. Chatiwal: So right now our focus is not petrol, diesel because we are competitive with respect to that. With respect to petrol, it is Rs. 19, with respect to diesel, it is around Rs. 13. But our main concern is how to remain competitive with respect to EV. So that is what we are competing against.

Kirtan Mehta: Thank you sir.

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

Sabri Hazarika: Now how many CNG stations we had at the end of the year?

K. K. Chatiwal: We have 954 stations now.

Sabri Hazarika: 954 and industrial and commercial growth for FY'25 was 11% and 10% YoY. Is that right?

K. K. Chatiwal: Yes. Commercial was slightly 7% to 8%.

Mohit Bhatia: 8% for commercial, 10% for industrial.

Sabri Hazarika: And for Q4 how much it would be?

K. K. Chatiwal: 6% for industrial and 2% for commercial for the quarter year-on-year.

Sabri Hazarika: For the Quarter 4, right? Okay, thank you so much.

Moderator: Ladies and gentlemen, that was the last question for the day. I now hand the conference over to the management for closing comments.

K. K. Chatiwal: Thanks, Nitin. Thanks for hosting this call. I also thank all the participants for participating in our call. Any questions if you have further to what we deliberated today, you can probably mail it to us or mail it to Nitin and we can get back to you. Thank you so much. And thanks Nitin and PhillipCapital. Thank you.

Moderator: On behalf of PhillipCapital (India) Private Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.