



“Gujarat Gas Limited Q2 FY '26 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Gujarat Gas Limited's Q2 FY '26 Earnings Conference Call.

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

I now hand the conference over to the Company Secretary of Gujarat Gas – Mr. Sandeep Dave. Thank you and over to you, Mr. Dave.

Sandeep Dave: Thank you. Good day, everyone. A very warm welcome to Q2 Earning Call of Gujarat Gas Limited. I am Sandeep Dave, Company Secretary and Head of Corporate Communication at Gujarat Gas.

Just to give you an update:

Since our last earning call on the composite scheme of arrangement, the Board of Directors have approved the scheme of arrangement on 30th August 2024. Thereafter, we have approached the Ministry of Corporate Affairs, and the Ministry has directed convening of meeting of shareholders of GSPC, GSPL, and Gujarat Gas.

We are happy to inform that the shareholders of GSPC, GSPL, and Gujarat Gas have approved the scheme with a thumping majority. 100% of GSPC shareholders and 99.99% of GGL and GSPL shareholders have voted in favor of the scheme. After approval from the shareholders, we have filed the Chairman's report and confirmation petition with MCA.

The proposed scheme will eliminate layered structure of the GSPC group to promote business synergy and unlock value for its stakeholders. The scheme is subject to various statutory and regulatory approvals. We have received no objections from BSE, NSE, and PNGRB. The matter is under active consideration of MCA, and we are expecting approval of the scheme by December 2025.

Coming back to GGL:

To give a brief background about GGL, GGL is the largest city gas distribution Company in India. It is operating in 27 geographical areas, spread across 6 states and 1 union territory. We have a good mix of mature and emerging CGD areas. We have developed pipeline network of more than 43,900 Kms which provide natural gas to approximately 23.44 lakh households, 4,429 industrial customers and 15,780 commercial customers.

We also operate 834 CNG stations serving approximately 4 lakh vehicles per day. We are aggressively setting up CNG infrastructure as well as upgrading CNG infrastructure to promote use of clean and green fuel. We have also started injecting biogas into GGL system.

GGL aims to deliver affordable, reliable, and cleaner energy by operating responsibly and performing with excellence while considering environment, social, and governance factors. As part of our commitment to ESG initiatives, we have taken various measures which include hydrogen blending pilot project which we have completed with 8% blending.

We have embarked on major digitization drive across various business operations and processes. Our major contribution to the environment is by virtue of promoting use of gas for industrial customers.

In Q2, we have reduced the burning of approximately 10,385 metric ton of coal per day. Further, through our CNG sales on various outlets, we have reduced combustion of approximately 3,282 kl of petrol per day.

We have been conferred awards by our regulator, PNGRB, in two categories: PNGRB Excellence Award 2025 in the category of Safety, Integrity, and Technical Excellence in CGD for Ahmedabad GA. PNGRB Excellence Award 2025 in the category of Overall Best Performance in the CGD for Anand GA.

At Gujarat Gas, we have the highest standards of safety and a strong culture of safety. GGL is an ISO-certified organization for integrated quality, occupational health, safety, and environment management systems. We build, create, and maintain a safe and reliable gas network in our areas of operation.

With this brief background on GGL, I now request Mr. Dipen Chauhan to share business updates. Over to you, Dipen.

Dipen Chauhan:

Thank you, Sandeep. Good afternoon, everyone.

First, I will update on the domestic and commercial segment.

We are seeing a positive growth in the domestic segment. GGL's customer base is now more than 23.28 lakh domestic customers. GGL has added 0.27 lakh commissioned customers in Q2 FY '26 and registered 0.34 lakh customers in Q2 FY '26 despite of monsoon season. GGL has signed a gas sales agreement with Bathinda Military Station, which is one of the largest military bases in India, for the supply of PNG to over 11,300 residential quarters.

The commercial segment is showing a steady growth in connection numbers. We expect the numbers in the domestic and commercial segments to increase over a period of time as the new

areas mature. GGL, at present, has a customer base of 15,700 plus commissioned commercial customers.

Now, let me update on the industrial segment.

In the industrial segment, sales volume was 4.34 MMSCMD for the quarter ended 30th September 2025, whereas the sales volume during the previous quarter was 4.71 MMSCMD, an overall decrease of approximately 8%. The average Morbi volume during the quarter was 2.13 MMSCMD, and non-Morbi volume was 2.22 MMSCMD. The Morbi volume reduced from 2.51 MMSCMD in Q1 FY '26 to 2.13 MMSCMD in Q2 FY '26.

As stated during the last call, the Morbi volumes were expected to be lower due to the Janmashtami festival. The non-Morbi volume of 2.22 MMSCMD for the quarter ended 30th September 2025 has grown from 2.20 MMSCMD during the previous quarter. That is an increase of approximately 1%. The non-Morbi volume has grown by approximately 8% as compared to the same period, which was 2.05 MMSCMD in the previous financial year. In fact, the non-Morbi volume has grown from 1.92 MMSCMD during FY '23-'24 to 2.21 MMSCMD in FY '25-'26 that is a growth of almost 15%.

The reduction in spot RLNG prices and crude prices during the quarter enabled GGL to reduce the prices in the industrial segment, which was by INR 3.25 per SCM, with effect from August 1, 2025. The reduction also enabled GGL to maintain the price differential to propane. That is natural gas premium by Rs. 4 to Rs. 5 per SCM.

While the prices of alternate fuel propane have reduced in recent times, we expect the same to increase during the winter months. This may reduce the gap between natural gas and propane prices. However, in the short term, the Morbi volumes are expected to remain lower.

We continue to monitor the various aspects affecting the volumes, that is, price movements of spot RLNG and alternate fuel and consumer goods demand across all our operating areas and shall adjust to such market dynamics so as to maintain balance between margins and volumes.

Finally, let me update on the CNG segment.

GGL reported a strong performance in Q2 FY '26, driven by robust growth in CNG volumes and expanding infrastructure. CNG sales rose by 13% year-over-year, with Gujarat recording an 11% increase and areas outside Gujarat delivering a notable 26% growth, underscoring GGL's success in deepening its presence across all geographies.

As of September 2025, the CNG vehicle base across GGL's network reached approximately 16.22 lakh compared to 14.12 lakh a year earlier, reflecting a solid 15% growth. CNG continues

to offer a compelling economic advantage, being approximately 45% cheaper than petrol and 23% cheaper than diesel, further reinforcing its attractiveness amid volatile fuel prices.

During the quarter, GGL commercialized four new CNG stations, supporting its commitment to expanding reach and improving accessibility. CNG sales volume touched a record high of 3.934 MMSCMD, highlighting sustained demand momentum.

Looking ahead, GGL is well positioned to capitalize on the increasing shift towards clean energy. With ongoing infrastructure development, a growing CNG vehicle base, and a strong customer adoption, the company remains confident in maintaining its growth trajectory and strengthening its leadership in the CNG segment.

Finally, I am happy to update that during Q2 of FY 2026, we marked significant milestones of our company's digital transformation journey. With a sharp focus on innovation and operational excellence as we go for merger, we have planned to strategically expand our ERP ecosystem to incorporate additional key business functions and achieve the benefit of seamless integration across verticals. Along with this, the planned technology transformation of ERP will help to leverage advancements in AI-powered analytics and enhance decision-making and risk management capabilities.

On the operations front, we have drawn a blueprint for implementing a robust and secure SCADA system to enable centralized monitoring and control across all geographies. This scalable, agile infrastructure is designed to support our evolving business dynamics and ensure responsiveness in a rapidly shifting global environment.

Furthermore, we have identified automation opportunities across multiple business processes that currently fall outside the scope of our ERP system. These initiatives are designed to strategically address operational challenges and enhance overall process efficiency through seamless integration and robust monitoring mechanisms.

Thank you very much from my side. Now, I would like to request our CFO, Mr. Rajesh Sivadasan, to take over. Rajesh.

Rajesh Sivadasan:

Thanks, Dipen. Good evening, ladies and gentlemen. Myself, Rajesh Sivadasan, CFO and Head of Investor Relations at Gujarat Gas.

On behalf of the entire team of Gujarat Gas, I extend warm wishes for our shareholders and our customers. I welcome you to the earnings call for the 2nd Quarter and the first half of the Financial Year '25-'26. Thank you for joining us today.

I trust you had gone through our financial results of the quarter ended 30th September, along with the press release and the investor presentations, which are available on our website and the stock exchanges.

During the quarter, the company has added close to 42,400 new domestic PNG connections. Our pipeline infrastructure now spans approximately 43,900 km of PE and steel networks, which continues to be the key driver for our growth.

In the first half of the financial year, we have invested approximately INR 282 crores in the gas infrastructure. For the full financial year, we plan to incur a capital expenditure of approximately INR 800 crores.

The revenue from the operations stood at INR 3,979 crores compared to INR 3,949 crore in the corresponding quarter of the previous year. EBITDA was INR 520 crores against INR 553 crores in Q2 of the previous year.

The profit after tax amounted to INR 281 crores compared to INR 307 crores in the same period of last year. The EBITDA margin per SCM was 6.54 versus 6.86 in the corresponding quarter of the previous year. For the financial year 2025-2026, we estimate an EBITDA margin in the range of 4.5 to 5.5 per SCM.

During the 2nd Quarter, we received 100% allocation for the domestic segment. However, there was a 64% shortfall in the CNG segment, resulting in an overall shortfall of 51% in the priority segment. The APM shortfall was mitigated through allocations from the New Well Gas and HP/HT gas, and we also sourced gas from the spot and long-term contracts. The allocation of the New Well Gas for the Q2 for the Financial Year '25-'26 was approximately 0.44 MMSCMD, down from 0.54 MMSCMD in the Q1.

Gujarat Gas continues to maintain a strong credit profile with a AAA rating from CRISIL, Care, and India Ratings. As requested by our investors, we have uploaded the financials of GSPC for the Q1 in our GSPC website. You can go through the same.

Now, with this, we open the floor for the Q&A session.

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. Please go ahead.

Probal Sen: The first question was more a small clarification. What was the propane to gas differential that was mentioned? I could not catch the number exactly in terms of rupees per SCM in Q2, and currently, if you can give both the numbers.

Management: It is in the range of INR 4 to INR 6 per SCM.

Probal Sen: That is in terms of propane being at a discount to gas. Is that correct, sir? I was saying that is the discount that propane has against gas at this point of time.

Management: Yes.

Probal Sen: Sir, that being the case, you already did mention that Morbi is going to remain muted in the near term. But can there be at least some marginal improvement after the festival season in Q3 and Q4 that we can look at in terms of the absolute numbers for Morbi?

Management: As the winter months will start, I think we will face a good competition from Propane pricing.

Probal Sen: The other question was, sir, if I look at the ex-Morbi volume, I think that has remained in a relatively narrow range of between 2.1 MMSCMD to 2.2 MMSCMD. Now, if I look at the kind of new areas that we have brought on stream, and that is definitely visible in the kind of momentum we have in the CNG and domestic segment.

But sir, just wanted to understand the industrial and commercial potential from all of the new areas that we have brought on stream over the last three, four years. Can we expect any meaningful delta to come in this portion of the industrial volumes over the next maybe 12 to 18 months or even longer?

Management: Yes, we are expecting because if you look at some of the GAs where we are reaching by our steel pipeline, if I name a few GAs like Ahmedabad Rural, DNH, and some portion of Thane also, where we are planning to reach two industrial pockets with our steel pipeline, we are expecting a good amount of volume increase, to be precise, industrial volume increase in these GAs.

Probal Sen: Sir, any timeline you would want to put on that in terms of how we should sort of build that number?

Management: I think we are expecting in the range of 2-3 lakh SCMD in these areas in at least 18 months.

Probal Sen: And in terms of the announcement that was made in the last quarter that you are also now looking at entry into the propane sale and distribution market, any color you would like to throw, sir, in terms of how that is progressing? Any updates that can be shared?

Management: Hello. Good afternoon. This is Chintan Shah from the sourcing team. Thanks for asking this question. Actually, we have been working in this direction quite a lot, and we are currently in discussions with capacity providers for the port, Pipavav and Kandla. And we are in very advanced discussions with these service providers.

In addition to that, we have also initiated discussions with the fleet providers for arranging the last-mile logistics. And we are also in advanced discussions with international Propane suppliers. We are discussing term sheet and figuring out what suits our requirement. So, we are discussing spot as well as term kind of proposals with them. As of now, we are under discussion, and probably in next few months, we will get some good breakthrough in this.

Probal Sen: One last question, if I may, just a housekeeping question. The CAPEX guidance for FY '26 was shared at about INR 800 crores. Can you kindly share a similar guidance for FY '27, if possible?

Management: See, FY '27 would be an year wherein the new company, the new form would be there. If you only look at PNG, the guidance would be along the same. INR 800 crores to INR 1,000 crores will be investments in this area. For the rest things, we will be coming back to you.

Moderator: The next question is from the line of Achal Shah from Ambit Capital. Please go ahead.

Achal Shah: Sir, just wanted to know one data point. So, if you can share the CNG realization per kg or per SCM from FY '20 to FY '25, that would be helpful, sir.

Management: You mean the sales price?

Achal Shah: No, sir, CNG realization, average CNG realization per kg or per SCM?

Management: I think margins we are disclosing on a company level. We are not segmenting the margins and disclosing.

Achal Shah: That's it.

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

Amit Murarka: Just wanted to know what was the Morbi volume in Q2 and what is the run rate currently?

Management: Morbi volume is around 2 MMSCMD.

Amit Murarka: Sorry, 2?

Management: Yes.

Amit Murarka: And run rate?

Management: 1.7 to 1.8. is the run rate.

Amit Murarka: And the PNG versus Propane gap of INR 4 to INR 6 that you mentioned was for Q2 or at the current gap that you mentioned?

Management: That was for Q2, please.

Amit Murarka: And currently, it would be how much?

Management: It will be less than , Q2, which will increase in coming months in the range of INR 5 to INR 6.

Amit Murarka: Also, lastly, what is now the timeline for completion of the entire scheme? Earlier, I think you had mentioned October, if I am not wrong.

Management: We did mention that we will do it in last quarter. That is what the response was from management in the last earning call., we expect that the MCA hearing will get over and we will get a final order from MCA by December 2025.

Amit Murarka: And the entire process in terms of, let's say, relisting of GSPL, that will take how much more after that?

Management: Should typically take two to three months kind of timeframe once we have got effective date on place.

Amit Murarka: That's all from me.

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

Maulik Patel: Just two questions. One, what kind of volume visibility do you expect in a Morbi market, particularly on the South Gujarat side and the newer geographies?

Management: We are expecting at least 2 MMSCMD in Morbi market and slightly higher than that in non-Morbi markets.

Maulik Patel: This is what volume you are doing currently, right? I am saying that within a year or two, as your network expands in the new geographies Bharuch, Ankleshwar?

Management: Yes.

Maulik Patel: You are looking at this as an additional volume or existing volume?

Management: No, no., That I think I have answered for the next quarter or this year. But I think we are planning to add at least 0.5 million across the market.

Maulik Patel: So, across both non-Morbi and the new GA, you are looking adding to around 0.5 MMSCMD volume next year, possibly?

Management: Yes.

Maulik Patel: And this group has done one LNG tie-up with Qatar that was a couple of weeks back. Can you just share the rationale and thought process? Already, the group has done one more contract sometime in the beginning of this calendar year for 0.4 million ton. So, what is the rationale for that? Today, we are doing around 12 MMSCMD or 11 MMSCMD volume on the trading side. How this number can go up after this addition of the new supply contract?

Management: Hello, this side, I am Chintan Shah from the sourcing team. Thank you for asking this question, Maulik. As you are rightly aware, that we have done a recent contract with Qatar Energy. As the press release says, the volumes are up to 1 MTPA, and the volumes begins in 2026, and the term for the contract is for 17 years.

The most important thing we need to take note of here, this is a long-term contract, and the volumes in 2026, when the market conditions are tight, will be at long-term prices. So, as this volume kicks in, it will help the group to cater to their customers at a more competitive pricing proposals and that will help in better realizations of margins.

The second question was regarding the 0.4 MTPA that we have tied up with another supplier. So, as you are aware, that it is on Henry Hub Index. At that point in time, the demand in the domestic market was for that kind of a product. So, GSPC brought in that product, and they have sold a large amount of that volume in the domestic market. And those volumes will begin in '26-'27 with the downstream customers. So, that will again help us in building the portfolio for the group.

Maulik Patel: So, will this imply to increase the overall trading volume, which has been in the range of around 10 MMSCMD to 12 MMSCMD over the last couple of quarters? Once it is incremental, I think it should expand your kitty, right, overall volume?

Management: Yes. So, bringing in more competitively priced LNG volumes will help us expand our kitty. Currently, the problem is with the prices of Propane and the LNG prices, which are actually at 17%-18% currently, and Propane is at around 12% linkage of Brent. Once this scenario changes, probably we expect that some improvement in this scenario from April 2026, so first quarter of '26-'27. Then probably we can see more volumes from Morbi coming in portfolio again.

Moderator: The next question is from the line of Vikas Jain from CLSA. Please go ahead.

Vikas Jain: Just wanted to check, when we are doing our basic analysis of the Propane business, do we get a sense that this business could, over the last few quarters or so, have seen margins, players making margins around INR 10, INR 11 per SCM or so, or it is much lesser than that in terms of gross margins that I am talking about? Is that kind of a margin expectation in the ballpark, or it is far too optimistic?

- Management:** I think the number is too optimistic. We don't see this kind of numbers to be realized in that particular segment. It would be much lower.
- Vikas Jain:** Sir, just wanted to understand if we ourselves will offer a more expensive product as well as a cheaper product, then what will be the incentive of the customer to buy the expensive product? Are we basically kind of pushing for a quicker move away from natural gas into Propane for our customers in Morbi?
- Management:** So, basically, for the next two years, there is a challenge. Unless and until we see the wave of LNG from new sources coming into the market, there will be a challenge. So, to address that particular challenge, probably we have strategically taken this decision to enter into the Propane business. Doing this particular business during the first two years will help us bring in our customers in our portfolio. They will remain with us.
- And in addition to that, we are also working on a strategy wherein we can bring in more competitively priced LNG, which would be able to compete with Propane prices across the year so that in the long term, we can offer a product where customers will remain on gas with us.
- Vikas Jain:** So, say, assuming that in about a couple of quarters' time, all the required tie-ups are in place and we start doing propane, is it fair to assume that we expect a large part of these 2 MMSCMD customers who are buying natural gas to shift to Propane, even although still staying our customers? And would you say that maybe you can garner even more than 2 MMSCMD, the ones whom you would have lost, to Propane as becoming your customer? So, it might be dilutive to margins, but it will be offset by higher volumes.
- Management:** Yes. But the idea is not to market propane to our existing customers. It is to bring in the customers that we have lost with propane.
- Vikas Jain:** Yes, I think other than that, in terms of margins, we have had a very strong Q1. And should we expect that margins sustain in this 5.5- 6 kind of a range, or any guidance on margins for this coming quarter and maybe in the medium term that we are targeting?
- Management:** I think we have already given the guidance, Vikas. We are sticking to the old guidance of 4.5 to 5.5.
- Vikas Jain:** You are sticking to that guidance. Okay.
- Management:** Yes.
- Moderator:** The next question is from the line of Nitin Tiwari from PhillipCapital India. Please go ahead.

Nitin Tiwari: Sir, can you also provide a guidance on volume, a very specific guidance for FY '26 as well as '27, like you have provided for the margins?

Management: Yes. I think if you look at our portfolio, our portfolio is dominated by the industrial volumes. So, basically, you can see a 13% growth and close to 10% to 7% growth in the domestic and other segments, but only challenge is with respect to the industrial segment which is there. So, practically, my 50% of the volumes are basically fluctuating because of the prices of Propane and natural gas.

So, if we are competitive to Propane in the long term, then basically, we will be looking at a volume of more than 10 MMSCMD. But if the prices are Propane as competitive, then may be a 9 MMSCMD or 10 MMSCMD, around that range will be moving considering that we will be growing in the CNG and the domestic segments.

Nitin Tiwari: Sir, we have already done, I think, about 8.5 for the first half in this year, right? So, moving into the second half, given the situation remains as it is, would it be reasonable to say that we will be sub-9 in FY '26 and may be just anywhere between 9 and 10 for FY '27? Would that be a right assessment?

Management: Yes. Looking at the present conditions, if nothing changes, yes, that is right. But if prices or things change, then it will change.

Nitin Tiwari: And my second question was on the consumption behavior in Morbi. So, as you mentioned, our current run rate is around 1.7 to 1.8. So, what can be taken as a baseline volume below which we won't go down? So, is this 1.7, 1.8 a baseline volume? And how do consumers in Morbi typically decide between, say, Propane and natural gas? And I am just trying to assess the baseline consumption that is not going to change for us no matter what.

Management: I think you are right. 1.7, 1.8 is our baseline volume in Morbi.

Nitin Tiwari: So, this much gas they are going to consume irrespective of wherever the price differential or premium or discount could be?

Management: Yes, you are right.

Nitin Tiwari: And sir, what actually is the motivation behind having this mix on the part of consumers? I suppose a consumer would then be taking both Propane and natural gas in a certain mix or a certain percentage. So, how do they go about this decision? If you can throw some light on that?

Management: There are some high-quality manufacturers in Morbi, historically, and as per to remain in the competition, they prefer natural gas compared to Propane because of operation heat and quality management.

- Nitin Tiwari:** So, natural gas is a more consistent heating source when it comes to quality. That is what you are saying?
- Management:** Yes.
- Nitin Tiwari:** That's all from my end.
- Moderator:** The next question is from the line of Sabri Hazarika from Emkay. Please go ahead.
- Sabri Hazarika:** So, first, clarification, you mentioned that Q2 Morbi volumes was around 2 or it was around 2.2?
- Management:** Around 2.
- Sabri Hazarika:** Around 2 MMSCMD. Okay. And how much was the APM shortfall overall for the priority sector? It was around 55% was the shortfall. Is that right?
- Management:** Yes, the CNG shortfall was 64%.
- Sabri Hazarika:** 64% CNG shortfall. Okay. And CAPEX for H1 was how much?
- Management:** for this quarter or for the entire half year?
- Sabri Hazarika:** Yes, for the half year.
- Management:** It was INR 282 crores.
- Sabri Hazarika:** INR 282 crores. Second question is on this. I don't know whether you have looked into it or not. So, there is this committee report which came a couple of days back, which was led by D.K. Saraf. So, again, they have been talking about studying allocation to CNG segment and various other measures. So, what is your assessment if you look into it of this report? Is there a re-look into this whole allocation of APM gas to CNG sector, or it is just a generic report?
- Management:** Well, it is a welcome recommendation for the CGD industry per se. CGD industry on its own has been asking for higher APM allocation. And the industry expert committee report further endorses the requirement to give a higher APM allocation for the CGD industry, particularly for the CNG and PNG segment.
- I mean, we are aware of the challenges associated with the limited domestic production. So, while we hope and support the case for a higher allocation, one has to be realistic enough to understand that things can't move drastically from where we have currently.
- Sabri Hazarika:** Fair enough. And last question is, how much is GSPC volumes in Q2 and Q1 also?

Management: I think Q1 numbers are there. It is close to 9.5 MMSCMD. Q2 results are yet to be submitted to the Board.

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

Yogesh Patil: Sir, could you please provide a detailed breakup of gas sourcing? How much was the APM, NWG, BG British Gas, Qatar Gas, Spot? If you could provide it in MMSCMD terms, that would be really helpful.

Management: Yes, the APM volume was close to 2.03. New Well Gas was close to 0.44. The long-term contracts were 3.44, and the short-term contracts were 2.85.

Yogesh Patil: Sir, these short-term contracts of 2.84 include the spot also?

Management: Yes. It includes the spot, the IGX also.

Yogesh Patil: And this NWG has come down from 0.54 to 0.44 in Q2. That is the correct understanding?

Management: Yes, 0.54 to 0.44 MMSCMD. Yes. You are right.

Yogesh Patil: And just lastly, wanted to check the Morbi PNG industrial prices nowadays, rupees per SCM, if possible.

Management: Close to 43. Just a minute. It is 46.69.

Yogesh Patil: Including of GST, correct?

Management: No. No. It is not included.

Yogesh Patil: Sorry. Not the GST, VAT

Management: VAT.

Yogesh Patil: Inclusive of taxes, or exclusive of taxes, sir? INR 46.9?

Management: Present price in Morbi without VAT is INR 44.

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

Akash Mehta: Just wanted to check of this baseline 1.7-1.8 MMSCMD of Morbi volumes that you have spoken, how much of this, I mean, how many people don't have the facility to actually use Propane and only use gas? Just help us with that.

Management: I think more than 200 customers are only on natural gas.

Akash Mehta: So, in terms of volume, that would be how much?

Management: Around 1.5- 1.6.

Akash Mehta: That's helpful. That's it from my side.

Management: Moderator, if there are no further questions, no further participants, we can close the call.

Moderator: Okay, sir. As there are no further questions, I would now like to hand the conference over to management. The next question is from the line of Krunal Shah from Enam. Please go ahead.

Krunal Shah: Just wanted your views on global gas pricing. When do you see the supply increasing and the current jump that has been there last two, three years, that normalizing?

Management: So, we have seen these past two to three years have been very challenging, the supplies from the U.S., as you are aware have started gaining the market. Probably last month, they have exported more than 145 cargoes in October.

So, we expect that supplies from the U.S. will start very soon. And in 2026, we will see in the last quarter, supplies from the new projects from Qatar also will start. Honorable Energy Minister of Qatar indicated that in various forums also.

In addition to that, there is one more interesting part that we need to take consideration of, which is Russian volumes. There is Yamal LNG, which is actually going through a very volatile scenario because Europe is going to ban all Russian volumes by 2027. So, those volumes will be placed somewhere in the market, or probably if Russia comes on the table and something gets sorted out, it will not be before Russia asks for some relaxation in international sanctions. So, '26 and '27 will be very interesting to see when new volumes hit the market and how these geopolitical issues play out. So, we anticipate at the end of 2027, there should be reasonable prices in the market.

Krunal Shah: Sir, but by reasonable, where do you expect spot to settle?

Management: There are two aspects to this. Spot in terms of absolute numbers may come down to single-digits, \$7- \$8. That is what we understand. But in the near term, even Brent outlook is bearish. So, in terms of linkage, we may not see very competitive prices. What we can say is that spot prices will come down, but not in terms of linkage. We may see some linkage coming down a bit later.

Krunal Shah: And at \$7-\$8 spot, is industrial gas competitive versus Propane?

- Management:** So, again, it is actually the function of Brent pricing because our customer base utilizes the products which are Brent derivatives. So, unless and until we are able to bring in LNG at competitive prices to those alternate fuels, absolute number may make little sense.
- Krunal Shah:** Then what is the solution for us to be more competitive versus Propane, regain the loss share in terms of gas and not selling Propane? Is there a way or no?
- Management:** Can you please come again with the question?
- Krunal Shah:** My question is, is there a way we can be very, because you said that customers are using fuel which is linked to Brent. So, if Brent declines, gas will also decline, but the other fuel will also decline. So, is there a way we can regain our loss share that we lost to Propane in Morbi?
- Management:** Yes. So, what we have seen historically is that Propane prices behave in seasonality. During summers, probably the linkage of Propane is between 12% to 13%. And during winters, the linkage to Brent is around 15% or so.
- So, on an average basis, if you are able to source competitively priced LNG, maybe around 12 or maybe a little bit less than 12, then it will make sense for catering to this kind of customers who switch over to Propane for the entire year. So, bringing in LNG at such prices will help to address this problem.
- Krunal Shah:** And are such deals available currently in the market? 12% and below slope?
- Management:** We are into market to source more LNG, and we have been interacting with various suppliers. But as I said, currently the Brent outlook is also bearish. And people are also anticipating that the wave of LNG is coming. But still suppliers are taking an approach where they want to wait, test the waters, and provide proposals. So, it is not like, available on the table, but we have to negotiate hard.
- Moderator:** The next question is from the line of Indrakumar Gupta from PL Capital. Please go ahead.
- Indrakumar Gupta:** Just a small question. I just wanted to know the APM New Well Gas long-term, short-term for last quarter, if you can please disclose that.
- Management:** Last quarter, APM was close to 2.06. New well gas was 0.54. The long-term contracts were close to 3.39, and the short-term contracts were close to 3.04.
- Indrakumar Gupta:** This was for Q1 FY '26, right?
- Management:** Yes, you are right.
- Indrakumar Gupta:** That's all.

- Moderator:** The next question is from the line of Yogesh Patil from Dolat Capital. Please go ahead.
- Yogesh Patil:** In a hypothetical case, if the Morbi association approach you or come up with a proposal to Gujarat Gas management for the PNG industrial volume and they assure you about a major volume consumption at the PNG industrial and ask us to cut down the prices of the PNG industrial, are we in a position to cut down the PNG industrial prices and bring back the volume of PNG back? Just a hypothetical question.
- Management:** That depends on the number they are asking for. Everything depends on that. I think it is a hypothetical question, and it will be a hypothetical answer also for that.
- Yogesh Patil:** Definitely, sir. I can understand.
- Management:** There is no point in discussing this.
- Yogesh Patil:** No worries.
- Moderator:** Thank you very much. As there are no further questions, I would now like to hand the conference over to management for closing comments.
- Sandeep Dave:** We are heading towards closure of the scheme of arrangement in Q3. So, by December 2025, we are expecting that the effective date should occur if everything goes as per our plan. And I look forward to have a meaningful interaction with all of you in Q3 earning call in all probability in a merged entity environment. Thank you all.
- Moderator:** Thank you very much. On behalf of Gujarat Gas Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.