



**“Gujarat Gas Limited
Q3 FY26 Earnings Conference Call”
January 21, 2026**



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Moderator: Ladies and gentlemen, good evening, and welcome to the Gujarat Gas Limited Q3 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone 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 Q3 earnings call of Gujarat Gas Limited. I'm Sandeep Dave, Company Secretary and Head of Corporate Communications at GGL. Just to give you an update on the scheme of arrangement. Since our last earnings call, -- we have filed this scheme of arrangement with the Ministry of Corporate Affairs and we are expecting the date of final hearing from Ministry of Corporate Affairs which we are yet to receive. There were certain queries from MCA which we have addressed and we are expecting that final hearing of the matter should come up somewhere in middle of February. That takes us to completion of the scheme by end of April, including allotment of shares to GGL and GTL shareholders.

Coming back to GGL, just to give a brief background on GGL. GGL is the largest city gas distribution company in India and it's operating in 27 geographical areas, spread across six states and one union territory. We have a good mix of mature and emerging CGD areas. We have developed pipeline network of more than 44,550 kilometers, which provide natural gas to approximately 23.83 lakh households, 4,454 industrial customers and 15,900 commercial customers.

We also operate 833 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. 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 initiative, we have signed 8 new tripartite agreements with biogas producers and GAIL for purchase of CBG. This takes the total tally of agreements signed for CBG to 27, including 8 agreements signed during the quarter. We have embarked a on major digitization drive across various business operations and processes.

Our major contribution to environment is by virtue of promoting use of gas for industrial customers. GGL, by virtue of its average Q3 PNG sales to industrial customers, reduced CO2 emissions by approximately 56 lakh kg per day due to PNG utilization by customers instead of coal. And through its CNG sale, we have reduced CO2 emission by approximately 21 lakh kg per day due to natural gas utilized by customers instead of petrol and diesel.



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We have been conferred with Supply Chain Champion Award in gas sector by Institute of Supply Chain Management in Supply Chain Ranking 2025. We are amongst top 10 supply chain champions as per ISCM data. We are pleased to announce that the company has engaged McKinsey & Company as a strategic consultant to evaluate growth opportunities within our existing businesses as well as to advise on both organic and inorganic expansion initiatives.

At Gujarat Gas, we have 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 built, create and maintain a safe and reliable gas network in our areas of operation.

With this brief background of 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'll 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 23.83 lakh domestic customers. GGL has added 38,000 commissioned customers in Q3 FY '26 and registered 40,000 customers in Q3 FY '26.

The Commercial segment is showing a steady growth in connection numbers. We expect the numbers in the Domestic and Commercial segment to increase over a period of time as the new areas mature. GGL at present has a customer base of 15,897 commissioned commercial customers.

Now let me update on the Industrial segment. In the Industrial segment, sales volume were 3.93 MMSCMD for quarter ended 31st December 2025, whereas the sales volume during the previous quarter was 4.35 MMSCMD, an overall decrease of approximately 10%. The average Morbi volumes during the quarter was 1.6 MMSCMD, and non-Morbi volume was 2.25 MMSCMD.

The Morbi volume reduced from 2.13 MMSCMD in Q2 FY '26 to 1.66 MMSCMD in Q3 FY '26. As anticipated, the propane prices remained considerably lower than the GGL's natural gas prices due to which Morbi volumes were lower during the quarter. The non-Morbi volumes of 2.25 MMSCMD for quarter ended 31st December 2025 has grown from 2.22 MMSCMD during the previous quarter.

That is an increase of approximately 1%. The non-Morbi volumes have shown a steady growth despite the Diwali festival where majority of the non-Morbi markets have lower consumption. The non-Morbi volumes has grown by approximately 7% as compared to the same period in the previous financial year.

The recent reduction in spot RLNG prices and crude prices enabled GGL to reduce the prices in Morbi Ceramic segment by INR4.50 per SCM with effect from January 1, 2026. The reduction

in natural gas prices, coupled with increase in propane prices has enabled GGL to reduce the price differential to propane, that is natural gas premium by INR ₹ 2.40 per SCM.

The propane prices are expected to increase further during the month of February, which shall further reduce the premium of natural gas. We expect the Morbi volumes to increase from the current level during this quarter. We continue to monitor the various aspects affecting the volumes, that is price movements of spot RLNG and alternate fuels and consumer 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 Q3 FY '26, driven by robust growth in CNG volumes and expanding infrastructure. CNG sales rose by 11% year-over-year, with Gujarat recording a 9% increase and areas outside Gujarat delivering a notable 22% growth, underscoring GGL's success in deepening its presence across geographies.

As of December '25, the CNG vehicle base across GGL's network reached approximately 16.94 lakh compared to 14.89 lakh a year earlier, reflecting a solid 14% growth. CNG continues to offer a compelling economic advantage being approximately 45% cheaper than petrol and 23% cheaper than diesel, further reinforcing the attractiveness, I mean -- amid volatile fuel prices.

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

Finally, I'm happy to update that during FY '26, we marked significant milestones in 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 enterprise resource planning ecosystem to incorporate additional key business functions and achieve the benefits of seamless integration across verticals.

Along with this, the planned technology transformation of ERP will help to leverage advancement 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.

An advanced metering infrastructure is also planned to facilitate data collection from industrial and commercial customers through various meter types and transmit consumption-related data to ERP system for billing and to SCADA system for centralized monitoring and control. 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



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strategically address operational challenges and enhance overall process efficiency through seamless integration and robust monitoring mechanism.

Thank you very much. Now I'll hand over the mic to our CFO, Mr. Rajesh Sivadasan.

Rajesh Sivadasan:

Thank you. Good evening, ladies and gentlemen. I'm Rajesh Sivadasan, the Chief Financial Officer and the Head of Investor Relations at Gujarat Gas. I welcome you to the earnings call for the third quarter of the financial year '25-'26. Thank you for joining us today. I trust you had the opportunity to review the financial results for the quarter ended 31st December, along with the accompanying press release and the investor presentation, which is uploaded in our website and the stock exchanges.

During the quarter, the company added over 38,600 new domestic connections, bringing a total domestic connection of more than 23.83 lakhs. Our pipeline infrastructure now spans approximately 44,540 kilometers of PE and steel networks, which continues to be our key driver for our growth.

During the 9 months, we have invested approximately INR408 crores in gas infrastructure. And for the full financial year, we plan to incur a capital expenditure to the range of INR650 crores to INR700 crores. With respect to the financial highlights for Q3, the revenue from operations stood at INR3,865 crores compared to INR4,333 crores in the corresponding quarter of the previous year.

The EBITDA stood at INR502 crores against INR439 crores in Q3 of the previous year. During the 9 months, the EBITDA is INR1,602 crores compared to INR1,566 crores during the 9 months of the previous year. The profit after tax accounted to INR266 crores compared to INR222 crores in the same period last year.

During the 9 months, the PAT stood at INR1,176 crores as compared to INR1,159 crores in the 9 months of the previous year. The EBITDA margin per SCM stood at ₹6.5 against ₹5.04 in corresponding quarter to the previous year. For the entire financial year, we estimate the EBITDA margins to be in the range of ₹5.5 to ₹6.5 per SCM.

With respect to the gas allocation, during the third quarter, we have received 100% allocation for the Domestic segment. However, there was a 64% shortfall in the CNG segment, resulting in an overall shortfall of 51% to the priority segment, that is Domestic and CNG. The APM shortfall was mitigated through allocations from New Well Gas, HPHT and sourcing gas from spot and long-term volumes.

The allocation of New Well Gas for the Q3 for the financial year '25-'26 was approximately 0.31 MMSCMD, down from 0.44 MMSCMD in the Q2 of the current year. Gujarat Gas continues to maintain a strong credit profile with a AAA Stable rating and an A1 plus rating from CRISIL, CARE and India Ratings. As requested by our investors, financials of GSPC for the half year for the financial year '25-'26 has been uploaded on GSPC's website.



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Now I hand over to Devendra for the further updates on the gas sourcing.

Devendra Agarwal:

Good afternoon. I am Devendra Agarwal, Executive Director, Commercial. I will highlight the key strategic commercial metrics, few sourcing updates and the market challenges we faced during Q3 2026. Growth in priority sector, which is basically CNG and domestic PNG, has been robust, and it continues to grow at 11% vis-a-vis Q3 2025.

On the sourcing side, APM gas allocation shortfall has increased from 45% to 51% of our total requirement. Shortfall in CNG is currently 64% and the same is being met through spot as well as long-term contracts that we have. And the proportion has increased to 30% from 18% in the last quarter.

As with regard to the revised Trunkline tariff, the zonal tariffs, we have analyzed the impact on our financials. We believe that at the current operating volume level, which is like 8.37 MMSCMD, we are currently revenue neutral, and we'll continue to be so till at least 0.3, 0.4 MMSCMD additional volume, which is like 8.7, 8.8 MMSCMD level.

On the Morbi side, the volumes have experienced a substantial contraction. Volumes decreased 50% from 3.35 MMSCMD in Q3 2025 to 1.68 MMSCMD now. This represents 21% reduction from 2.1 MMSCMD upgrade in the immediate preceding quarter. The decline was because of high volatility in spot prices over the past 1 year.

While spot prices saw a 19% reduction, the price of propane, a key alternative fuel for especially the Morbi consumers, has decreased by 25%, making it price a much more attractive option for the industrial consumers. To counter this challenge, our parent company, GSPC, has identified locations for storage and handling of propane.

We are currently in advanced talks to reserve unloading capacity, ensuring that we have access to physical infrastructure, to basically capitalize on this opportunity. To manage competition, we'll be actively offering propane as an alternate fuel solution, ensuring that we retain our customers, maintain customer relationship and market share in the industrial belt of Morbi and other industrial locations.

On the LNG market side, the LNG market over the next 2- 3 years is projected to experience a significant supply glut driven by massive wave of liquefaction capacities coming in, particularly, from the U.S. and Qatar. And this surplus is expected to put downward pressure on spot prices in Europe and Asia, although the long-term demand growth remains intact, especially in emerging economies like China and India.

On some of the challenges, the ongoing geopolitical tension could have a negative impact. It could disrupt the supply chain, impact shipping routes and cause price volatility. Commissioning time lines for some of the projects such as Golden Pass and North Field, NFE of Qatar, they could be delayed. However, they are already delayed quite a lot. So these are the highlight as a key challenge going forward.



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Thank you very much. And now I hand over the mic to our Company Secretary, Mr. Sandeep Dave.

Sandeep Dave: Moderator, please start 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.

Probal Sen: Firstly, a couple of questions on Morbi. You mentioned that you have taken a INR4.5 reduction in industrial prices at Morbi, and the discount to propane has come down. Can we get a sense of what are the equivalent prices in rupees per SCM terms right now for your industrial segment in Morbi and equivalent propane price?

Management: Currently, the propane price is around INR38.6 against our gas prices of INR41.

Probal Sen: So sir, just a hypothetical question at what price of propane does the industrial price and propane price sort of coincide? How much would LPG prices increase from here on in? Another \$25, \$30 a ton, will do it, roughly?

Management: \$25 to \$30 per ton.

Probal Sen: Okay. Got it, sir. Got it. The second question was, sir, with respect to the CNG, you mentioned the growth rates for Gujarat and non-Gujarat, is it possible to get a sense of the volume split right now for CNG between Gujarat and non-Gujarat areas?

Management: Yes, Gujarat is close to 2.95 and outside Gujarat is 0.51.

Probal Sen: Okay. And can we expect or rather is your sense that non-Gujarat will continue to grow at the kind of run rates we have been showing for the last, let's say, 3, 4 quarters. So we'll be in that kind of 15% to 20% about in this particular part?

Management: Yes, I think the double-digit growth should go through in both the areas because outside Gujarat also, we are growing at a higher rate because these are new areas.. The base is lower, no, so that's the reason.

Probal Sen: Yes. And just a couple more housekeeping questions. One was the EBITDA guidance seems to have been increased in this quarter. If I heard you correctly, you mentioned about 5.5 % to 6.5% being the expected rate for the full year. Can we build in a slightly higher run rate for '27 and '28 as well given the dynamics of pricing and the volumes?

Management: I think you can take the same rates. I think we'll update you when we come up with the March results wherein we will have the consolidated balance sheet, wherein you will have a sense of the numbers which are there.

- Probal Sen:** Okay. And sir, last question was, capex, sir, you mentioned about INR700 crores for this year. For the next couple of years also, is that the same run rate? I mean, for at least the stand-alone Gujarat Gas CGD business. I know the next year will be down if it's all picture. But for Gujarat Gas, its CGD business, INR700-odd crores is the run rate we should be building in?
- Management:** Yes.
- Moderator:** The next question is from the line of Yogesh Patil from Dolat Capital.
- Yogesh Patil:** Sir, question related to gas cost. Gas cost of Q3 FY '26 versus Q2 FY '26, despite multiple favorable factors for the gas cost reductions on a sequential basis, like lower crude prices, lower APM prices, lower spot LNG, our gas cost has reduced near INR0.20 per SCM on sequentially. In our calculation, it was indicating the gas cost reduction was a little bit higher. Can you correct us, sir, where we are missing anything?
- Management:** Well, this year, I think the spot prices, if you compare it with the crude is much higher than last year
- Yogesh Patil:** So sir, our gas cost per unit has come down by INR0.20 per SCM on a sequential basis Q-on-Q. So if we compare it on the crude level, spot LNG levels, everything is down on the Q-on-Q basis. So that's why we wanted to understand a mere INR0.20 per SCM reduction versus the -- there was a huge expectation of INR1 per SCM kind of a gas cost reduction?
- Management:** I think it depends on the sources of gas and where you're sourcing the gas. I think APM is only 24% of the entire portfolio we are having. The rest of the portfolio is for the long term and the short-term gas we are having.
- Yogesh Patil:** Okay. Great. Sir, could you please share the gas sourcing details, APM, spot, IGX in terms of the MMSCMD, that would be really helpful for us?
- Management:** I'll tell you of the 8.5 MMSCMD which we have purchased, of 24% is APM gas, New Well Gas is 4% and long-term contracts are 39% and short term is 33%.
- Yogesh Patil:** In short term, IGX plus spot. Is that a correct understanding?
- Management:** Yes, right. Understanding is right.
- Yogesh Patil:** Okay. Sir, recently, a cut in the PNG industrial prices, what is the response from the Morbi consumers? So the PNG industrial volume from the level of Q3, 1.66 MMSCMD, has really gone up? Any numbers, if you could share for the January month?
- Management:** If we had not reduced the prices, it would have further reduced. So from 1.68, it has basically increased to 2.2 MMSCMD. And we expect when the new Saudi CP would be announced which is already there. So once it comes towards the end of January, probably we will see somewhere around close to 2.6, 2.7 MMSCMD, at least.

- Yogesh Patil:** Any idea about the February and the March month, if possible?
- Management:** So we are expecting close to 3 to 3.2 MMSCMD in Morbi
- Yogesh Patil:** Yes. Yes. And the last question, sir, as you mentioned, the new gas transmission tariffs are revenue neutral as of now at the current volume. And even if the 0.3 MMSCMD volume growth from the current level increases, it will hardly impact. But a small kind of understanding we want from your side. As the Morbi volume is going to increase. I mean, it will increase at least 1 MMSCMD as per your guidance in the next few months. Then how much it will impact to our gross profit margin considering the new gas transmission tariffs?
- Moderator:** Sorry to interrupt. Sir, your voice is not audible. Yes.
- Management:** Just one second. Approximately INR1 per SCM.
- Yogesh Patil:** Okay. So is it fair to understand 1 MMSCMD jump in the PNG industrial volume will have a kind of a INR1 per SCM kind of a negative impact on the gross profit margins? Is that a correct understanding?
- Management:** Yes.
- Yogesh Patil:** Okay. Thanks a lot, sir and all the best.
- Moderator:** Thank you. The next question is from the line of Amit Murarka from Axis Capital. Please go ahead.
- Amit Murarka:** Yes. Hi, good afternoon. On Morbi, I just wanted to clarify the data point that you mentioned. So did you say that Q4 volume is expected to be 3- 3.2 MMSCMD or did you say the exit quarter volume will be that?
- Management:** We said in February the volumes would be close to 3- 3.2 MMSCMD. And it could be the same for March.
- Amit Murarka:** Okay. And currently, what would be the run rate?
- Management:** Current run rate is 2.2 MMSCMD.
- Amit Murarka:** Understood. Also on the price revision at Morbi, the INR4.5 cut or the INR41 price, which is there currently. So with the rupee kind of depreciation that is happening and like there has been some jump in the spot LNG pricing also in the last week or so, is there any risk to that price going up with the cost pressures that could happen in the next few months? Or how do you think about that?
- Management:** see, this sudden increase in spot price is going to be a very short-term phenomenon. Basically, because of the severe winter that has hit Europe and U.S., it has resulted into spot prices going

up. But we expect the prices to again come back to initially \$9 kind of a level. And then going forward in middle of 2026, we expect a lot of term contracts to start get delivering volumes into India. So we expect spot prices to be much more reasonable once the winter is over, which is probably 2 months from now.

Amit Murarka: Sure, understood. Sir, just lastly on the scheme of arrangement. So by when you think that all of it will be completed and the GSPL relisting can be expected by when now?

Management: We are expecting final hearing from MCA somewhere in the month of February. That will be followed by once we receive a final order from MCA and complete other formalities. So we expect that by the time we get into the next earnings call, I think all formalities will be completed.

Amit Murarka: As in including the relisting of GSPL?

Management: Including relisting of GSPL, i.e. GTL

Moderator: The next question is from the line of Maulik from Equirus.

Maulik: A couple of things. What's the update on this FDODO scheme that 100 CNG stations were supposed to come up, and you got some clarification with the government of Gujarat also. And will that increase, because in the last couple of quarters, the CNG growth rate has been consistently around 11%, 12% kind of a rate? By what kind of percentage increase we can expect post commissioning of these stations?

Management: First of all, today is a very good day for us. Today, we have commissioned our first FDODO online station in Morbi. Before that also, we have started 1 FDODO station in Dwarka also. We have signed total 78 agreements for the FDODO, and they are in the various stage of construction. And the way things are going, we will connect more than 10 CNG stations in this financial year and balance in the next financial year.

Maulik: And what kind of increase one can expect in your assessment that CNG growth can go to the 13% kind of a rate? See, within last 2 years, what you have done is you have converted a lot of your daughter booster stations to the online stations, which supported this growth, right? And because the CNG stations per se has remained constant around 830 kind of level for the last 2-3 years, now with -- this number is increased by around 70- 80 stations over the next two, three quarters, will this increase the growth rate from 11% to 13%, 14% or it will be remain around 11%?

Management: No, no, we are quite hopeful because the way if you look at the way CNG vehicles are being sold in the market, apart from that, there's a huge 45% headroom for the CNG and petrol prices. And the way new technologies are coming into CNG vehicles, we are expecting 13%, at least, we would like to achieve.

- Maulik:** And what's your sense on non-Morbi? Because see non-Morbi after many, many quarters, since last three, four quarters, it has been growing at a mid- to high single-digit kind of a growth. Always there has been an expectation that the growth will come from Ahmedabad rural, Thane and some of the other industrial areas, but it has not materialized to the extent what one could have expected earlier.
- Has the things have changed for better for the non-Morbi volume? And can we see a meaningful growth, which can move the needle in overall volume? So anything has changed in non-Morbi where we can expect a significant growth in the next 2 to 3 years?
- Management:** Yes, definitely. If you see, means we have started connecting all our major markets -- new major industrial markets. That is Ahmedabad rural, Dahej, Kutch, Thane, UDI in Madhya Pradesh, Valsad and surrounding areas also, we have started connecting. So we are expecting good volume growth because infrastructure is in place. We are in the process of getting cheaper gas compared to whatever we are getting right now. So yes, I'm quite hopeful about that.
- Maulik:** So one of the challenges was always the setting up the initial infrastructure. Has this been resolved in most of the GAs, which you mentioned that -- your initial infrastructure is already in place for all these GAs?
- Management:** Yes, we have started. Just to update you, we have just almost commissioned a steel pipeline for Dholera region also. Same way, we are connecting various business parks in Dahej and surrounding areas. Thane, of course, we have to connect Boisar and surrounding areas also. So slowly, but steadily, we are connecting all the major potential markets through our steel pipeline.
- Maulik:** Okay. Got it. Thanks.
- Moderator:** Thank you. The next question is from the line of Varatharajan Sivasankaran from Antique Stock Broking Limited. Please go ahead.
- Varatharajan S:** Thanks for the opportunity, sir. Sir, I want to look at this outlet addition. So you gave some idea as to what is going to happen next year, so effectively that 77 being commissioned. So if I were to look at next -- maybe, like, a 3-year time frame, what is the kind of a potential addition in outlets one would be looking at? I mean, I know not an exact number, but ballpark kind of a number what you can give as to the potential based on your assessment?
- Management:** You're talking about CNG stations
- Varatharajan S:** That's correct.
- Management:** Okay. Yes. I think I won't be surprised if we'll enter into 4-digit number in coming 2 to 3 years, that is we may cross 1,000 CNG stations.

Varatharajan S: Okay. And you are going to be dependent entirely on FDODO model from here on or are we also looking at...

Management: No. In fact, we are coming out with various options, whatever available in the market and to us, and FDODO is one of them.

Varatharajan S: Sure. My second question was on this case is pending in the Delhi High Court with regard to regulations as well as now business issues. Has there been any kind of progress on that? And are we -- did we get any outcome? And what is the ground reality today in terms of people putting up, let's say, even the LNG or any other like, infrastructure? How is that?

Management: Are you referring to the litigation in pending Delhi High Court related to open access guidelines for CGD?

Varatharajan S: That's correct.

Management: Right. So PNGRB has initiated this regulatory process for open access since early 2021. Gujarat Gas has gone ahead and obtained a stay order from Delhi High Court. This stay order was continuing till 2024 where PNGRB repealed the earlier regulation and came up with a new set of regulation. So again, moved Delhi High Court and obtained no coercive order.

So it's interim protection available to us. Subsequent to that, Delhi High Court has decided to hear this matter fully. In fact, they have concluded the hearing on open access guideline, final hearing, since May 2025. Thereafter, they have reserved the order, then they -- also it was also indicated in the open court that they are not going to pronounce this open guideline principle regulation only.

They are also going to deal with the associated regulation like access code, there are some issues associated with exclusivity regulation as well. So they are hearing those regulation, regulatory matters. Hearing is still going on. So once they conclude hearing and then only they will give a final verdict on this. So it will be difficult to predict a time frame, not likely to happen at least in the near future.

Varatharajan S: Fair enough, sir. So pending that, like there is no infrastructure creation in the GAs. So is there a stay in order as of now?

Management: There is no stay in order. Infrastructure creation is going on. It's going on very well.

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

Sabri Hazarika: Two questions. Firstly, your CNG volume growth over the last 2- 3 years have been like quite strong, although the addition of CNG stations has been like not to that extent. So are you able to like increase the throughput per outlet considerably or is it that large format outlets are coming up? Is there any particular reason behind growth being much faster than infrastructure additions?



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- Management:** Yes. I think we have focused on upgradation of our CNG stations. We have converted so many daughter booster to online stations. And if you just see, that will increase our compression capacity, this is just like adding a few more CNG stations, but at a lesser cost or I can say, operational hassle.
- So we are focusing on our existing CNG network and CNG stations and that's the reason why we are getting this growth. Apart from that, whatever we have planned for coming 2 to 3 years, as I mentioned earlier, that we are planning to cross 1,000 CNG stations in coming 2 to 3 years, this will further increase our growth.
- Sabri Hazarika:** Okay. And second question is when you say EBITDA per SCM guidance, so this includes the other income also, right?
- Management:** Yes.
- Sabri Hazarika:** I mean if I were to compare it with this Q3, it's basically 6.5 is the number, which is for Q3, right, dividing INR502 crores with 8.4 MMSCMD. Is that right?
- Management:** Yes, you're right.
- Sabri Hazarika:** Okay. And just last small question. Your volume -- are you in a position to give a volume growth guidance for next year, given that there is some stability in the industrial side? And if the price cut that you have taken is for both Morbi as well as non-Morbi industrial, or it's just Morbi industrial?
- Management:** I think the volume growth guidance depends on how the prices move in with respect to propane and gas. I think we'll be in a better position to give guidance by March, April for the next year.
- Sabri Hazarika:** Okay. And the price cut is for the entire industrial or it's just Morbi?
- Management:** It's only for Morbi.
- Sabri Hazarika:** Okay. For the others....
- Management:** Others is a little premium more to that.
- Sabri Hazarika:** How much around INR2 premium to Morbi?
- Management:** It's around close to INR3.
- Sabri Hazarika:** INR3 premium. Okay.
- Sabri Hazarika:** Fair enough. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Lokesh Manik from Vallum Capital.

- Lokesh Manik:** Sir, my question is a little more broad-based. If you can give us a sense of what is the volume potential of the Gujarat market for CNG and PNG and similarly for non-Gujarat market? That is one. And second is, when do you expect these GAs to mature? What is the time frame that you're taking 3 years, 5 years? So any guidance on that front would be very helpful?
- Management:** I think you are talking of the entire potential of the CNG market in Gujarat?
- Lokesh Manik:** Yes.
- Management:** Yes. That's a little difficult to predict because the number of vehicles being added every quarter, it's surprising to us also.
- Management:** This is 10% to 11% growth rate, or 12% is being followed by all the companies. So you can guess it if you have numbers.
- Lokesh Manik:** Understood. And you're also seeing volume coming from commercial vehicles. Is that picking up for you for your GAs?
- Management:** Most of the volume is coming from commercial vehicles in the new GAs at least.
- Moderator:** The next question is from the line of Mayank Maheswari from Morgan Stanley.
- Mayank Maheswari:** One quick question was related to the long-term sourcing of gas. Is there long-term sourcing of gas to a higher proportion versus the bigger exposure to spot that you already have right now?
- Management:** So basically, right now, our share of long-term gas is 39%, which obviously we want to increase it to a much higher level. So our parent company has signed a few contracts. The volumes of that will start getting delivered this year onwards partially. So I think the objective is to have a stable price, less reliance on spot and maybe on an overall basis, have 60% to 70% volumes tied up on a long term basis.
- Mayank Maheswari:** Got it. So do you think you will get to like that 70% target or so in the next couple of years because you are growing your CNG volumes while overall volume is coming down. So when do you see that kind of filtering through in terms of your gas sourcing?
- Management:** Maybe by end of '27, we should be there, I guess.
- Mayank Maheswari:** Okay. And other question was in terms of the entire CNG market as well as industrial outside of Morbi, can you give us in terms of the infrastructure that you have created or will be creating over the next 2 years outside of Morbi? What kind of capex you will be spending on non-Morbi and some of these infrastructure you are creating in the industrial side? And how much of that will be split into the CNG side?
- Management:** I think, in Morbi, the infrastructure is already laid. Most of the infrastructure presently is going in outside Morbi itself.



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- Mayank Maheswari:** The propane infrastructure, etcetera, you don't need much capex is what you're saying?
- Management:** No. Propane infrastructure – that is separate, that is separate investment which you'll be looking at. That will come to you separately. Presently, we are not planning. We don't have any...
- Mayank Maheswari:** propane?
- Management:** Sorry pardon.
- Mayank Maheswari:** Yes, I was saying -- okay. So outside of Morbi, how much is the capex for industrial and then obviously, on the CNG side, what is the Capex.
- Management:** No, we don't differentiate between industrial and domestic because the steel pipelines are made which are catered to both industrial as well as the domestic connection from there on the PE network starts.
- Mayank Maheswari:** Okay. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Somaiah V. from Avendus Spark. Please go ahead.
- Somaiah V:** Sir, my first question is on Morbi. So you did mention in terms of pricing difference around INR2, INR2.5 currently, whereas volumes maybe you're expecting around 3.2-odd. So in case we need to get to, let's say, 4 or 5 MMSCMD, so what is the kind of price differential that needs to exist? What kind of -- I mean what cash would be at a discount of what rate?
- Management:** The differential should not be there if you are to achieve 5.
- Somaiah V:** So, if you're neutral, will we still be able to get to 5, or we have to be at a discount?
- Management:** Yes.
- Somaiah V:** At neutral, we can get to 5 on the same rate?
- Management:** Yes.
- Somaiah V:** Okay. Sir, second question is on this INR4.5 price cut. So this is an entire cost pass-through or there is also some bit of margin that you have slightly given off for this INR4.5 cut?
- Management:** Basically, the reduction in spot pricing is what we have passed on to the consumers.
- Somaiah V:** So there is a complete pass-through. So there is no impact on margins for -- at least for this level of cut unless there's going to be a spot price increase from here?
- Management:** Yes.

- Somaiah V:** Okay. Sir, also in terms of propane, so I mean, what is the thought process there in terms of selling propane or in terms of progress here, if you could give some clarity, you did mention in the opening remarks in terms of the parent coming up with infrastructure for storage. So in terms of work that has been done here, what we are expecting in FY '27, any volumes that we're expecting in terms of propane?
- Management:** So basically, the Board has decided that we should have our own infrastructure. So that's for the slightly longer term. So we are in talks with the relevant port authorities to have our own infrastructure, which includes the unloading and storage of propane. In the meantime, we are talking to some of the existing infrastructure providers.
- And we have got some positive indications for importing and storing propane at one of the terminals. With that, we would be using in the short term to start our propane journey. So it would be not -- I think we'll be gaining some market share out of the propane market that is there in the Morbi region. And gradually, we'll have to build from there.
- Somaiah V:** Okay. Well, in terms of this propane infra that you're referring to, any investments from our side? Or it will be done by the parent, and we'll have an agreement with them to take it from there?
- Management:** So there is no infra investment which is required, we'll be basically booking some capacities. So some capacity charge would be payable to the infrastructure owner and which obviously will build that in the price and sell propane in the market. So there is no investment which is required.
- Somaiah V:** Okay. Sir, if the current customer is taking from an existing supplier, so what kind of -- I mean, I know it's completely commoditized. So what kind of hedge that we can have to get our volumes sold there? Any differentiation that we can bring on the table?
- Management:** So basically, all these users are already registered with Gujarat Gas. They already have a security arrangement in place. So if they buy propane from any other supplier, they will have to pay in advance, whereas in case of Gujarat Gas, since we already have the financial securities, we'll give them some credit, which is very valuable for these consumers.
- Somaiah V:** Okay. Got it, sir. So any thoughts on FY '27 volumes that we can have on propane? And also how do we look at margin profile compared to the gas?
- Management:** I think this is too early to comment on it. Basically, we'll be -- in the next call, by the time, we'll be in a position to tell you that we have been able to book capacities, et cetera, we'll be able to tell you at that position.
- Somaiah V:** Okay. Last question is on this CNG station addition. You did mention the conversion of daughter booster stations. So how much has been converted and how much headroom is still there to get converted to online stations?

- Management:** today, we have around 833 stations. Of that, close to 415 stations are online today. That is almost 50% of the stations are online today.
- Somaiah V:** In the last couple of years, the number of stations that have got converted, sir?
- Management:** We have converted more than 40 stations.
- Somaiah V:** Last 2 years?
- Management:** From daughter booster or daughter to online stations.
- Moderator:** The next question is from the line of Achal Shah from Ambit Capital.
- Achal Shah:** Sir, am I audible?
- Management:** Yes, you're audible.
- Achal Shah:** I just wanted to know that what is the volume in MMSCMDs in the Morbi Ceramic cluster overall volume, like propane plus natural gas? And what do you expect this volume to be in the next 3, 4 years? Like is it increasing or has it stagnated over the last few years?
- Management:** The overall volume is close to 7.55. Of that, natural gas volume in the Q3 was around 1.65, rest was with respect to propane.
- Achal Shah:** And sir, this around volume of 7 to 8 MMSCMD, is it like last 5 years, has it increased? And do you see it increasing in the next 5 years?
- Management:** So there's a lot of investment coming into Morbi. So some of the older units are getting closed down because their products are no more in use. But simultaneously, new units are being set up. So what our experience is that the total installed capacity in terms of MMSCMD is still in excess of 8 MMSCMD. Capacity utilization is close to 7 to 7.5 MMSCMD.
- Moderator:** The next question is from the line of Hardik from ICICI Securities.
- Hardik:** I just want to check on the blended realization for the quarter. For this quarter, on Q-on-Q basis, it was a flattish realization despite we have taken the full impact, we have seen, on the industrial gas prices. So just want to know why the realization was higher despite the price cut?
- Management:** The price cut was done on 1st of January.
- Hardik:** No, in last quarter, the blended realization was INR47.5, right? And even in this quarter, if we talk about the realization, is on the similar line. But the full impact even last -- in Q2, we have taken a price cut and part of it was yet to get reflected in Q3, right? Despite that, there is a flattish realization.



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- Management:** Yes, the volumes have come down, but we realized that the prices have not reduced. So that's the reason for the flattish realization. So if you look at the volumes, which has come down, it's more than 40% to 50%. There is a reduction in the volumes if you look at the Q2 numbers. From around 2.13, we have come down to 1.68.
- Hardik:** Got it. And sir, what will be your volume guidance for FY '27, overall volume guidance, if you can ballpark?
- Management:** I think the only thing is the volume changes, which happens with respect to our industrial volumes. The rest of the volumes, we can estimate 10 to double-digit growth for the CNG segment and the domestic segment. But with respect to industrial, that will be dependent on the propane and these prices, how it plays out. So by March, April, we'll be in a better position to tell you that volume guidance.
- Hardik:** Sure. Thanks, very helpful.
- Moderator:** Thank you. Ladies and gentlemen, as there are no further questions from the participants, that concludes the question-and-answer session. I now hand the conference over to Mr. Sandeep Dave for the closing remarks. Thank you and over to you, sir.
- Sandeep Dave:** Thank you. This favorable gas price regime coupled with our efforts to increase gas volume numbers, we expect to have better numbers in Q4. We look forward to interact with you all in the merged environment when we meet for next earnings call with full financial results, somewhere around May 2026. Thank you all for your time.
- Moderator:** Thank you very much. On behalf of Gujarat Gas Limited, that concludes this conference. Thank you for joining with us today and you may now disconnect your lines.