



**GUJARAT GAS**

“Gujarat Gas Limited

Q4 FY '25 & Financial Year Ended on 31<sup>st</sup> March, 2025  
Earnings Conference Call”

May 21, 2025



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HEAD OF CORPORATE COMMUNICATION – GUJARAT  
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**Moderator:** Ladies and gentlemen, good day, and welcome to the Gujarat Gas Limited Q4 FY '25 and Financial year ended on 31<sup>st</sup> March, 2025 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 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:** Good afternoon, everyone. A very warm welcome to Q4 and annual results earnings call of Gujarat Gas Limited. I'm Sandeep Dave, Company Secretary and Head of Corporate Communication at GGL. Just to give you an update since our last earnings call on composite scheme of arrangement. On 30<sup>th</sup> August, 2024, we have announced scheme of arrangement among GSPC Group of companies.

The proposed scheme will eliminate layered structure of GSPC Group, promote business synergies and unlock value for its stakeholders. The scheme is subject to various statutory and regulatory approvals. We have filed the scheme with BSE and NSE and received no objection from BSE and NSE. We have filed the scheme with MCA in February 2025. The matter is under active consideration of MCA and we are expecting first hearing of the matter soon.

Coming back to GGL, to give you a brief background on GGL. GGL is the largest city gas distribution company in India. GGL 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 a pipeline network of more than 42,600 kilometers, which provide natural gas to approximately 22.67 lakh households, 4,430 industrial customers and 15,680 commercial customers.

We also operate 828 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 fuels. We have also started injecting biogas into GGL system.

Consistent with our strategy to focus on increasing volumes, we have achieved an overall volume of 9.62 mmcmd in the financial year '24-25, which is an increase of close to 3% over previous financial year.

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. Please note that there is an inadvertent error in the presentation. Please read this percentage as 8% instead of 5% on Slide 31.

Now we have initiated action for increasing blending level to 15%. We have embarked on major digitization drive across various business operation and processes. Our major contribution to the

environment is by virtue of promoting use of gas for industrial customers. In current financial year, we have reduced burning of approximately 13,462 metric ton of coal per day. Further, through our CNG sale on various outlets, we have reduced combustion of approximately 3,020 kiloliters of petrol per day during the financial quarter.

At Gujarat Gas, we adhere to highest standards of safety and the strong culture of safety. GGL is an ISO certified organization for integrated quality, occupational health, safety and environment management system. We build, operate and maintain a safe and reliable gas network in our area of operations.

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

**Dipen Chauhan:**

Good afternoon, everyone. Thank you, Sandeep. First, I'll update on domestic and commercial segment. We are seeing a positive growth in domestic segment. GGL's customer base is now more than 22.60 lakhs domestic customers. GGL has added 38,000 commissioned customers in Q4 FY '25 and registered more than 50,000 customers in Q4 FY '25. While in the year FY '24-25, we have added 1,51,000 commissioned domestic customers.

The commercial segment is showing a steady growth in connection numbers. We expect the numbers in the domestic and commercial segments over a period of time as the new areas are mature. GGL at present has a customer base of 15,600 commissioned commercial customers.

Now let me update on the Industrial segment. In the Industrial segment, sales volume were 5.03 mmscmd for quarter ended 31st March 2025, whereas the sales volume during the previous quarter was 5.45 mmscmd, an overall decrease of approximately 7%.

As anticipated, during the last earning call, the reduction was mainly in Morbi volumes where customers opted to shift to propane from natural gas due to higher price differential. The average Morbi volumes during the quarter was 2.87 mmscmd and non-Morbi volume was 2.16 mmscmd. The Morbi volumes reduced from 3.35 mmscmd in Q3 FY '25 to 2.87 mmscmd in Q4 FY '25. The non-Morbi volume of 2.16 mmscmd for quarter ended 31st March 2025 has grown from 2.10 mmscmd during the previous quarter. That is an increase of approximately 3%.

The non-Morbi volumes has grown by approximately 9% as compared to the same period in the previous financial year. The spot LNG prices, as expected, remained high due to winter months, whereas the propane prices during the quarter were relatively similar to propane prices of previous quarter. The continual of high spot LNG prices kept the PNG prices higher compared to alternate fuel during the quarter.

The recent event that is trade war and geopolitical dynamics shall have a direct impact on the demand. We continue to monitor various aspects affecting the volume that is price movements of our LNG and alternate fuels and consumer good demand across all of our property to such market dynamics, so as to maintain balance between margins and volume.

Now let me update on the CNG segment. In Q4 FY '25, CNG sales in Gujarat recorded an 8% year-on-year growth, while sales outside Gujarat witnessed a robust 28% increase. Overall, CNG

sales across all regions rose by 12% annually. CNG continues to offer significant cost advantage, approximately 45% cheaper than petrol and 24% cheaper than diesel. Across GGL areas, CNG vehicles as on March '25, stands around 15,40,000 as compared to 13,08,000 as on March '24, that is 18% growth. We are expecting the CNG vehicle growth momentum to continue.

During the quarter, we commissioned 3 new CNG stations, forcing coverage on accessibility. We are also pleased to report that the strong growth momentum continues with CNG sales reaching an all-time high of 3.56 mmscmd in this quarter. This performance underscores a strong investment outlook supported by rising customer adoption and ongoing strategic infrastructure development further solidifying CNG's position in the energy market.

Finally, I'm happy to update you that the company has taken a major initiative of digital transformation across all functions and geographies. Digital transformation in the CGD business enhances operational efficiency, customer experience and regulatory compliance. By integrating technologies like SCADA, ERP and GIS, it enables real-time monitoring, predictive maintenance and data-driven decisions. It reduces cost, and support capability through automation and innovation, and positioning the company for sustainable growth and competitive advantage.

Thank you very much for your attention. Now I would like to hand it over to our CFO, Mr. Rajesh Sivadasan.

**Rajesh Sivadasan:**

Thanks, Dipen. Good evening, ladies and gentlemen. I'm Rajesh Sivadasan, CFO of Gujarat Gas, and Head of Investor Relations. I welcome you all to the earnings call for the fourth quarter of the financial year '25. I would like to thank you all for attending the call today. I trust you to have gone through our financial results for the quarter ended 31st March 2025 and also for the annual year, '24-'25. We have also uploaded the investor presentation on our website and the stock exchanges.

During the quarter, the company has invested close to INR193 crores in the gas infrastructure aggregating up to INR742 crores for the entire year. The company is presently having more than 42,600 kilometers of PE and the steel pipeline which is the key driver for our business. In terms of revenues, the company has registered a revenue from operations of INR4,289 crores during the fourth quarter of the financial year '25 against INR4,294 crores for the corresponding quarter in the previous year.

The company has reported an EBITDA of INR524 crores for the fourth quarter of the financial year '25 compared to INR622 crores for the corresponding quarter of the previous year. The profit after tax is INR287 crores during the fourth quarter of the current financial –year as compared to INR410 crores into the corresponding quarter of the previous year.

The company's rupee per scm EBITDA margin stands at INR6.25 for the quarter as compared to INR7.06 in the corresponding quarter of the previous year. For the entire financial year, the EBITDA margin stands at INR5.95 per scm.

As the investors are aware that this financial year has been challenging for the CGD companies due to the sudden reduction in the APM allocation. However, on an annual basis, the company has been able to maintain the EBITDA of INR2,090 crores for the financial year '25 as compared to INR1,984 crores for the financial year '24. The PAT stands at INR1,146 crores as compared to INR1,143 crores of the previous year.

I'm happy to announce that Board of Directors have recommended a dividend of INR5.82 per share, that is to 291 percentage of the face value for a total amount of dividend outflow of INR400.64 crores. We'd also like to inform you that the Board has also approved the business development policy.

The policy will provide a structured framework for identifying, evaluating, pursuing growth opportunities in allied with the company's strategic goals. This includes organic and inorganic expansions towards the market expansion, partnerships, innovations and investment in sustainable energy solutions and other promising opportunities. The Board has also formed the committee who will evaluate the business opportunities

Gujarat Gas continues to have the credit rating of AAA stable and in short term for A1+ from CRISIL, CARE and India Ratings. Further as requested by investor, we have also uploaded the 9-month result of GSPC at GSPC's website.

Now I would like to hand over to Devendra Agarwal, General Manager who is looking after our gas sourcing.

**Devendra Agarwal:**

Yes. Good afternoon. My name is Devendra Agarwal, I'll talk about gas sourcing. During the fourth quarter, APM gas shortfall was to the extent of 44%, which was sourced mainly through new well gas, HPHT and IGX and part of it through spot. APM allocation as such has remained flat over Q3 and Q4 FY 2025. In spite of the lower allocation of APM gas, the company, because of the effective sourcing strategy, has been able to improve the margins as compared to the last quarter.

As you are aware, spot LNG prices have corrected a bit and oil prices have also come down, which has obviously lowering the overall gas cost in the portfolio. As far as long-term contracts are concerned, we are negotiating with GSPC for extension of the existing contracts, which are due to expire soon. And the discussions are progressing well. We hope to extend this contract on better terms. That's all from my side.

I will now hand it over back to Mr. Sandeep.

**Sandeep Dave:**

We can start Q&A session now.

**Moderator:**

Thank you very much. The first question is from the line of Probal Sen from ICICI Securities. Please go ahead.

**Probal Sen:**

To extend the last point that was made about the sourcing. Can we get a little bit of a detail sourcing mix on the overall volume, how much is coming via term LNG? How much is basically

sourced let's say HPHT, HP and UL pricing and how much is from spot? If not for the quarter, then at least for the full year in average? That is my first question.

**Management:** You are asking for the breakup of the sourcing of the gas which we have done?

**Probal Sen:** Yes.

**Management:** Okay. Basically, 25% of the gas which has come in from the APM.

**Probal Sen:** 25% of it?

**Management:** I'm not talking of that from the total just one.

**Probal Sen:** Yes, Yes.

**Management:** We had 2.3 mmscmd coming from the APM sources. And the long-term contracts contributing close to 35% of 9.38 mmscmd and the short-term contracts, which is IGX, the HPHT gas and the spot gas that was close to 40%.

**Probal Sen:** Understood. That's very helpful. Second question was with respect to the pricing in terms of the average LNG prices, you mentioned that there was slightly higher due to winter. Can you give a sense of what was the average sort of short-term projects that you saw in the business in Q4? And what are they right now in Q1? How much of a decline do you see?

**Management:** In the last quarter, the pricing was like close to \$13.5 to \$14, which has now come down by almost \$0.80 or so in the last quarter.

**Probal Sen:** Down about \$0.80. Understood. Understood. So sir, just to end that, would that mean I mean, if I look at it at prices are projected and our mix going forward, is it fair to say that it is stay this competitive versus petrol and diesel, we can see a little bit of margin expansion in the sense that would we like to revise our EBITDA margin assumption. I believe earlier you mentioned about 4.5% to 5.5%. But if I now look, this is the second consecutive year we upper end of that guidance? Any thought sir?

**Management:** Yes., but the guidance is for the entire year. So we see cyclical changes, which happens during the winter. So that's the reason we are still maintaining the same guidance going forward.

**Probal Sen:** So similar, 4.5% to 5.5% is what we're maintaining, right?

**Management:** Yes.

**Probal Sen:** And one last question, sir, is it possible to split the volumes you take with so industrial between Morbi and non-Morbi, my question is a bit broader. If I look at the 9.3 mmscmd that we have done in this quarter, how much would that come from, let's say, the newer areas in the sense that the non-legacy areas that one sees, other than the Surat, Hazira, Bharuch, Ankleshwar, Navsari, Valsad, which were already there. Other than that, these are roughly the volume range is from all of the other new district zones that we have been developing?

- Management:** No, I think the Thane is the area where we are getting a contribution from. We are talking of industrial volumes or all volumes put together.
- Probal Sen:** Whichever is available, whichever you want to share, sir? Any color would be appreciated.
- Management:** Yes. I think for the industrial volumes, we are seeing an uptick from Ahmedabad rural area, the Thane area, and the DNH area. And with respect to CNG volumes also we've seen uptick from the Thane area, DNH area, same and Amritsar area also. And domestic also, we are expanding in Thane and Amritsar. So that's also expanding now.
- Moderator:** The next question is from the line of Yash Nandwani from IIFL Capital.
- Yash Nandwani:** Sir, firstly, regarding the outlook on Morbi, one of the leading players in ceramics has for the first time in the last probably 3, 4 years, not provided any guidance on the volume growth and continues to see the overall ceramic market is muted. So how do you expect this scenario to translate for us? And what is the outlook on Gujarat gas volumes in Morbi for specifically FY '26 and how they are trending in the first quarter of FY '26?
- Management:** Yes. So currently, we are doing close to 2.6, 2.7 mmcmd in Morbi. Can you hear me?
- Yash Nandwani:** Yes, sir.
- Management:** Yes. Okay. So currently, we are doing 2.6, 2.7 in Morbi. Generally, we see I mean, spot prices have actually come down as compared to last year. But we also see propane prices coming down because crude has also come down. So I think volumes would be more or less same in the current quarter. We don't see any major uptick in Morbi volumes right now.
- Yash Nandwani:** Sure, sir. And secondly, sir, we have observed consistent impressive growth in CNG over the last few quarters, I mean, double-digit growth consistently. So how long do you anticipate that this double-digit CNG volume growth will continue? And if you could provide the volume growth guidance for CNG specifically for FY '26?
- Management:** I think we'll go by the same guidance for the growth, which I think we are maintaining a growth of 12%, and that growth will still continue in this financial year also.
- Moderator:** The next question is from the line of Amit Murarka from Axis Capital.
- Amit Murarka:** So on the gas sourcing, you mentioned that you post 9.38 mmcmd instead of percentage uplift is it possible to give the numbers like how you mentioned was 9.3. So similarly, what were the numbers for other buckets of that post?
- Management:** You're talking about a split in terms of volumes?
- Amit Murarka:** Yes, gas sourcing, I mean, the volume sourcing 9.38 the sourcing for that split for that, I mean.
- Management:** Yes, the APM is close to 2.3. The long-term contracts contributed to 3.3, and the short-term contract, which is included the spot LNG, the IGX the HPHT, NWG etc, contributes to 3.77 mmcmd.

- Amit Murarka:** Okay. Okay. And in terms of the contracts, like there are some contracts which are expiring. So what is the replacement for those? Like have you entered into new contracts or is there any ongoing contract?
- Management:** So we are right now discussing. I think we are going to finalize very soon. But the terms would be better than what they are currently.
- Amit Murarka:** Okay. So this is what Henry Hub-linked contract that you'll be looking at?
- Management:** This is a mix of Brent and Henry Hub.
- Amit Murarka:** Okay. So we'll wait for more clarity there. And also in terms of the pricing, what would be the prevailing propane pricing and the prevailing PNG pricing?
- Management:** Yes, the prevailing propane price is close to INR43, the landed price per scm and our gas price is close to INR46.55. So the difference is close to INR3.5, INR3.7 per scm.
- Amit Murarka:** Got it. And just the last question is on GSPC, if you could provide the performance for the GSPC for the FY '25 or Q4?
- Management:** In Q4, the Board meeting is scheduled by the end of this month. So after that, we'll be uploading the numbers on the website.
- Moderator:** The next question is from the line of Yogesh Patil from Dolat Capital.
- Yogesh Patil:** Sir, as you mentioned, 3.77 mmcmd gas sourcing from HPHT IGX and Spot. If possible, can you split it into HPHT spot IGX and NWG, if possible?
- Management:** I think it's we take everything together. So there is no split which is there. There is a split which is there, but because we are also supplying to industrial, some volume is going into the CNG segment. So we cannot actually give that breakup.
- Yogesh Patil:** Okay. And what was the spot absolute volume in the quarter 4 FY '25?
- Management:** Spot was close to 2.3 mmcmd.
- Yogesh Patil:** Okay. Sir, my next question is a scheme of arrangement in which the amalgamation of GSPC, GSPL will come into the Gujarat Gas. Can you give us a broader time line when this scheme of arrangement completion will happen? And what is the current status of approval, which are necessary for this completion?
- Management:** Scheme was approved by Board in August, at the end of August 2024. Thereafter, we have moved BSE NSE, got clearance from BSE NSE. And we have filed the scheme as per company's act requirement to Ministry of Corporate Affairs in the month of February 2025. So it's under active consideration of MCA, and we are expecting the first hearing soon. The current time line which we are envisaging for completing the entire scheme and get a final MCA order somewhere around September / October 2025.

- Yogesh Patil:** Okay. Okay. Fair enough. Sir, last question. Sir, other operating expenses are jump sharply. Any particular reason why such an increase?
- Management:** We have provided for certain provisions have been done, close to INR30 crores, especially for the inventory which was there. We have non-moving inventories for which around INR6 crores of provisions were made. And we have also done the physical verification of assets for around INR3 crores, INR3.5 crores provision has been done. And certain DCS has been converted into online.
- So certain write-offs with respect to those assets have taken place. And we also provide for the security deposits, which are there. So that's also a total of INR30 crores of additional cost and also the CSR has affected in this last quarter, INR35 crores. So that put together has increased the other expenses.
- Yogesh Patil:** Okay. And lastly, sir, your cost of gas in per unit basis has declined sequentially. Is it because of APM gas restoration in the January month and a lower spot LNG requirement during the quarter? Or any other reason, if you could explain us?
- Management:** I think we are able to source it in the right prices. So I think the APM has been reduced from the Q2, levels to Q3 and Q4. So basically, we are able to source the domestic gas in a much better price.
- Yogesh Patil:** Okay. And then lastly, NWG compared to the quarter 4, how much quantum or the quantity you are receiving in the quarter 1 FY '26, any ballpark number, if you could share NWG?
- Management:** It's almost same.
- Moderator:** The next question is from the line of Sabri Hazarika from Emkay Global.
- Sabri Hazarika:** Yes. So sir, clarification, when you mentioned 2.3 mmcmd of APM. So this includes NWG also, right? You have club APM plus NWG is 2.3, right?
- Management:** No, it is not there. That NWG part of the spot the short-term contract.
- Sabri Hazarika:** This 3.77 part of that, right?
- Management:** Yes. 2.3 mmcmd clearly, with respect to the allocation with respect to the gas from GAIL with respect to CNG and PNG, NWG is not included.
- Sabri Hazarika:** Okay. So I'm just wondering that if you elect having -- okay, got it, got it. Fine. Second is on this CNG vehicle addition, so right now, you've got a universe of 15.8 lakh vehicles. Is that right?
- Management:** Yes, you're right.
- Sabri Hazarika:** And 4 lakh vehicles are added in FY '25.
- Management:** 2 lakhs, almost 2 lakhs.

- Sabri Hazarika:** Almost 2 lakhs Okay, fair enough. And and you mentioned that Gujarat and outside Gujarat volume grew 8% in less for the quarter, right, not for the full year.
- Management:** Yes, yes.
- Sabri Hazarika:** Okay. Secondly, just I just wanted to let you know that, I mean, somehow the GSPC website has disappeared. I think we have tried to get the numbers for Q3, but a Google search and all its not there. So is there any issue there? And can you give us the Q3 numbers of EBITDA, PAT for GSPC?
- Management:** Q3 is already uploaded. I think the GSPC Group website, which is there. From there, the link comes in.
- Sabri Hazarika:** Yes. But that website is not like working. There's some problem there. I mean I was not able to like get it. I mean even Google search I mean it's not coming. Previously, it used to come. So if you have it handy, then otherwise, it's fine. But if you have it handy for Q3, can you give us the number?
- Management:** You can share the concern over e-mail to us. We'll connect you with the relevant officer of GSPC.
- Sabri Hazarika:** Yes, sure. Fair enough. And just last question, you have no volume guidance as of now for FY '26, right, apart from the CNG and domestic PNG. For industrial, it is still a wait and watch. Is that right?
- Management:** Yes, you are right.
- Moderator:** The next question is from the line of Hardik from ICICI Securities.
- Hardik Solanki:** Sir, just want to check in the quarter, the financial other financial asset has increased from INR13 crores to INR1,300 crores. So what was the specific things in this which have made this such large jump?
- Management:** You are talking of which line item? The balance sheet?
- Hardik Solanki:** Current assets, other financial assets.
- Management:** Current assets, other financial. Yes. Basically, we have reclassified the GSFS funds, which is reclass, we are reporting it for more than 3 months. And it's more than 1 year also we are depositing it. So basically, that's a reclassification from cash and cash equivalents to other financial assets.
- Hardik Solanki:** Okay. And what was the capex for what is the capex guidance for FY '26 and going forward?
- Management:** Yes, we will be doing capex close to INR1,000 crores. That's the approximate guidance.
- Hardik Solanki:** Okay. Just want to share. I went through the GSPC results. So I just want to know what was the volume for the 9-month period?

**Management:** We are unable to hear you. Not audible.

**Hardik Solanki:** Hello? Am I audible?

**Management:** Operator, we're not able to hear him.

**Moderator:** Mr. Hardik, may I request you to rejoin the question queue? [

**Hardik Solanki:** Yes. So sir, what was the 9-month volume for GSPC?

**Management:** Yes, 9 months?

**Hardik Solanki:** Volume for GSPC?

**Management:** It's close to 13 mmsemd.

**Moderator:** The next question is from the line of S. Ramesh from Nirmal Bang Equities.

**S. Ramesh:** Can you repeat the numbers for the total number of CNG vehicles for FY '25 and '24. I heard the 13,80,000 for March '24. What are the numbers for year ended March '25?

**Management:** 15,40,000.

**S. Ramesh:** 15,40,000. 13,80,000 to 15,40,000. Okay. Now if you're looking at...

**Management:** 13,08,000 to 15,40,000.

**S. Ramesh:** Okay. 13,08,000 to 15,40,000, right?

**Management:** Yes. Okay.

**S. Ramesh:** Okay. Now if you're looking at the expected synergy between Gujarat Gas and GSPC Post merger, are you already looking at some benefits based on the expertise they have in gas sourcing, is that only sourcing numbers? Or once the actual merger happens, you will see this benefit coming into your numbers?

**Management:** I think that benefit is already there today also.

**S. Ramesh:** Okay. So in terms of the tax accounting once the merger is done, we'll obviously have to provide tax in the quarters prior to the former announcement of the merger. So in terms of the full year basis, is it still reasonable to assume that you'll get the tax rates for FY '26? Or should we expect it only from FY '27?

**Management:** No, I think, see, the scheme is affected from 1st April 2024. So all the returns, etc will be we need to refile the returns, etc. So we'll get that benefit.

**S. Ramesh:** Okay. Fair enough. So one last out in terms of the growth you're talking about 12% in CNG. You're doing about 2 kgs per vehicle based on the numbers doing? Do you expect the same kind of growth in CNG vehicles and thereby, are you expecting the growth in CNG? Or do you also

see the consumption per vehicle going up. How do you see the CNG growth materializing in future?

**Management:** In both the ways, I think the area which we are dominating at Gujarat, I don't think the EV escalated that impact. So we have seen a growth in CNG vehicles evident from the numbers which Dipen has told you. And with respect to that, only we are expanding ourselves with respect to the growth also. So the FDODO, etc, the CNG stations which are going to come in and the online conversions, which are going to happen. That is only going to add on to the volumes, which are already there.

**S. Ramesh:** Okay. So when you're talking about this volume growth you are saying that you will see more number of vehicles converting to CNG. And do you also plan to capture some of the highway traffic because this is another thing we have from other companies. So is there a vehicle population that is helping you or CNG growth?

**Management:** We have very good presence in most of the highways in Gujarat and same way we are continuing to the new areas also.

**Moderator:** The next question is from the line of Varatharajan from Antique Limited.

**Varatharajan:** On the outlet front, like what has been the addition in FY '25? And what is that you should expect in the next 2 years year-on-year.

**Management:** I did not get you can you repeat the question? Sorry.

**Varatharajan:** The outlet addition, CNG outlets.

**Management:** Okay. CNG outlets. I think Dipen.

**Management:** We have in this last quarter, we added 3 outlets. And apart from that, we are majorly focusing on the upgradation of our existing CNG stations. When I say upgradation something like whether we add 1 more compressor or to convert daughter booster into online station. And that is in the range of, I think, 40. That's what the upgradation we have done.

**Varatharajan:** And if I were to look at FY '26 and '27, any guidance?

**Management:** If you remember, last year, we have launch our FDODO scheme. And as per our latest information, there are atleast 60 stations, which are under construction or under process of getting permissions from various authorities. And I think there are 10 more to yet to sign and approximately 70 CNG stations will add under this scheme in this next financial year.

**Varatharajan:** Fair enough. My second question was on the possibility that once your spot prices fall sharply and we expect that to happen over the next 12 to 16 months. Will there be a LNG kind of challenge just the way we had a propane challenging us. Will there be an LNG kind of a challenge as well? Is that a possibility at morbi?

**Management:** As of now, in transportation, that's what you're talking about?

- Varatharajan:** No, Morbi, do you see like LNG becoming a challenge in the next year or 2 if LNG prices are to fall sharply from the current levels?
- Management:** I think we're looking at it as an opportunity rather than a challenge.
- Varatharajan:** How sir?
- Management:** Yes, we can still put up the LNG stations over. We have the CGD areas, we have the CNG stations, one more additional LNG station would add to our bottom line itself.
- Varatharajan:** I'm not talking about LNG stations for trucks or for vehicle induce, especially...
- Management:** Yes, I'm talking about the same thing.
- Moderator:** The next question is from the line of Mayank Maheshwari from Morgan Stanley.
- Mayank Maheshwari:** The first question was in terms of gas sourcing, some of your peers have started to move to a lot more long-term sourcing of LNG as well as gas. You're still at nearly about 50-odd percent, if I'm correct, on spot. So is there a thinking process or what that number would look like for you over the next 2 to 3 years of where you want to kind of get to?
- Management:** we are in a very good position. We are only 50% on long term contract basis. So there is basically, there's a lot of opportunity for us to source gas on a long-term basis. And that's on a competitive basis to the compete which is propane. Right now, the contracts that are being done in the market is around mid-12% of oil.
- So if we get those kind of contracts, we will be able to compete with propane in a much better way. In fact, 12.5% of Brent represents very good price. So basically, what we see that is that we are in a very good position to get into long-term sourcing may be in the next 18 months or so.
- Mayank Maheshwari:** Okay. So do you think that 50% number could look like 70% or 80% or is there a number you have in your mind, you would look to?
- Management:** Absolutely. And in fact, we can given this number, which is like 5 million in industrial segment that can also increase substantially.
- Mayank Maheshwari:** Okay. Sir, just a follow-up in terms of how you're pricing your gas was correct? You had earlier in previous calls highlighted about using propane benchmark and kind of using that to kind of incentivize consumption. Are those things still in place what's going on with the spread with LNG, those things are kind of unwinded right now?
- Management:** We are still looking at sourcing gas basically pricing linked to propane. However, I mean that is also already there, but we are also looking at sourcing brand-based contracts that represent that basically gives us a natural protection against propane prices, because both the propane also moves with oil and these contracts are linked to oil, so basically, there is both moving in tandem.

- Mayank Maheshwari:** Got it. Okay. And just a final question was in terms of LNG for trucking as a diversification in terms of your consumption thing. Have you seen any major progress there? Or we're still in very, very early days for you?
- Management:** Actually, we have already 5 LNG -LCNG stations. It's just a matter of time, we'll put LNG dispensers there. So we are just waiting for the ecosystem to be developed, and we'll be there in the game.
- Moderator:** The next question comes from the line of Pratyush Kamal from InCred Equities.
- Pratyush Kamal:** So my question is related to the long-term contracts which you have. So I just wanted to get a bifurcation of the type of contracts be it Brent or the Henry Hub. So can you just give the bifurcation of those contracts? So how many volumes are there linked to the Henry Hub? And how many volumes are linked to the Brent?
- Management:** There is no Henry Hub as on date.
- Pratyush Kamal:** So are you planning to include a bit more of Henry Hub into your portfolio, you looking at Henry Hub prices being at a lower level currently, and we are expecting that the Henry Hub prices would be at the par level for a longer period of time? So what do you think on that?
- Management:** Currently, if you see Henry Hub vis-a-vis oil, oil contracts are cheaper because oil is around 65 \$ or so whereas Henry Hub is around 4, 4.2 \$. If you compare the delivered cost, Henry Hub on the higher side. However, do change over a period of time. So we definitely have some share of Henry Hub gas in our long-term portfolio.
- Pratyush Kamal:** Understood, sir. It was really helpful. So just wanted to understand the slope of the Brent contracts which you currently have. So what's the kind of slope which you usually have in those kind of Brent contract?
- Management:** I think the industry tells you that it's close to 13% to 14% is the slope, which is there.
- Management:** So currently around...
- Pratyush Kamal:** Yes. So is there any fixed cost also let's say, \$0.5, \$1 of fixed cost over and above that 30% of the slope?
- Management:** Yes. I think when the long-term contract is there, you have the slop component, the fixed component, etc. So that is there.
- Pratyush Kamal:** Understood, sir. And the last question is regarding the volume uncertainty as far as the industrial and particularly the more concern. So because the largest competitor, the biggest competitor for using that industrial gas would be propane.

So eventually, if the production of natural gas globally, it would ultimately lead to the ore supply in the propane market also. So what do you think of in the next 2 to 3 years, are the spreads going to get reversed from the INR3.5 for kg to let's say, minus INR1 or minus INR2. So technically, I wanted to ask that, is it the case saying that the LNG would get cheaper and more

people would start consuming LNG compared to propane, which they are currently doing in Morbi. So what do you think on that, sir?

**Management:** So if you are following the Indian market, most of the many Indian companies have signed long-term contract the contract has been renewed at mid-12% of oil. And at those levels, we can easily compete with propane.

**Pratyush Kamal:** Understood, sir. But at the same time, propane prices are also falling down, any comment on that? Ultimately, the spread is something which matters the most rather than the absolute prices.

**Management:** **Propane price** if you follow on a yearly basis. So during summer, it is like 14% of oil. And during the rest of the like 17% to 18% of oil, whereas if you are getting gas at around 12.5% to 13%, you can easily complete.

**Moderator:** The next question is from the line of Deepak Malhotra from CapGrow Capital Advisors LLP.

**Deepak Malhotra:** My first question is basically on the pricing of your inputs basically, and you have explained that how you wish to increase the long-term contract going forward. But I think a bigger question looms in terms of the industry policy, which the government seems to be wearing forward to, where the APM allocation may actually come to not, say, going forward. So how do you foresee that in terms of impacting the overall profitability of the business?

**Management:** I think see, I think the Parekh's committee report was very clear with respect to the end date of that APM gas allocation. And I think the GSPC and Gujarat Gas after merger, we are in a better place to basically solve this gas to compensate for the APM not coming in. Yes, there is definitely there will be an effect on the margins, but we'll be definitely in a push on to increase the volumes, which practically will amount to a higher profitability.

**Deepak Malhotra:** Okay. Okay. My second question then is on the overall business growth. I think over the last 5 years, as you have demonstrated that the growth has mainly come from the CGD business. And Morbi anyway, as has been outlined over the last few years, we have seen, there is a lot of variation. And now also going forward, as we have discussed even on the call, we are not really sure. So where is the future growth is really to come from? I'm not looking at quarter-to-quarter, I'm looking at, say, next 3 to 5 years, please?

**Management:** I think you are right. Basically, that's the thing which the Board has come up with detailed framework of business development policy, which has come out. So basically, that intends to basically put a growth trajectory for Gujarat Gas going forward. So that would include inorganic as well as in organic that is expanding in the gas instance as well as in the other areas also. So we are seriously looking at those expansion plans, and we'll inform stakeholders in the near future.

**Deepak Malhotra:** Okay. And one final question on the demerger, if I may ask. How is that really going to benefit you? While you have already mentioned that you're already getting the benefit in terms of sourcing from GSPC in terms of getting the supplies. So is that really then going to make really a difference on to merger, demerger happens in the whole process goes on?

- Management:** Demerger is happening only for the transmission business, the GSPC...
- Deepak Malhotra:** Both merger and demerger. Yes. Sorry, I meant both merger and demerger.
- Management:** Yes, it's definitely going to help GSPC. Gujarat Gas with respect to basically the entire city gas the gas trading business will be part of Gujarat Gas. That's basically the going forward also, that's what we require also in Gujarat Gas.
- We need to have a strong sourcing team for the gas, which is going to come. And the demerger is only happening with respect to the transmission business. Anyway, it's a regulated business. So we are practically consolidating. And basically, we are also removing the cross holdings which are presently there. So automatically, that is eventually benefiting the stakeholders.
- Deepak Malhotra:** Okay. Will there be any cut also in terms of any manpower cost or anything which could also give further to the margins at all?
- Management:** I think the businesses are being merged. So there is no I think they are into different business, in a different business of sourcing, E&P, etc . And GSPL still remains as it is the transmission business still remains huge. So there is don't think so there is any man power reduction, which is going.
- Moderator:** The next question comes from the line of Abhir Pandit from Old Bridge Mutual Fund.
- Abhir Pandit:** Sir, in regards to the new committee with respect to the BD opportunities that you have discussed. So could you just give us more color on this in which areas or which industries you are looking at? And what is the scale of investment you will be looking at for these new industries?
- Management:** I think it will be the prerogative of the committee to finalize and come back to you. And the sale of investments, you can estimate from the merged entity's balance sheet, what is the scale of investment we can.
- Abhir Pandit:** Okay. Sir, any other color, specifically, will you look at any other GAs? Or is it will it be totally out of the gas sector kind of thing?
- Management:** It can be both.
- Moderator:** The next question is from the line of Kirtan Mehta from Baroda BNP Paribas.
- Kirtan Mehta:** I wanted to check on the progress on the expedited scheme that we have been offering. We have mentioned that we have signed around 60 agreements, if I remember, we had around 100, so...
- Management:** As I mentioned earlier also, there are 60 stations is under process, whether some of them are under the construction or some of the stations are taking the permissions mode. But if everything goes well, I think we will be managed to add around 70 stations this year.
- Moderator:** Mr. Kirtan, are you there?

- Kirtan Mehta:** My line is bit cracky. I think I'll drop back.
- Moderator:** Okay, sir. The next question comes from the line of S. Ramesh from Nirmal Bang Equities.
- S. Ramesh:** So if you see the current trend in cost, it looks like you can on higher margins than fourth quarter, so is there any scope for cutting prices? How do you see the run rate for EBITDA per SCM in the first half of the year in FY '26?
- Management:** And we are going with the same guidance, Ramesh.
- S. Ramesh:** Yes, I understand that. But with the kind of softness in gas prices, it looks like you can on a lease up more. So I'm trying to get a sense in terms of how the margins are panning out as we speak.
- Management:** I think there are 2 or 3 variables which are going along. That 1 is the APM gas reduction, which is coming in and the uncertainty in the propane prices, which are there.
- S. Ramesh:** Okay. And secondly on so on the new GAs, are you booking any loss in any of the new GAs? And when do you expect all these new GAs to breakeven and start generating positive EBITDA and PAT?
- Management:** I think it will take I think we have started investment in last 2 years. And I think as an infrastructure company, you take at least 3 to 4 years to basically come up from over because we are developing the entire ecosystem of gas over there. So that has to be developed. So that I told you the last call also, 2 years maybe.
- S. Ramesh:** So is there any loss you're booking at PBT level in any of these years?
- Management:** No, it's at a business level, which is there. See, you cannot look at it in isolation. Ultimately, you are promoting gas and basically, you need to get there first. Infrastructure has to come first before the sales happens.
- Moderator:** The next question comes from the line of Saurabh Handa from Citigroup.
- Saurabh Handa:** Sir, just a clarification. So the APM allocation that you spoke about of 2.3 mmcmd, was that for Q4? Or is that the current allocation?
- Management:** Yes, it was the Q4 allocation.
- Saurabh Handa:** Sir, could you tell us what is the current allocation -- because I understand there were some changes that happened in April.
- Management:** It's around 2 mmcmd.
- Saurabh Handa:** Okay. And how much would be NWG currently?
- Management:** New Well Gas should be around 0.5 to 0.6 mmcmd.

- Saurabh Handa:** Okay. So this hasn't increased because my understanding was it was around 0.5 last couple of quarters. So this is largely stable?
- Management:** Yes, largely stable.
- Moderator:** The next question comes from the line of Varatharajan from Antique Limited.
- Varatharajan:** As far as Morbi goes, like how are you seeing the number of units, new units coming up? Are you seeing significant growth there?
- Management:** Units would you please repeat the question.
- Varatharajan:** At Morbi, are you seeing new units come up? Are we looking at a 6%, 7%, 8% kind of volume growth?
- Management:** Yes, there are big units are coming up, in fact.
- Varatharajan:** Any numbers you can put on a number of units?
- Management:** At least 9 as far as we are knowing.
- Varatharajan:** Okay. And secondly, I also wanted to again understand a little more on this LNG opportunity you're talking about in my last question. First is about like you obviously will have an opportunity to take back the propane volume, but do other people also have that opportunity of selling LNG into the Morbi area and compete?
- Management:** Open access, PNGRB has come up with the guidelines. they have come up with a regulation called guiding principle on open access. I think the number of CGD entities, including Gujarat Gas have challenged in Delhi High Court. We have obtained a favorable interim order saying that they cannot take any coercive action against it. And as we speak, the matter has been finally heard in Delhi High Court, and they have reserved the matter for orders. So matter will be finally decided by the Delhi High Court sooner.
- Varatharajan:** So pending the order, like there is no new units which can come up there?
- Management:** I mean no one can supply LNG to Morbi as long as this order is there.
- Management:** There was the specific separate order obtained by Gujarat Gas from Delhi High Court, categorically said that LNG is included within the exclusivity of CGD entity only the authorized CGD entity can supply LNG in a given geographical area. If somebody wants to supply LNG say, in a Morbi area, only Gujarat Gas can do it. No one else can do it.
- Moderator:** Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Mr. Sandeep Dave, Company Secretary, for closing comments.
- Sandeep Dave:** On behalf of Gujarat Gas, I would like to thank all participants for sparing their valuable time. Thank you all.



*Gujarat Gas Limited*  
*May 21, 2025*

**Moderator:**

Thank you. On behalf of Gujarat Gas Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.