



“Gujarat Gas Limited
Q4 FY '24 Results Conference Call”
May 08, 2024



MANAGEMENT: **MR. RAJESH SIVADASAN – CHIEF FINANCE OFFICER AND HEAD OF INVESTOR RELATIONS – GUJARAT GAS LIMITED**
MR. SANDEEP DAVE – COMPANY SECRETARY – GUJARAT GAS LIMITED
MR. DIPEN CHAUHAN – HEAD OF INDUSTRIAL MARKETING AND BUSINESS DEVELOPMENT – GUJARAT GAS LIMITED
MR. VIKAS GANGAL – HEAD, DOMESTIC & COMMERCIAL SEGMENTS – GUJARAT GAS LIMITED

MODERATOR: **MR. SADASHIV VISHNU – ANURAG SERVICES LLP**

Moderator:

Ladies and gentlemen, good day and welcome to the Gujarat Gas Limited Q4 FY24 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 call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sadashiv Vishnu from Anurag Services, LLP. Thank you and over to you, Sir.

Sadashiv Vishnu:

Good afternoon and welcome to the Q4 Financial Year '24 and Financial Year'23-24 Earnings Conference call for Gujarat Gas Limited. From Gujarat Gas Management side, we have Mr. Rajesh Sivadasan, who is the Chief Financial Officer. Mr. Sandeep Dave, who is Company Secretary. Mr. Dipen Chauhan, Head of Industrial Marketing and Business Development. And Mr. Vikas Gangal, Head of Domestic and Commercial Segments. We will begin the call with the opening remarks from the management side, post which will have a Q&A session.

Thank you and over to you, Mr. Sandeep Dave.

Sandeep Dave:

Good afternoon, ladies and gentlemen. A very warm welcome to Q4 FY23-24 Earnings Call of Gujarat Gas Limited. I am Sandeep Dave, Company Secretary of Gujarat Gas Limited. To give you a brief background about Gujarat Gas, Gujarat Gas is the largest city gas distribution company in India. The company is operating in 27 geographical areas spread across 6 states and 1 Union Territory.

We have a good mix of matured and emerging CGD areas. We have developed a pipeline network of more than 39,000 km, which provides natural gas to more than 21 lakh households, 4,400 industrial customers, 15,200 commercial customers. We also operate more than 800 CNG stations and serve approximately 4 lakh vehicles per day.

I would like to give you a brief update on the business side for Q4. I am happy to inform that we have achieved highest ever CNG volume of 2.89 mmscmd in Q4 FY24, which is 14% higher than Q4 of previous year. Consistent with our strategy for focusing on increasing gas volumes, we have achieved average industrial volume of 6.84 mmscmd for the month of March 2024.

GGL's contribution during financial year has been recognized by some of the reputable institutions. Just to take you through some of them, GGL won the SKOCH Award 2024 in ESG category, which recognizes our contribution on ESG front. GGL was ranked among the Top 150 Wealth Creators 2024 by Dalal Street Investment Journal.

GGL has been recognized as the World's Most Trustworthy Companies 2023 by Newsweek and Statista amongst the listed firms in Energy and Utilities category. GGL is listed in Dun & Bradstreet's flagship publication, India's Top 500 Value Creators 2023, where GGL was ranked 20th. Won IEI Industrial Excellence Award 2023 for commendable performance in the category of engineering, manufacturing and processing.

We have been recognized as a Supply Chain Champion by The Institute of India Supply Chain Management in oil and gas industry category. GGL aims to deliver affordable, reliable and

cleaner energy by operating responsibly and performing with excellence while considering environment, social and government factors. As part of our commitment to ESG initiative, we have taken various measures, which includes hydrogen blending pilot project, which we have completed with 5% blending. Now we have increased the percentage level from 5% to 8%. We are aggressively setting up CNG infrastructure to promote use of clean and green fuel. We have also started injecting biogas into GGL system.

This project has already been rolled out and three different locations we have been injecting biogas. Company has embarked on major digitization drive across various business operations and processes, which cover our PNG, CNG, LNG tanker movement, billing, collection, vendor invoicing submission, which have been digitized or are in the process of being digitized. As a part of our commitment to the environment, we have planted more than 2,100 sapling trees on the environment day.

Our major contribution to the environment is that by virtue of promoting use of PNG sales to industrial consumers, we have reduced burning of approximately 13,750 metric ton of coal per day. Through our CNG sales outlets, we have reduced combustion of approximately 2,700 kiloliters of petrol per day during this financial year 2023-24. At Gujarat Gas, we adhere to 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 system. At Gujarat Gas, we adhere to the highest standards of HSE and maintain a strong safety culture. We build and maintain a safe and reliable gas network in our areas of operation.

With this brief background, I now request Mr. Dipen Chauhan to share details about new business initiatives of GGL. Over to you, Dipen.

Dipen Chauhan:

Thank you, Sandeepji. Good afternoon, everyone. I shall start with an update on the industrial segment. We have achieved an increase of 8% in the industrial volume, that is from 5.36 mmscmd in corresponding quarter previous year to 5.80 mmscmd in current quarter this year. This increase was an account of focused efforts on business development activities for customer segments of ceramic as well as non-ceramic industries.

Morbi volumes have increased to 3.82 mmscmd in current quarters compared to 3.45 mmscmd in same quarter of previous year, which is an increase of 11%. GGL has been able to achieve the highest ever industrial sales in financial year 2023-24 of 6.84 mmscmd in March 2024. Further to that, GGL has published an EOI for supply of natural gas to ceramic customers of Morbi and Surendranagar areas. GGL has received good response for the same and execution of agreements with customers is in process.

In Non-Morbi market, the pipeline infrastructure development in the key new industrial GAs of Dadra and Nagar Haveli, Thane, Ahmedabad Rural, Pitampura which is near Indore, Kutch West is in advanced stages of development, and we expect to tap additional volume of 0.2 to 0.3 mmscmd from these markets. This is a brief update on the industrial segment.

Now I shall provide update for CNG segment. The company is currently operating 808 CNG stations across the geographies.

We have added 33 CNG stations across GAs of Gujarat and outside Gujarat. And we have achieved average CNG sales of 2.89 mmscmd for quarter ended on 31st March 2024 with a growth rate of 14% over the same quarter previous year. This has led to achieving highest ever volume of CNG sales in Quarter 4 FY2024.

We continue to see increase in company fitted CNG vehicles and anticipate further CNG sales growth. The growth has been achieved on the back of investment in CNG station infrastructure coupled with favorable government policy. In the coming quarters, results award of first round of FDODO scheme will be declared.

This will help us in developing CNG infrastructure in the GGL authorized area in coming years. Historically, we are growing at around 11.50% CAGR on CNG sales. In Gujarat region, especially Ahmedabad rural region has grown CNG volume by 51%, the highest in Gujarat region.

Outside Gujarat regions have grown CNG volumes by 23% year on year. In turn, overall volume, Gujarat region contributes around 87% and other regions contribute 13% presently. One interesting thing, we have signed MOU for MS and HSD and CNG FDODO with OMC i.e. HPCL, BPCL and IOCL.

The key areas of the MOUs with these OMCs are OMC providing liquid fuels and lubricants at GGL outlets. This will add additional revenue source at our CNG outlets. Same time, setting up CNG facility at OMC outlets, as this will be a win-win proposition. We will be able to capture foothold in OMC outlets also. This is a brief update on CNG segment. Finally, I shall provide update on LNG for transportation segment.

GGL being an integrated energy company is well poised to take lead in decarbonizing transportation. GGL's presence in and across LNG value chain is a major strength in taking a lead in LNG fuel easily for heavy and medium commercial vehicles. This is a business update. Now, I will request our CFO, Sh. Rajesh Sivadasan to share details about financial performance of the company.

Rajesh Sivadasan:

Thanks, Dipen. Good afternoon, ladies and gentlemen. I am Rajesh Sivadasan, Chief Financial Officer and Head of Investor Relations at Gujarat Gas. I welcome you to the earnings call and would like to thank all of you for attending the call today. I trust you all would have gone through our financial results for the quarter as well as the full year for the financial year 2024 which has been reported on 6th of May 2024.

We have been able to grow total volumes at 9% from 8.86 MMSCMD the quarter ended on 31st of March 2023 to 9.69 for the quarter ended 31st of March 2024. The quarter ended 31st March 2024, the overall volumes increased by 6% as compared to the previous quarter of the current year.

During the year, the company has added additional 1.87 Lakh new domestic connections. The company has also achieved a volume of 0.71 MMSCMD for the year as compared to 0.68 MMSCMD for the year with respect to domestic customers the growth of close to 4.3% on a year-on-year basis.

During the year, the company has invested approximately INR812 crores in the gas infrastructure. The company is presently having more than 39,300 kilometers of PE and steel pipeline along with more than 800 CNG stations which is the backbone of our business. In terms of the revenue, the company has registered a revenue from operations of INR4,294 crores during the quarter ended 31st of March 2024 as against INR4,074 crores for the same quarter in the previous year.

The company has reported a profit after tax of INR410 crores compared to INR220 crores in the previous quarter of the current year a rise of approximately 86%. The company's EBITDA for the quarter stands at INR605 crores compared to INR410 crores in the third quarter of the current year, a rise of 48%.

In terms of rupees per SCM, EBITDA margin is close to around INR6.86 per SCM in quarter 4 compared to Rs.4.87 per SCM in quarter 3 of the current year, which is the highest on the quarterly basis for the financial year. We are closely monitoring the propane future trajectory for near term and medium term and accordingly we stick to our strategy to calibrate and strike a balance between volumes and margins for the quarters to come.

The company has registered an EBITDA of INR1,919 crores and a PAT of INR1,143 crores for the financial year 2024. The various state governments are taking initiatives for reducing VAT which is helping the CGD companies to grow volumes. The VAT in our geographical area that's the Union Territory of Dadra & Nagar Haveli has been reduced from 20% to 6%, which will help us in the growth.

Apart from this, the company has declared a dividend of Rs.5.66 per share for the financial year 2023-24 as compared to Rs.6.65 per share in the previous year. The dividend payout is approximately 34.09% of the PAT as compared to 30% of the PAT in the previous year. The company's credit rating stands as AAA stable and A+ from CARE, CRISIL and India Ratings which shows the holistic consensus and the trust on the operational capability of GGL. We have already uploaded our investor presentation on the GGL website. We hope you have gone through the same. With this, we open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Vivekanand Subbaraman from Ambit Private Limited. Please go ahead.

Vivekanand Subbaraman: Thank you very much for the opportunity. Could you tell us an update on the adoption of your tender and how much of the FY25 volume has been secured through this tender already among your customers that's question one.

The second question is on the non-Morbi areas. Your volumes seem to be between 1.9 to 2 MMSCMD on the industrial side in non-Morbi areas as well. I understand that in Morbi you have faced challenges. Could you give us some details on the business development effort that you have put in especially in the non-Morbi areas, and any regulatory or NGT related elements that are there?

Dipen Chauhan: Good afternoon. First, I'll answer your question on Morbi. I think we have received a very good response to our EOI in Morbi. Basically, we would like to compete with the propane in the Morbi

market and this EOI is specially targeted towards that only. We have just closed the process. All EOI is under scrutiny, and it looks like in this month or latest by early month we complete the scrutiny of more than 150 EOIs. That is the Morbi market.

Regarding our marketing efforts and business development efforts in non-Morbi area, first of all, there are so many areas where natural gas is comparatively new for you, especially geographical areas outside Gujarat. So, we are conducting many customer education workshops. At the same time, we are very much in touch with the industrial associations of these different GAs.

And apart from that, even though our pipeline network development will take some time, we are providing gas to various other solutions like DCS and through cascade and everything. Customers are happy with our efforts and the kind of marketing activities we are doing for the outside Gujarat area also.

Vivekanand Subbaraman: Okay, just one follow-up. You said that you had around 150 applicants. So, does this mean that out of the 700-odd industries, the ceramic industries in the cluster, 20% chose to respond to this tender? I mean how should we think about the response here and the volume scalability for you in Morbi given that now you have shown willingness to compete with propane on pricing?

Dipen Chauhan: It's something like this. You know that Morbi is a very large industrial market and whenever you introduce some new concept or new scheme in the market, it will take its own time or at least, I would like to say, at least one or two quarters. People generally or customers generally observe each other means how these guys are doing and what are the implications and everything. Once they are clear, and I think we are very confident that customers will accept our new scheme whole-heartedly and I think when next time or soon I think, within two more quarters, once again, we'll come out with a new EOI. We'll get a fantastic response once again.

Vivekanand Subbaraman: Okay, thank you. I'll come back in the queue.

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

Probal Sen: Thank you for the opportunity, Sir. Just staying on this whole tender thing forgive me for asking a basic question, but how is the scheme different from the approach to signing contracts that we have been following till now? If you can just kindly give us a little bit of comment in terms of how this thing works differently and why you think that this is a better approach to secure customers' contracts?

Dipen Chauhan: Sorry, will you please repeat your question? You are not audible properly.

Probal Sen: I was saying, Sir, with respect to this tender, I just wanted to understand how is this tender different from, let's say, the approach we have been following in Morbi all these years? And if you can just throw some color on why you think this is a better approach and why this will be a more attractive option for customers. Anything, any color you can share would be appreciated?

Dipen Chauhan: Mr. Sen, this is basically to attract the customers who have switched on the propane. And whatever the price, policy and the terms of the GSA is basically to attract those customers back

to natural gas. So, this is, I would like to say that we are targeting propane customers to switch back to natural gas.

Probal Sen: Okay. The second question, Sir, was a little bit of a housekeeping one. This quarter, if you look at the blended realization on a per SCM basis, it actually was up slightly compared to Q3. If my numbers are correct, it was around INR46.6 per SCM. I'm talking in an overall volume perspective. And this quarter, it was 46.9. I was just trying to understand, given that we reduced our prices by more than INR3 at least in Morbi in March, just, I wanted to understand how the realization has actually gone up on a Q-o-Q basis.

Rajesh Sivadasan: The realization goes up on account of one or two factors. One is the price at which we are procuring the gas. And the other thing is what is the amount of discount I'm giving to the customers over there. So basically, we were able to source gas at a better price. That's the reason.

Probal Sen: Okay. And last question, if I may, Sir, the capex this year was at around 812 million or so, sorry, INR812 crores, which is slightly lower than the run rate we have seen in the last few years. Any guidance if I can get for capex and the volume growth also for the next couple of years? Anything you can share?

Rajesh Sivadasan: Yes. See, you need to understand that basically we are, for the CNG stations, we are going with the FDODO model. So, there will be no new CNG, except for a few, the majority of the CNG capex will be done by the third party. With respect to other capex, basically we will be investing close to around INR1000 crores on a yearly basis. With respect to the steel pipelines, the PE pipelines, etc., for the development of the infrastructure. That INR1000 crores still remains.

Probal Sen: Any volume guidance that we can give? That's my last question.

Rajesh Sivadasan: Volume guidance?

Probal Sen: Yes.

Rajesh Sivadasan: Yes, it will be almost the same guidance at 10% from the current volumes.

Probal Sen: Thank you very much for your patient answers. I'll come back with more.

Moderator: Thank you. The next question is from Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka: Yes, hi. Good evening. Thanks for the opportunity. Also, could you kind of size the current Morbi market right now? Like I believe earlier it used to be close to 8 mmscmd. So has it gone up is what I wanted to check.

Rajesh Sivadasan: It remains the same.

Amit Murarka: Okay. So, the growth that you mentioned, Y-o-Y that you had is more like market share gains in that case?

Rajesh Sivadasan: Yes. Yes, of course.

- Amit Murarka:** Okay. And also, like when you say that this EOI tender is aimed at getting customers back from propane to natural gas. So, are you essentially saying that like it will get a discount to propane and what happens to the investments that some of those customers may might already have made for the propane handling facilities?
- Dipen Chauhan:** I think it's a bit early to comment on that, but it will be more or less at par with propane. That's what we plan.
- Amit Murarka:** Okay. So, customers could then basically work with flexible switching options then?
- Dipen Chauhan:** Absolutely.
- Amit Murarka:** Right. And what is the gas sourcing mix right now for you?
- Dipen Chauhan:** Pardon? Will you please repeat?
- Amit Murarka:** Now what is the sourcing mix, the gas sourcing mix in terms of LNG and also the APM that you're getting?
- Rajesh Sivadasan:** Yes, I think for the last year basically the APM was close to 30% and basically short term was close to 20, sorry, short term was 42% and the long term which was there was close to 28%.
- Amit Murarka:** Sure. Thanks. I'll come back in the queue.
- Moderator:** Thank you. Next question is from Somaiah V from Avendus Spark. Please go ahead.
- Somaiah V:** Thanks for the opportunity, Sir. First question is on Morbi pricing. So, we've had the spread between propane at a point in time close to INR5 and we also I think in the last quarter we're more or less on par. So how is the volume sensitivity in terms of this price gap? So, what we think is a good price gap which can meaningfully swing volumes?
- Rajesh Sivadasan:** The customer will always ask for a price which is lower than propane. That's their wish list. So practically if you look at the price reduction which we gave, we are almost there with the propane. So that's the reason for the increase in the volumes which happened in March.
- Somaiah V:** So, the full quarter was around 3.8 and what would have been the volumes in March?
- Rajesh Sivadasan:** It's 4.9.
- Somaiah V:** So, is it a right reading that we're almost on par? So far we have seen volumes getting back up to 4.9.
- Rajesh Sivadasan:** Yes.
- Somaiah V:** Understood, Sir. And when you say 8% to 10% volume guidance, so what is the extent of Morbi volumes that we are factoring in? Just want to understand the growth between CNG and industrial in this 8% to 10%?

- Rajesh Sivadasan:** We are talking about 10% on an overall basis. See Morbi demand is subject to the prices which is dependent on the LNG prices which is there. So, there's a fluctuation which happens on a seasonal level. So that has been factored into when we tell that the overall 10% growth would be there for the average volume increase for the company.
- Somaiah V:** So, within this, I mean, CNG would be growing much faster. I just want to understand of this 10% growth?
- Rajesh Sivadasan:** Yes, definitely CNG will be going at a higher rate because if you look at this last year also, CNG has grown at a higher rate. It has grown at close to, I think, 14% last year.
- Somaiah V:** Got it, Sir. And also, could you just help us with what is the average cost of spot LNG procurement last quarter and the quarter prior?
- Rajesh Sivadasan:** It was close to \$11.5 to \$12.
- Somaiah V:** The last quarter. And the previous quarter?
- Rajesh Sivadasan:** Previous would be, it would be higher because at that time spot was higher.
- Somaiah V:** I just want to understand, I mean, the current spot, whatever that has declined, so we've got the full benefits of it or it's still something is yet to come. So just want to understand because spot has now come down to close to USD10. So, the full benefit of this has got reflected in the last quarter itself or it's something is yet to come?
- Rajesh Sivadasan:** In the last quarter, there's a gradual decline which happened from March to April. So, March would be there, and April would be almost at the same rate. Spot was almost at the same range. So that benefit will be applicable for this quarter also.
- Somaiah V:** Got it, Sir. And just one final question. So, your EBITDA guidance earlier, you were giving 4.5 to 5.5 per SCM. So that's still stands?
- Rajesh Sivadasan:** Yes, that still stands, yes.
- Somaiah V:** Okay, thank you.
- Moderator:** Thank you. Next question is from Yogesh Patil from Dolat Capital. Please go ahead.
- Yogesh Patil:** Thanks for taking my question, Sir. Sir, as per our understanding, Gujarat Gas has provided a PNG industrial pricing formula for the Morbi ceramic players, which is linked to the Saudi propane prices. I have a few questions related to this. Considering this formula, how much discount will be assured to the ceramic players compared to the propane prices in the long run?
- Second one, if you are providing a discount, then do you have a cheap gas sourcing which will protect your EBITDA margin in the long run? And have you recently tied up or any plan to tie up in the near future for the long-term LNG?
- Dipen Chauhan:** I think I have only a very short and sweet answer to all your questions, and the answer is yes.

- Yogesh Patil:** Couldn't get it, Sir. Can you please elaborate a little bit?
- Dipen Chauhan:** Yes. We have a selling price in the formula, and it's highly competitive with the propane pricing, number one. That is the formula you are talking about. What was your second question, Sir?
- Yogesh Patil:** Sir, second question, if you are providing a kind of a discount based upon that formula compared to the propane, then do we have a cheap gas sourcing which will protect our EBITDA margins in the long run?
- Dipen Chauhan:** Yes, that is true. We will source gas in such a way that will protect our margins.
- Yogesh Patil:** And the last one, have you recently tied up or any plans to tie up for the long-term LNG?
- Dipen Chauhan:** We are continuously exploring that, and so the answer is yes.
- Yogesh Patil:** And, Sir, recently Saudi propane prices declared for the June month are lower, USD580 per ton, which will be applicable from the June month, which will be at par with our PNG industrial prices and propane prices at Morbi. So, are we planning to cut down the prices on the PNG industrial side in the month of June? Any indication?
- Dipen Chauhan:** I think we are working on it and by the last week of May we will be very much clear about the June pricing.
- Yogesh Patil:** Okay. Thanks a lot, Sir.
- Moderator:** Thank you. Next question is from Sabri Hazarika from Emkay Global. Please go ahead.
- Sabri Hazarika:** Yes, good afternoon. So, I have two questions. Firstly, your CNG outlet, you mentioned around 808 in the presentation this year, and it was 808 mentioned last year end also. So, your net addition has been zero in the last one year?
- Rajesh Sivadasan:** No, there is an addition of close to 33 and there is a surrendering of around 33 because of this APTEL order, etc. So, we added 33 and that's the reason there is no increase which is shown, but actually there is 33 CNG stations of addition which has happened.
- Sabri Hazarika:** And cancellation happened because of you said APTEL order. What exactly is that?
- Sandeep Dave:** We have certain CNG stations which were located in the areas not belonging to Gujarat Gas. So, we have closed down those CNG stations, and that's what we are talking about. Most of them were low volume CNG stations, so anyway had hardly impact on volume. You see the volume; the volume has significantly increased in spite of this closure of certain CNG stations.
- Sabri Hazarika:** Okay. So, is there any difference in the number of dispensing stations in the format of these outlets that you are able to like record good growth despite your network remaining same on a net basis?

- Dipen Chauhan:** Yes, you are right. We are setting up the CNG stations in a market which is nearby to already developed CGD areas, and apart from that we are getting very good response in the states like MP and Rajasthan where CNG growth is peaking.
- Sabri Hazarika:** Okay, got it. And what would be the guidance for this year in terms of CNG station additions?
- Dipen Chauhan:** This year we are very bullish and because more than 25 CNG stations we are planning, and apart from that because of our FDODO scheme, and if we manage it properly and our construction work is in line, I think we won't be surprised if it will reach more than last two years numbers even.
- Sabri Hazarika:** Okay. And the net will also be like similar only this time. I think whatever realignment was to happen, that has already happened, right? So, it could be like 25 to 30 net additions also which might happen, right?
- Dipen Chauhan:** It could be more than that.
- Sabri Hazarika:** Okay. And second small question, if you could say what is the current volumes? I mean given that we are like in May, I think the economics are like largely okay. So, what is the current volumes for the company?
- Rajesh Sivadasan:** 11.
- Sabri Hazarika:** 11 MMSCMD, and this is like because of Morbi only that it's going up?
- Rajesh Sivadasan:** Other areas also.
- Sabri Hazarika:** Other areas also doing well, okay. But you are saying that still we should take a 10% sort of like volume growth for FY'25 on an average basis, is that right?
- Rajesh Sivadasan:** Yes, because see the reason is basically we have a fluctuation which happens on a quarter basis, so basically we need to take into account that.
- Sabri Hazarika:** Okay. So, versus last year we should basically take -- I mean the average for the last year we should take a 10%, right, rather than the existing rate. Is that right?
- Rajesh Sivadasan:** Yes, you are right.
- Sabri Hazarika:** Okay. Thank you so much and all the best.
- Moderator:** Thank you. Next question is from Maulik Patel from Equirus. Please go ahead.
- Maulik Patel:** Thanks for the opportunity. Just one question is on the propane. Now as you enter for this 150 customers and start supplying the propane and gas at a propane price, will it create more volatility in your gross margin? Because what we understand that during the June to November period, propane prices are significantly lower in the remainder of the year. Now you start supplying at a lower price, probably the cost of supplying gas will be much higher than the propane price and you will incur some loss or probably at a no profit. Is that assessment correct?

Rajesh Sivadasan: Maulik, I think that will be decided once we reach there. See, ultimately you need to understand the objectives of this proposition which the company has made. One is to have a stability in the volumes which the company has and also provide a price to the customers which practically is preferring as the best alternative to them. So basically, in that process, basically there can be a sacrifice of a margin to some extent, not to a great extent because we will be doing on a back-to-back basis.

Maulik Patel: That I understand. So, I think primary goal for us, and I really appreciate that we are looking to regain whatever we have lost in Morbi in the last three years, and I think this is in the right strategy. Just understanding that will it impact significantly to the gross margin or not? Even if we regain the volume, which is more important for not only Gujarat Gas but also it will benefit the entire value chain, including the GSPC, including GSPL and the group's commitment at LNG terminals which they have built the capacity.

So just saying that if today you have been doing probably 1-1.5 mmscmd volume, the number of volume that increased substantially, let's say, after a couple of months down the line, given the success we may have, then managing that volume and the impact on that margin will be much higher. Because today you are doing probably 10% volume overall for that 12-month contract. Six months down the line, probably the number goes to 3 mmscmd. Then again the proportion increases, the volatility in the margin will increase. That's what I want to understand.

Rajesh Sivadasan: See, Maulik, there are two things. One is you know the number of -- I think Dipen has told you the number of customers who have tried to enter into this agreement. So that percentage is much -- that's not the entire universe of Morbi which is coming in. So that thing is already taken care with respect to that.

And that's the process of learning which we'll be doing wherein this thing will be happening and over a period of time this -- the margin protection, etc., which will be happening on a back-to-back basis where we'll be also sourcing the gas on a competitive basis and even to the extent of hedging it towards alternative fuel also. So that basically reduces my risk with respect to the gross margins which you are trying to tell.

Maulik Patel: So, what I understand is that you will...

Rajesh Sivadasan: It's a new thing.

Maulik Patel: You will have one on the sourcing at a lower price. And secondly, you will go in the market and hedge that exposure also, which will reduce this volatility.

Rajesh Sivadasan: Yes.

Maulik Patel: Okay. The second question is on the CNG side. Obviously, you are having one of the best CNG growth among the large players with almost 12% volume growth. The number of CNG systems were pretty much flat last year because of some addition and what you mentioned. What kind of addition we are looking for this financial year of FY'25? And if the government has reduced this APM allocation in CNG or it has been static in terms of allocation, I think you do combine this

almost around 3.6 mmcmd, 3.7 mmcmd. So that APM allocation has been static in Q4 compared to Q3 or it has reduced further?

Rajesh Sivadasan: It has reduced further.

Maulik Patel: What is the number now?

Rajesh Sivadasan: It's 2.7., the gap is between 30 percentage to 20 percentage.

Maulik Patel: Okay. But this 2.7 in earlier quarter was 2.8?

Rajesh Sivadasan: Yes.

Maulik Patel: Okay. And currently it is around 2.7 for the month of April-May or it has been further reduced?

Rajesh Sivadasan: It's almost the same. See, ultimately, it is the gap of volume which the government has to give on a concessional basis and the volume which we are selling. So that gap is already there. That's close to 25% to -- 20% is the gap which is there. So, you can calculate the numbers from there. So that is being supported by the spot or the long-term LNG which we have.

Maulik Patel: Okay, got it. Thank you. And just one bookkeeping number. What kind of a capex outlay we are looking for FY'25 in terms of rupees crores?

Rajesh Sivadasan: It will be around INR1,000 crores.

Maulik Patel: INR1,000 crores, okay.

Moderator: Thank you. The next question is from Sangeeta from Cogito. Please go ahead.

Sangeeta: Yes, good afternoon and thank you for taking my question. My question is really referred to your Slide 14 where, you know, what we're really seeing is that over the last four to five years, the performance of the company in terms of ROE has actually come down. That has been almost static.

Despite a fairly healthy level of capex, which you continue to do to expand your territories and the business, would it be possible to understand why that has happened? And are we likely to be at the bottom of that cycle, whatever may have led to it, either in terms of volumes or margins?

Rajesh Sivadasan: Yes, ma'am. See, the thing is, basically, we have been investing over a period of the last three years in the CNG business, mostly in the steel pipeline and the CNG outlet business. So that is practically being shown with the growth of CNG volumes, which has happened in this financial year.

And that is going to grow over the next few years also, because we have the infrastructure and the network in place to basically cater to the CNG growth also. If you look at the CNG vehicles being coming out in the market, the percentage is gradually increasing also. So practically, as a gas company, we are practically at the best place to cater to this requirement, especially in the areas which we are operating.

So yes, in the previous years, we had an exceptional profit. So that's the reason this was higher. And gradually, yes, we will be moving ahead in this. And I think we expect the ROE numbers would change.

Sangeeta: So, if I look at slide 12, what I notice is that a large part of the gain that you had in CNG volume actually was met by a reduction in the industrial volume, right, particularly from FY '22 onward. So, is that likely to now start reversing? Because your gains in CNG really didn't show up because the industrials were declining, right? So, are you likely to see the, you know, reversal in industrial? And also at a company level, are you likely to see improvement in margins? Because the margin trajectory has also been downward.

Rajesh Sivadasan: Yes. If you look at the previous years, practically the investment into the CNG and the infrastructure has been towards increasing our volumes in CNG. So that is practically taking off now. Because we have seen a volatility in the industry volumes, which practically we need to reduce. That's the reason we are coming up with a new pricing formula, etc. So going forward as a part of the infrastructure strategy, we are putting more efforts into the CNG because the margins are also better in CNG. And the volume growth is also coming with the government policies also.

Sangeeta: Right. And on the industrial side, you're trying to deal with the volatility by, you know, through the new formula that you put in place, better sourcing, etc.?

Rajesh Sivadasan: Yes. Yes, ma'am.

Sangeeta: Okay. So, can we expect margins to start picking up also?

Rajesh Sivadasan: I think we will remain with our guidance, which we have given.

Moderator: Thank you. The next question is from S. Ramesh from Nirmal Bang Equities. Please go ahead.

S. Ramesh: Thank you. So, my first thought is you have given an exceptional item based on the reversal of provision for trade margins. So what is the impact of this in the EBITDA per SCM and the top line you reported for forth quarter? And what is the, you know, reduction in the trade commission payable to OMC that you have achieved based on this, you know, reversal. And is it something which you can sustain in the future in terms of your pricing and margins?

Rajesh Sivadasan: Yes, I think the EBITDA will not be affected because it's an exceptional item and we have not taken that for the EBITDA per SCM calculations.

S. Ramesh: No, no. I'm saying the thing is, if you have reversed that, there should be some benefit of that in terms of the commissions of trade OMCs in your fourth quarter operations, right? Compared to where you were.

Rajesh Sivadasan: No, we have reversed the provisions. Actual credit notes will be issued in this financial year. We have entered into an agreement with them for settlement of the previous dues, which was there. So that settlement has occurred. Accordingly, the effect for that has been given in the financial accounts.

- S. Ramesh:** So, if you're saying that hasn't impacted your realization or EBITDA per SCM?
- Rajesh Sivadasan:** That is already impacted in the current year. This was for the previous year.
- S. Ramesh:** Yes, that's what I'm asking. So how much of that benefit? If you look at the fourth quarter, your margin is the highest. So how much of that is because of the reduction in the trade commission? Is it possible to explain that?
- Rajesh Sivadasan:** No, it is. Sir, please understand that this provision was created in over a period of last three years, not even this financial year. So, we are just reversing that provision which was made. So already the changes with respect to the margins have already been paid. OMCs have already been paid in the same margin for the current financial year.
- S. Ramesh:** So, if that is the case, where have you got the benefit in terms of either top line? Because top line has also gone up and EBITDA per SCM has also gone up. So, what has driven this improvement and is it sustainable? This is a simple question from an investor perspective.
- Rajesh Sivadasan:** Please understand, the volumes have grown. And we have been able to source gas at a much competitive price. And we have been able to compete with propane in the Morbi market in the last quarter. So that has increased our volumes in the last quarter. And with respect to the CNG, CNG volumes have grown up by 14%. And that margin has come in. So, these two are the key factors which have come in.
- S. Ramesh:** Understood. So, if you look at your growth outlook for the next two, three years, given that CNG is going to possibly accelerate, you're talking about 10% growth. How do you plan to, you know, manage the incremental gas sourcing? Because your APM gas possibly will get fixed at whatever is in absolute terms. And so, for CNG, you'll have to possibly use market price gas. So how do you see the sourcing strategy? Will you go for KG plus short term? Or will you have a blend? How do you, you know, plan your gas sourcing over the next two, three years to achieve your growth?
- Rajesh Sivadasan:** See, there are two or three ways for the sources. Basically, as for the government policy, we can have the HPHT gas also. And if you look at government has approved the even for the Reliance thing, they have approved additional capex also, which will add to the volumes at the national level.
- So that volume should be coming in. And most will be catered to by the CNG companies only. That basically, the city gas companies should be taking those volumes. And other thing on the short-term basis, basically, we will be taking this spot gas. And if the volumes are sustaining, we'll also go for a long-term sourcing of gas.
- S. Ramesh:** Okay. So just a devil's advocate question. Now, if you go back to the periods where you had a spike in the gas cost and you had to reduce volume. So, what is your current thinking in terms of tackling such a situation in the future? Earlier, you used to cut down on the supplies to, you know, maintain your margin. So, since you have taken the initiative for the tender, are you, you know, talking about the industry willing to accommodate you in terms of price increases in the event of gas prices going up?

How do you, you know, read the industry response to future increase in the gas cost? Because, you know, the model has been a bit difficult to predict because you cut volumes and gas prices go up, your margins go up. So in terms of the longer term cash flows, you just have to get a sense in terms of what is the sustainable growth in Morbi, assuming, you know, some amount of volatility in gas cost and to what extent the Morbi industry will be able to absorb that.

Rajesh Sivadasan: Yes, I think, see, we have a history of how the Morbi has reacted to the gas prices and with an alternative fuel practically making its presence felt over there. Basically, we have countered that with a new pricing formula which has been put in place. Let us see how that formula reveals over a period of time.

I think we are doing a back-to-back sourcing for that formula which we have given to Morbi. And that should practically help us in basically containing that volatility in the volumes and the margins going forward.

S. Ramesh: Understood. So, one last thought. So, can you share what is the share of the Morbi, you know, either in terms of number of ceramic units or the share of the Morbi gas consumption which is now, you know, based on propane, what percentage of that market is driven by propane?

Rajesh Sivadasan: I think for the entire, we have a current market size of close to 7.6. And I think propane would be around 2.1.

S. Ramesh: 2.1. You have done 3.96. So, what is the balance, 1.6?

Rajesh Sivadasan: This is the current one I am talking about.

S. Ramesh: Yes. So current use at 4 million in Gujarat Gas, PNG at 2.1 is propane. So, it is 6.1. Where is the balance 1.5 coming from?

Rajesh Sivadasan: No, I am not getting you.

S. Ramesh: No, no. So, you have given current consumption of energy in Morbi at 7.6. You said in March you are...

Rajesh Sivadasan: No, no, no. I think you misread me. The current market size in Morbi is 7.6 for the respect of the gas.

S. Ramesh: Okay. So out of that 2.1 is propane.

Rajesh Sivadasan: Yes. Presently 2.1 is propane. Close to 5 to 5.5 is gas which is being flown by, Gujarat gas now.

S. Ramesh: Okay. And there is no other fuel like LPG coming in here, right?

Rajesh Sivadasan: LPG is, no, not much. Very minor quantity which is not so significant.

S. Ramesh: Okay. Thank you very much and wish you all the best.

Rajesh Sivadasan: Yes, thank you..

- Moderator:** Thank you. Next question is from Varatharajan Sivasankaran from Antique Limited. Please go ahead.
- Varatharajan S:** Yes, thank you for the opportunity. So if you can give us a break up of the long term sourcing contracts currently at place with volumes and if any of those contracts are likely to expire in the near term or like in the current financial year?
- Rajesh Sivadasan:** Yes. Basically, one of the sourcing would be expiring, that is the Reliance gas which expires in December. Other than that, we don't have any expiring contracts in this financial year.
- Varatharajan S:** Can we have a breakup of where, like, you know, what is coming from? For example, like, you know, how much is coming from Reliance, how much is coming from CAIRN, how much is coming from Qatar Gas and whatever other sources are.
- Rajesh Sivadasan:** I think, see, ultimately we are buying from GSPC and GSPC on a back-to-back basis is selling to us. So, for us, all sources, GSPC, except for the gas which we are procuring for the CNG business.
- Varatharajan S:** Okay. Even Reliance is, like, you know, primarily routed to GSPC?
- Rajesh Sivadasan:** Yes. Except for the gas for the CNG and the domestic.
- Varatharajan S:** Okay. And when you're talking about, like, you know, the growth in outlets over the next two years, you are referring to a number of around 30 odd. So, I'm like to take that 30 odd is what you will put yourself and the remaining will be DODOs, what will be the total number of outlets which you will be putting up in the current fiscal and the next fiscal?
- Dipen Chauhan:** At least 22 plus from Gujarat Gas and we are expecting a very good number from under our scheme FDODO also. And it's a bit early to predict that number.
- Varatharajan S:** Fair enough. Thanks.
- Moderator:** Thank you. Next question is from Kirtan Mehta from BOB Capital Markets. Please go ahead.
- Kirtan Mehta:** Thank you, Sir, for giving this opportunity. One question about you have mentioned that you have added new customers, industrial customers with a collective volume of 1.1 mmscmd in FY'24. So, what was the actual volume pickup during FY'24 and how much incremental is likely to be there from then during FY'25?
- Rajesh Sivadasan:** Could you repeat the question? We cannot get that.
- Kirtan Mehta:** You mentioned in the press release that the Gujarat gas has added new industrial customers with a collective volume of 1.1 mmscmd. So, I believe this is a potential capacity that they can offtake. So, what was the actual offtake during FY'24 and what could be the incremental during FY'25 from this set of customers?

- Dipen Chauhan:** Actually, whatever the number you are talking about, this is the GSAs we have signed. That is 1.1 mmcmd. And the way the network is developing and everything, I think we will reach almost 0.6. That is 6 lakhs cubic meters per day of commissioning these customers..
- Kirtan Mehta:** During FY'25 or during the current quarter?
- Dipen Chauhan:** In the current quarter. We have done in the current quarter.
- Kirtan Mehta:** Understood, Sir. And one more question was about the capex for the FY'24. So, the run rate had come down a bit. What was the driver for sort of reduced run rate during FY'24?
- Rajesh Sivadasan:** See, I think the decision of basically going into FDODO with respect to the CNG was one of the factors because we did not want to put a parallel expenditure for CNG stations when somebody else is ready to invest. So that was one of the reasons.
- Kirtan Mehta:** Right. And in terms of the FDODO scheme, when would basically we will have the idea about the number of stations that we can do during FY'25? So, what are the steps to sort of finalize the number of stations under that scheme?
- Dipen Chauhan:** We have planned to add more than 200 stations over the period of two to three years.
- Kirtan Mehta:** Great, Sir.
- Moderator:** Thank you. Next question is from Nitesh Dutt from Burman Capital. Please go ahead.
- Nitesh Dutt:** Hi. Thank you for the opportunity. So, my first question is on your CNG segment, right? Can you please give a breakup of APM to non-APM allocation for the last quarter? And do you expect it to go up for the APM allocation? Because I think there was some issue in ONGC fields earlier.
- Rajesh Sivadasan:** So, you want the shortfall which has happened?
- Nitesh Dutt:** Yes, correct.
- Rajesh Sivadasan:** Okay. For the entire year, the shortfall is close to 17%, which is there. And if you look at the last quarter, it's close to 28%.
- Nitesh Dutt:** Got it. And going forward, do you expect this 28% to go down or will it continue at similar levels?
- Rajesh Sivadasan:** I think it should continue at similar levels. But with the volumes picking up, maybe this gap may increase.
- Nitesh Dutt:** I Understood. And a couple of more questions on our LNG, right? So, spot LNG prices, are you seeing them increasing?
- Moderator:** We seem to have lost the line for Mr. Nitesh Dutt. We'll move to the next question. The next question is from Nitin Tiwari from Phillip Capital. Please go ahead.

- Nitin Tiwari:** Good evening, Sir. Thanks for the opportunity. So, my question is related to the tenders that we are talking about in the area of Morbi. So, I just wanted to understand a little bit more on that. So, the 150 consumers that we are talking about, are we already supplying to some of these consumers? Or these consumers could entirely be new? One is that. Secondly, what is the price that we are offering in Morbi right now? And what is the price that we are going to offer in this tender? Be different than the price that we are offering to other consumers in the Morbi at this? So that is one.
- Dipen Chauhan:** Thank you very much. This EOI goes for existing customers only. And our price is nearly INR42 rupees per SCM in Morbi as of now.
- Nitin Tiwari:** Okay. So basically, this new pricing formula would be offered to the existing consumers. So, we are not trying to win more volumes like from the propane users currently. So, when we spoke about the breakup of volume, you mentioned you are right now selling 5.5. And propane is at 2.1. So, the tender that we have offered is to the 5.5 consumption that is already happening. This is a new pricing formula we have offered to them is what you are saying?
- Dipen Chauhan:** No. It is something like this. Even though customers, so many customers in Morbi are using both propane as well as natural gas. And if you count that means we have more than 700 customers in Morbi.
- Nitin Tiwari:** Okay. So basically, to win away from propane completely is what you are trying to say?
- Dipen Chauhan:** That's how it is.
- Nitin Tiwari:** And what is the price that we are offering to consumers other than in Morbi to other industrial consumers and commercial consumers?
- Dipen Chauhan:** Nearly INR44 rupees per SCM.
- Nitin Tiwari:** So, this is for industrial consumers other than Morbi?
- Dipen Chauhan:** Yes.
- Nitin Tiwari:** And commercial consumers?
- Dipen Chauhan:** Commercial Customers will be around INR64.50 per SCM.
- Nitin Tiwari:** 54 do you mentioned Sir?
- Dipen Chauhan:** 64.
- Nitin Tiwari:** So, this 64 is the headline price including of VAT or this is like a net off tax?
- Dipen Chauhan:** Pardon?
- Nitin Tiwari:** This price is inclusive of VAT or excluding VAT?
- Dipen Chauhan:** Excluding VAT.

- Nitin Tiwari:** Okay. Thank you. That's all from my end.
- Moderator:** Thank you. Next question is from Vikas Jain from CLSA. Please go ahead.
- Vikas Jain:** Hi Sir. Thanks for taking my questions. Firstly, so this contract is for three months. I mean this EOI when you ask for - it's for what duration that you are asking for the demand to be made from these customers?
- Dipen Chauhan:** It's for one year please.
- Vikas Jain:** It's for one year. Okay. So then accordingly you can - and then the linkage is simply that this is the propane price it will be linked to propane. I mean some linkage to propane price whatever it is 0%, 1%, 2% whatever is the equivalent prices is that how it works?
- Dipen Chauhan:** Yes.
- Vikas Jain:** And so now I'm just wondering now when we are doing it in terms of a clear linkage to propane price, wouldn't our customers outside of Morbi also be wanting that kind of a transparency, some kind of a linkage? Are we going to cannibalize some of it? Is that a potential risk that, even those other industrial customers might ask for a similar kind of a formula?
- Dipen Chauhan:** We may get that kind of inquiries also from customers outside Morbi. And we are getting prepared for that.
- Vikas Jain:** Okay. And given all of that I would just want to understand if pricing anyways like you said as per this formula and even outside of this formula you are trying to price yourself close to propane. So, from a pricing perspective how would this formula really kind of help? I mean you were anyways over the last few months trying to price yourself close to propane, right? Is that correct or no?
- Dipen Chauhan:** Yes. That's the ultimate aim in the Morbi market to be highly competitive with the propane either through this formula or other way round also.
- Vikas Jain:** Okay. Now so in that case do you think that your margin guidance that you have given of 4.5 to 5.5, that might be, that's something which could be a little bit of a risk or given that...?
- Dipen Chauhan:** I think we are confident about our sourcing strategy and the way we are working we will protect our margins.
- Moderator:** Thank you. Next question is from Gokul Maheshwari from Awriga Capital Advisors. Please go ahead.
- Gokul Maheshwari:** Yes. Thank you. Just two data points, could you just state the amount of deposit from customers as of FY '24? And secondly, what are the average volumes of Morbi in FY '24?
- Rajesh Sivadasan:** Yes. The average volumes were around 3.85 last year. And the total volumes for industrial was close to 5.77.

- Gokul Maheshwari:** And what are the deposits from customers in the balance sheet for March 24, FY '24?
- Rajesh Sivadasan:** Close to INR,1600 crores.
- Gokul Maheshwari:** Okay. Thank you.
- Moderator:** Thank you. Next question is from Sanat Kumar from FinConnect. Please go ahead.
- Sanat Kumar:** Hello. Thank you for letting me ask the question. I have a very small question. In terms of percentage only, how much are you utilizing the LNG? What is the percentage in terms of domestic which is coming from APM and the NELP or the high pressure, high, temperature gas? So, I just want to know the percentage.
- Rajesh Sivadasan:** For the last year it was the short-terms contract which we used was close to 42% and for the long-term it was close to 28% and the APM was close to 30%.
- Sanat Kumar:** APM was 30%. So, no gas from HPHT?
- Rajesh Sivadasan:** That includes, the APM includes HPHT. The 30% includes HPHT, high pressure. – Sorry, One second. The short-term includes the HPHT. The 42% includes HPHT. APM doesn't, that - APM percentage of 30% doesn't include HPHT.
- Sanat Kumar:** So short-term, when you say short-term, it is 42% which includes your HPHT and the LNG part. Can you give me that split? Within that 42%, how much is HPHT and how much is LNG?
- Rajesh Sivadasan:** That would be hardly 1% or 2% not more than that. HPHT will be hardly - because the volumes are much less coming from HPHT.
- Sanat Kumar:** So, Short-term LNG, it's only 1% out of that 40% on average and HPHT is the rest.
- Rajesh Sivadasan:** That's the approximation I'm telling you, because the volumes are much less from HPHT. If you look at the total volumes which we are selling, HPHT gas, you also know that HPHT gas allocation is very less.
- Sanat Kumar:** Okay. So HPHT is just 1% you're saying?
- Rajesh Sivadasan:** Yes, 1% to 2%, that would be the range.
- Sanat Kumar:** We don't have any long-term LNG contracts?
- Rajesh Sivadasan:** No, we have. That's what I told you. Basically, close to 28% is coming from the long-term LNG sources.
- Moderator:** Thank you. Next question is from Hemang Khanna from Nomura. Please go ahead.
- Hemang Khanna:** Thank you for taking my question.
- Moderator:** We seem to have lost the line for Mr. Khanna. We'll move to the next question. Next question is from Gagan Dixit from Elara Securities. Please go ahead.

- Gagan Dixit:** Yes, thanks for taking my question. Sir, when I see your presentation, I see that in the FY '20, actually, your industrial volume per-customer, per-day basis, it was the highest. I think around 2,000 per day per customer. In the past two years, that's in the range of 1,100 to 1,300, or you can say 60%-65% of the peak volume four years back, I think. Can I safely assume that this 30%-35% of your industrial volume, this is the swing volume between this gas and propane?
- Rajesh Sivadasan:** No, I think earlier propane was not so much in Morbi. Basically, the Ukraine War basically affected the gas prices and basically people shifted to the alternative fuel. That happened in that particular year. That's how we lost volumes in Morbi. That's why it's coming down to around 5.3 or something.-. 5.1. Now, practically, we are trying to compete with propane and basically give an alternative solution for propane. That's how practically we are increasing our volumes. We are gaining the lost propane volumes here.
- Gagan Dixit:** Okay. Customers are taking 100% of your volume. They are not switching in between. That I can assume safely.
- Rajesh Sivadasan:** No, Practically, there is a situation wherein a person has both propane as well as gas. Basically, when the prices are more, then basically it switched to the fuel which is more efficient for him, and which is less costly for him.
- Gagan Dixit:** Okay, Sir. And Sir, any idea about how much is the new units coming in the Morbi? I mean, at least for the next 12 months, how much is in general this capacity of the Morbi in general is increasing? That's a proxy of your demand growth?
- Dipen Chauhan:** Yes. I think I won't be surprised if more than 25 big units are coming up in Morbi in the next 1 or 1.5 years.
- Gagan Dixit:** Okay. And these are typically double the capacity versus the earlier units. That's most possible?
- Dipen Chauhan:** Yes. These are really large units.
- Gagan Dixit:** Okay, Sir. And, Sir, my final question is, in the last year calls, you mentioned that basically you are looking aggressively to expand at Thane, Ahmedabad, rural, and also to Sirohi, Jalore, and Dungarpur. So, any status or outlook about how that demand is shaping a bit and how you see going forward at least for 1 or 2 years?
- Dipen Chauhan:** I think, as I mentioned in the beginning of the conference, that we are expecting at least 2 to 3 lakhs cubic meters per day from this new area where network is under development. In this, I'm talking about industrial volume.
- Gagan Dixit:** Okay. That's it from my side.
- Moderator:** Thank you. We'll be able to take one last question. We'll take the last question from the line of Nitesh Dutt from Burman Capital. Please go ahead.
- Nitesh Dutt:** Hi. Thanks for the opportunity again. So, my question was about spot LNG. What were the prices for Q4, and have you been seeing an uptick recently in the last month or so? And second question is on the Israel conflict. So, we have been hearing a lot of news on how it can potentially

impact LNG supply and lead to volatility, etc. So, is that something that can affect our LNG volume over a medium term?

Rajesh Sivadasan: Yes. With respect to the first question, the average cost was close to \$11.5-\$12 for the last quarter. And with respect to this question of this war affecting that, I think that's going forward. It will unravel, but I think the long-term sourcing which we have done, that will still come in. But the pricing will ultimately get affected because of the war which is going on. But let us see. That's the thing which will come in the future. But with respect to supplies, we don't think that supplies will be affected because supplies are not only coming from that area. Supplies are coming from all over the world. That should not be a problem.

Nitesh Dutt: Sure. This \$11.5 that you are saying, is this the landed cost or is this excluding some of the transportation charges? And also, has it been coming down over the last month or so?

Rajesh Sivadasan: It has come down in the month of March.

Nitesh Dutt: Got it. And does this exclude the transportation cost or is this the landed cost?

Rajesh Sivadasan: Yes. Transportation cost is hardly less than 5% of the entire cost. So that doesn't make a significant difference.

Nitesh Dutt: Sure. Thanks. Thanks for that.

Moderator: Thank you very much. We'll have to take that as the last question. I would now like to hand the conference over to Mr. Sandeep Dave, Company Secretary, for closing comments.

Sandeep Dave: Thank you all for taking out time and attending the earning call of Gujarat Gas for Q4. We look forward to see you for the Q1 of FY '24 – '25. To summarize, we have been able to make a very good comeback in this quarter with March 202 industrial volumes at 6.84 mmcmd. This has obviously increased our portion at Morbi also among the natural gas - propane share.

We continue to be optimistic about CNG volume in the quarters to come with FDODO related decisions are on cards. Infrastructure development in new GAs will be our priority and we'll also look forward to follow our strategy of ramping up volumes. However, the movement of alternate fuels and spot/long-term LNG prices would determine the pricing strategy of the company going forward. Thank you all.

Moderator: Thank you very much. On behalf of Gujarat Gas Limited, that concludes this conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.