



MAHANAGAR GAS LIMITED

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Date: July 30, 2025

To,

Head, Listing Compliance Department BSE Limited P. J. Towers, Dalal Street, Mumbai – 400 001 Scrip Code: 539957	Head, Listing Compliance Department National Stock Exchange of India Limited Exchange Plaza, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 051 Symbol: MGL
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Dear Sir/ Madam,

Sub: Transcript of Earnings Conference Call for the quarter ended June 30, 2025

In continuation to our letter dated July 23, 2025 and pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**Listing Regulations**'), read with Schedule III of the Listing Regulations, we submit herewith the transcript of the Earnings Conference Call held on July 23, 2025 on the Standalone and Consolidated Financial Results and operational performance of the Company for the quarter ended June 30, 2025.

The said transcript is also available on the website of the Company at https://www.mahanagargas.com:3000/Mahanagar%20Gas_Q1FY26%20Earnings%20Call%20Transcript_Final.pdf

You are requested to take the above information on record.

Thanking You,

Yours Sincerely,

For Mahanagar Gas Limited

Atul Prabhu
Company Secretary & Compliance Officer

Encl.: as above



Mahanagar Gas Limited
Q1 FY'26 Earnings Conference Call

July 23, 2025

MANAGEMENT: **MR. ASHU SHINGHAL – MANAGING DIRECTOR**
MR. SANJAY SHENDE – DEPUTY MANAGING DIRECTOR
MR. RAJESH PATEL – CHIEF FINANCIAL OFFICER
MR. RAJESH WAGLE – SENIOR VICE PRESIDENT
(MARKETING)

MODERATOR: **MR. SABRI HAZARIKA – EMKAY GLOBAL FINANCIAL**
SERVICES



*Mahanagar Gas Limited
July 23, 2025*

Moderator: Ladies and gentlemen, good day, and welcome to Mahanagar Gas Limited Q1 FY'26 Earnings Conference Call, hosted by Emkay Global Financial Services Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. With this, I now hand the conference over to Mr. Sabri Hazarika. Thank you, and over to you, sir.

Sabri Hazarika: On behalf of Emkay Global Financial Services, I welcome you all to the Q1 FY'26 Post Earnings Conference Call of Mahanagar Gas Limited.

We have with us the top management of the Company, led by Mr. Ashu Shinghal – Managing Director, Mr. Sanjay Shende – Deputy Managing Director, Mr. Rajesh Patel – Chief Financial Officer, and Mr. Rajesh Wagle – Senior Vice President (Marketing).

Today's session would be a brief on the results, followed by Question-and-Answer round.

Before we begin, I would like to mention that some of the statements made in today's discussion may be forward-looking in the nature and we believe that expectations contained in the statements are reasonable. However, these statements involve a number of risks and uncertainties that may lead to different results. We urge you to consider that quarterly numbers are not a reflection of long-term trends or indication of full year results.

With that said, I will now hand over the call to Management. Over to you, sir.

Ashu Shinghal: A very good afternoon to you all and I welcome on behalf of MGL Management to the Earnings Call of Mahanagar Gas for the First Quarter for the financial year '25-26. I would like to thank you all for attending the call today.

MGL continues to create CGD infrastructure across its business segments in the license area. During this quarter, 16,348 domestic households were connected and thus, we have established connectivity for nearly 2.85 million households. We have also laid 79.08 kilometers of steel and PE pipeline, taking the total length to over 7,538.63 kilometers. We have 385 stations as on 30th June. We also have added 84 industrial and commercial customers during this quarter, and therefore, as on 30th June, we have 5,161 industrial and commercial customers in total.

During this quarter, there is an addition of 20,332 CNG vehicles, and now we have more than 1.1 million CNG vehicles registered in our geographies.



*Mahanagar Gas Limited
July 23, 2025*

With respect to Unison Enviro Private Limited, the wholly owned subsidiary, the Company has added 4 CNG stations during this quarter, and with this, it has 86 stations as on 30th June.

The Company has added 3,338 domestic households and have established connectivity for nearly 42,338 households and added one industrial customer during this quarter. Thus, we have 63 industrial and commercial customers as on 30th June. UEPL has laid 73.78 kilometers of steel and PE pipeline taking the total length to 435.56 kilometers. There was an addition of 3,939 CNG vehicles in UEPL area during this quarter, and with this, now UEPL has nearly 57,537 CNG vehicles registered in its geography as of 30th June.

Coming to MGL's operation:

Overall average gas sales of Q1 for the current financial year compared to the corresponding quarter of the previous year has increased to 4.229 mmcmd from 3.858 mmcmd, which is an increase of 9.61%.

Compared to Q1 of the current year, to the corresponding period of the previous year, sales volume in case of CNG has increased to 2.981 from 2.772 mmcmd, which is an increase of 7.54%. Sales volume for the domestic CNG has increased to 0.569 mmcmd from 0.547 mmcmd, which is an increase of 3.88%. In the case of industrial and commercial sales, commercial sales volume has increased to 0.679 mmcmd from 0.539 mmcmd, which is an increase of 26.09%.

During this quarter, we achieved overall average sales of 4.229 mmcmd as against 4.194 mmcmd in the previous quarter, which is an increase of 0.85%. The current quarter volume consists of CNG volume of 2.981, and a domestic volume of 0.569, while 0.679 mmcmd of gas has been supplied to industrial and commercial segments.

EBITDA from operations for the quarter is INR485 crores as compared to previous quarter EBITDA of INR378 crores, which is an increase of 28%. EBITDA excluding one-time trade margin reversal is INR373 crores and INR315 crores for the current quarter and Q4 of the previous year, respectively.

Net profit after tax for the quarter is INR324 crores as compared to previous quarter net profit after tax of INR252 crores which is an increase of 29%.

Coming to UEPL Operations:

During the quarter, the Company has achieved an overall average sales volume of 0.225 mmcmd as against 0.208 mmcmd in the previous quarter, which is an increase of 8.55%. Current quarter volume consists of CNG volume of 0.204 and PNG volume of 0.021 mmcmd.



*Mahanagar Gas Limited
July 23, 2025*

Compared to the previous quarter, sales volume in case of CNG has increased to 0.204 mmcmd from 0.189 mmcmd, which is an increase of 7.94%.

For the quarter ended this 30th June, MGL's consolidated entity has achieved total gas volumes sale of 4.455 mmcmd.

A scheme of amalgamation of UEPL with MGL was filed with NCLT in December '24. The NCLT has approved the scheme of amalgamation and pronounced its final order on 9th July with February 1, 2024 as appointed date of amalgamation. The scheme will become effective upon filing of the certified copy of NCLT order with the ROC, Maharashtra.

MGL has entered into an MoU with BMC for setting up of a CBG plant in Mumbai. During this quarter, the government of Maharashtra has approved the leasing of land to MGL at Deonar, Mumbai, for setting this plant.

With this, I conclude, and would now like to open the floor for questions. Thank you very much for your patience.

Moderator: We will now begin the question-and-answer session. The first question comes from the line of Probal Sen from ICICI Securities. Please go ahead.

Probal Sen: Thank you for the opportunity, sir. Congrats on a strong set of numbers. Two questions. One was that in this quarter, what was the sort of APM net allocation that we saw excluding new well gas, what is the exact percentage that we got for our priority segments? Number one. Second question was this amalgamation scheme, now that it has been approved, when can we sort of tentatively expect the full consolidated numbers to be available or rather be reported by MGL? And third, if you can give us some color on the CAPEX for the next couple of years, including on the CBG as well as on the battery venture and on our core business? Those are my three questions, sir.

Management: Thank you, Probal. First question was with respect to APM. APM, this quarter, domestic is 100%, as you are aware. As far as CNG is concerned, 37% of the total CNG volume were catered through APM gas. Does that answer your first question?

Probal Sen: Yes. Sir, just if I can have a small follow-up, how much was then the new well gas that we got in this quarter for CNG?

Management: New well gas was roughly 0.5 million.

Probal Sen: Understood. Right, sir. Right, sir. And the next couple of questions.



*Mahanagar Gas Limited
July 23, 2025*

- Management:** Yes. With respect to UEPL, after this pronouncement, the signed copies will be received by us in maybe one or two days now, okay? And within 30 days of that receipt of the copy, both these companies are supposed to file with ROC, companies' registrar within 30-days. And within that, I think seven, eight days, final order should come, okay? So, in our view, everything should get over by 15th of August, and you will see Quarter 2 as single entity for MGL and UEPL, okay? Coming to Company level, MGL core business CAPEX, along with UEPL, we should be incurring anywhere in the range of INR1,100 crores to INR1,300 crores for the next two years at least, okay? Coming to IBC, the first phase cost is roughly INR850 crores-odd, of that roughly INR350 crores to INR380 crores will be contributed by MGL, that is the range for the 40% stake in that Company. And this should happen gradually. At least the first phase is going to get completed by around April to June next year. So, at least 50% or more will go in the first phase. And maybe in the next six months, balance will go, okay? So, we expect from here around 18 months' time in a phase manner that outflow will happen. We have already paid INR35 crores, INR36 crores. So, balance INR300 crores or a little more than INR300 crores will be there in the next 1.5 years' time, okay? As far as CBG is concerned, the overall project cost is in the range of INR600 crores to INR650 crores, okay? This was an assessment sometimes back. We may have to reassess the cost. But as far as investment by MGL is concerned, since there is a JV partner, and there is going to be funding through debt and equity both, equity from MGL side should be in the range of around INR130 crores.
- Probal Sen:** Perfect, sir. Thank you so much. I will come back if I have more questions. All the best.
- Moderator:** The next question comes from the line of Yogesh Patil from Dolat Capital. Please go ahead.
- Yogesh Patil:** Thanks for taking my question, sir. Sir, let me continue with Probal's question. If you could provide the detailed breakup of gas sourcing in mmcmd unit from each source like APM, NWG, HPHT, Henry Hub and any other we are taking it from the spot or IGX that would be really helpful? You have already mentioned 0.5 mmcmd NWG. Apart from that, if you could provide?
- Management:** So, roughly 1.69 was APM, that is domestic as well as CNG both. 0.5 million is HPHT. Little less than 0.5 million is NWG. Henry Hub, we have contracts of around 1.45, but we consume a little less because NWG was available. So, we might have consumed this quarter around 1.15. And though we say we bought spot, it was all HPHT through IGX, which was also again in the range of around 0.4.
- Yogesh Patil:** Okay. So, sir, despite of sharp decline in Henry Hub prices and the crude linked prices during the Q1 versus the Q4 FY'25, your cost of gas per unit has remained flat. Is it because of APM deallocation during the quarter or is there any reason?
- Management:** See, average APM received in Q4 was around 47%. Against that, APM received in this Q1 is around 37%, okay? And that 10% reduction has been replaced by NWG and other gases. So, more or less,



*Mahanagar Gas Limited
July 23, 2025*

the increase in the cost due to reduction in APM and reduction in rates of other gases has compensated and roughly cost of gas per molecule on a weighted average basis has remained same. Your observation is correct.

Yogesh Patil: Sir, our operating expenses per unit during the quarter was INR6.6 per SCM. So, generally, remain in the range of INR6, INR6.1, INR6.2 except 4th Quarter. So, is there any higher expenses during the quarter, which is one-off kinds of expenses and which lead to INR6.6 per SCM in this quarter?

Management: There is not much one-off. But let's say, compared to last year, this year Q1 we have done a little bit more on CSR. So, you will see that little lesser in the subsequent quarters, whereas last year, the CSR expenses were back-ended slightly. So, that is one. Other than that I do not think any major expenses are booked. Maybe slight increase is there compared to earlier quarters. Yes, repair maintenance and some amount of lease rent has increased on account of some new plots which are taken by us, and also, there was some past period demand for some lease rent in the range of few crores, which is a one-off item.

Yogesh Patil: Sir, if you could share the total CNG vehicle additions during the quarter compared to the last quarter Q4 FY'25, that would be helpful? And lastly, also, if you could throw some light on the seven member committee report draft, when we can expect any timeline from your side?

Management: Vehicle addition was around 20,300 in Q1 against Q4 of 27,000 addition last year Q4. And coming to that Bombay High Court Committee, more or less several meetings have taken place. So, we are still waiting for some fine-tuning of the draft recommendations and some more data is required. So, we expect within a few weeks, the final recommendation from our side will be ready which we will be submitting to the court.

Yogesh Patil: Thanks a lot, sir and best of luck.

Moderator: The next question comes from the line of Yash Nandwani from IIFL Capital. Please go ahead.

Yash Nandwani: Thanks for the opportunity. Sir, my first question is on the slowdown in the CNG volume growth. We have seen about 10% growth or even higher in the last few quarters. This quarter it has a little bit slowed down to 7.5%. So, is it just because of the early monsoon or is there any other reason?

Management: Well, it is very difficult to pinpoint exactly what are the reasons because we typically do not have data at that level of granularity. But if you look at trends, our BEST volumes have been going down. Then in Q1, the number of new vehicles sold is also down. The second part was, there has been a slowdown in new vehicle addition in this quarter primarily because there has been a significant increase in the price of new cars. So, typically, we used to have about 15,000-odd cars, private



*Mahanagar Gas Limited
July 23, 2025*

vehicles and cabs, which used to come on to CNG every quarter, that has gone down by about 5,000-6,000. So, these are the two reasons. Early monsoons could have an impact on it, but apart from these, I mean, we have not been able to really pin down any very, very concrete reasons for the slowdown. Ups and downs keep happening as long as the trend is towards on increasing side, it is very difficult to ascribe reasons to these.—

Management:

And it may vary; some quarters may see a better result and maybe some monsoon effect could be there because this year, monsoon has arrived slightly earlier as compared to maybe last year. And still, we have got around 7.5% Q1 of last year versus Q1 of this year. So, yes, you are right, not 10%, but at least growth numbers are there, and we expect that going forward in the next three quarters, we will take some steps to ensure that some growth does happen.

Yash Nandwani:

Sir, my second question is basically a continuing question on the gas allocation. Sir, what is the APM and NWG gas allocation currently for 2nd Quarter and how it is expected to be 3rd Quarter since it is expected that you will receive the allocation two quarters in advance now?

Management:

So, the intimation although it is there mentioned six months in advance, some fine-tuning does happen 15 days or one month in advance. So, as of now, we have around 37% APM and around 16% new well gas. So, we expect adjustment happening not to a very great extent because already last six months, we have seen several adjustments, which has happened. So, we do not expect much reduction as of now, but we do not know really because our experience in the last seven, eight months has been that there has been a lot of variation in allocation, sometimes going up and down. But please be rest assured that since the LNG volumes also we have marked with the term contracts as well as new well gas is getting allocated, the crude is low. So, HPHT gas is also coming on for sale. So, we are well covered. And we think going forward the trend is that LNG prices will be softened, and therefore, we expect to manage lower allocation of APM also. But just to reiterate that APM allocation for domestic is 100% available. And this trend is expected to continue like this for a long time because whatever gas is coming, first priority is given to domestic PNG. CNG, the government believes that it can absorb a higher gas price, and MGL as an entity has better margins as compared to some of our peers as well as we have CNG prices which are lower. So, those levers are available with us, and we can do some price adjustment depending on volume growth and our expectations on margins. I hope that answers your question.

Yash Nandwani:

Yes, sir. Thanks a lot.

Management:

To just comment on the volumes a bit, historically, they have always given guidance on a long-term CAGR kind of a basis. It will not necessarily target will be hit every quarter or something like that. So, these ups and downs are there, but the volume guidance is always slightly longish-term, directional.



*Mahanagar Gas Limited
July 23, 2025*

- Management:** And as per past trend also, Q1 slightly remains lower, maybe because of school vacations, a lot of buses do not operate. That could be one of the reasons. And if you look at number of vehicles added in last Q1, more or less, it is in the same range as 20,000 plus. Of course, Q4, it is lower.
- Moderator:** The next question comes from the line of Amit Murarka from Axis Capital. Please go ahead.
- Amit Murarka:** Hi, thanks for the opportunity. On UEPL, I think you had earlier mentioned that there will be some unabsorbed depreciation and tax losses, which would be available once the merger is done. Could you quantify how much of that is?
- Management:** See, we would not be able to give you the quantum, but what I'm saying is or what I have mentioned earlier also is, today, as an independent entity, whatever capital expenditure being done by UEPL does not get tax benefit because they have cumulative losses yet to be absorbed. But once it is a single entity, all the capital expenditure will become eligible for depreciation because as a single entity, it is a profit-making entity. And there will be some tax benefits on account of merger definitely. So, these are the two aspects on which there will be tax benefits. So, it is a mainly timing difference, let us say individual CAPEX of UEPL, which would have got tax benefit after maybe two to three years since it is part of MGL now or it will be part of MGL now, it will be faster, okay?
- Amit Murarka:** Understood. And also like on the CAPEX and network expansion, like what is the target of CNG station addition this year?
- Management:** Last year, we added 66 stations, maybe around 40 from MGL and 26 from Unison. But this year, we target around 80 new stations to be added.
- Amit Murarka:** Sure. Also, there is a trend of declining throughput per station actually if you see. Obviously, I mean, there is time that. Just wanted to, in that context, understand like in your understanding how much time does it take for a station to fully mature and reach optimal levels of volume?
- Management:** Look, typically, a good chunk of these new stations are coming up in the daughter booster more because in far-flung areas of GA-2 and GA-3, our pipelines have not yet reached. The typical throughput of a daughter booster station is much lower than the throughput of our online station. So, if the ratio of daughter boosters to online is higher, the overall throughput decreases. But whenever we open a new daughter booster station, that reaches its plateau volumes pretty quickly in about two, three months.
- Amit Murarka:** Okay. So, the decline in throughput is largely you are seeing because of the increase in ratio of daughter booster to online?



*Mahanagar Gas Limited
July 23, 2025*

- Management:** Yes, yes.
- Management:** Since we add number of stations like last year 66, so it takes some time for those geographies to actually people start taking vehicles or moving, seeing the queuing problem also, -- it takes some time as Rajesh mentioned, maybe a few months it will take to come up to the earlier levels.
- Amit Murarka:** Got it. And lastly, just you had also spoken about a scheme wherein the tie-up with BEST filling of, I think, commercial vehicles there. So, is that scheme fully rolled out or you are in the process of doing that?
- Management:** We are targeting 15 stations. About two months back, we were at 2. Now 6 more have got added. The remaining 5-6 I think will be added by the end of this month or August.
- Moderator:** The next question comes from the line of Varatharajan from Antique Limited. Please go ahead.
- Varatharajan:** Thanks for the opportunity. Sir, on the mix of volume in Zone 1 and Zone 2 transportation, so if you have a number to share?
- Management:** See, as far as MGL is concerned, the Zone 1 should be around 68% to 70% and Zone 2 is around 30%- 32%.
- Varatharajan:** HPHT will be completely Zone 2?
- Management:** You are correct. I think HPHT everything is Zone 2. All is from KG Basin. Everything from KG Basin will be Zone 2.
- Varatharajan:** Fair enough, sir. My second question was on the CAPEX side now. If you can give some kind of a breakdown to indicate how much is going where? For example, you are adding 80 outlets. So, maybe like it broadly costs INR3 crores or INR4 crores per outlet. Where is effectively going? So, how much of pipeline you are planning? And what are the other expenses like which you would be doing and if that can be also broken up between Mumbai GA-1, 2 and 3 and other than that, like any you need to add?
- Management:** See, at a Company level, I will give you the breakup. Mostly you are right. If I'm putting 80 stations, somewhere in the range of -- I am talking about UEPL as well as MGL both, it should be around INR300 crores to INR350 crores, depending on other than equipment, if I am able to take either land on outright purchase basis or on long lease basis, okay? It can range between INR300 crores to INR350 crores, okay? Then another INR250 crores, INR300 crores will go mainly into steel trunk line. Majority of that will be in UEPL area also and also in GA-3 where we are still connecting,



*Mahanagar Gas Limited
July 23, 2025*

putting up trunk line. Very small part could be in GA-1 for maybe supply security or looping of area, etc., Some part of steel still will be there in GA-2 as well, okay? Because some of the municipalities, we are laying trunk lines in GA-2. Rest is all further branching out, reaching out to customer or medium pressure lines post these steel trunk line. So, if you take 300, 350 CNG, another 250, 300 is purely steel line and maybe balance is medium pressure line, last-mile connectivity, connecting industrial commercial customers, etc., Some part could be there for other CAPEX like INR50 crores to INR100 crores, okay, which may include adding small offices in different regions for CRM and O&M purposes and some IT and other CAPEX, which could be in the range of INR50 crores to INR100 crores out of INR1,200 crores or INR1,300 crores of CAPEX.

- Moderator:** The next question comes from the line of Maulik Patel from Equirus. Please go ahead.
- Maulik Patel:** Just one thing on that JV which you made for the IBC, you mentioned that the total investment from your side will be close to around INR360 crores, right?
- Management:** INR375 crores, yes.
- Maulik Patel:** And we will be holding around 40%, 45% stake, correct?
- Management:** 40%, 44% is current holding, but that is for a temporary period. Ultimately, 40% will be ours, and 60% will be IBC.
- Maulik Patel:** From an accounting perspective, you will just add the associated profit in your P&L, right?
- Management:** Yes, yes. It will not be line-by-line consolidation, it will be only profit pickup from that.
- Maulik Patel:** And second is you mentioned that after many, many quarters, the volume growth on a YoY basis has come down to 7.5%. But the current month of July has been trending in a similar line, or it has been relatively improved than what you had in Q1?
- Management:** July numbers, just give me 5, 10 minutes, I will get back to you on that.
- Maulik Patel:** Sure. Thank you very much.
- Moderator:** The next question comes from the line of Nitin Tiwari from PhillipCapital. Please go ahead.
- Nitin Tiwari:** Hi, sir, thanks for the opportunity. Just staying on the volume bit, so what is our current guidance for volume growth for FY'26 and '27 as a whole and also our guidance for margins? And I also wanted to understand the margin perspective from the recent tariff reforms that PNGRB has notified which



*Mahanagar Gas Limited
July 23, 2025*

perhaps would lead to like, I mean, the applicability of Zone 1 tariff for CNG. So, how do we see that impacting our margins if you can throw some light on that?

Management:

Q1 volume has been slightly low as has been evident. But if you see Q1 volume overall of last financial year versus this financial year, it is still a 9.6% growth. So, for this financial year, although we have said that nearing double-digit or high single-digit volume growth is expected, which we expect, again, high single-digit number should be there by the end of this financial year. Regarding that margins, although EBITDA per SCM for this quarter has been around INR12.6. But going forward, last quarter has been INR10. This INR12.6 also includes some trade margin, which is a single point entry. So, without that, it is around INR10. So, we expect around INR 9.5 or so by the year end the margins number. Regarding the tariff, it will be around INR0.60, INR0.70 per kg CNG impact. But we will see when it is implemented and what are the final numbers for both the zones. And some of it if required, we can pass on to the customer. Again, it all will be depending on alternate fuel cost and overall margins on our balance sheet.

Management:

Just to add to this, as I said earlier, my current purchase mix is 68% to 70% in Zone 1, okay, and 30% to 32% is in Zone 2, okay? Now the manner in which this PNGRB zone wise tariff is implemented, though we do not know the rate, for all priority purchase, it will be Zone 1 rate, correct? And if you look at MGL total volume out of this 85%- 84% is priority volume. So, there will be some increase, but the Zone 2 tariff which we are paying maybe in the range of 32% or so, 50% of that will again be falling in Zone 1 because my 15% is the only volume which is in I&C, okay? So, there will be some savings on account of Zone 2 getting classified in Zone 1 because of the priority volume and also some volume because of the rate increase, there could be an impact.

Nitin Tiwari:

Got it, sir. And sir, second question is around our LNG business. And also like you had indicated in our last meeting that there are two large stations being planned on the Mumbai Port, I suppose. So, what is the status of those two stations?

Management:

These stations are being done through Mahanagar LNG Limited, (MLPL) and we have one station operating from MGL side and one Aurangabad station is operating since last October, one more has become ready in Madhya Pradesh in a place called Seoni and 3-4 more stations we are expecting this year to be added. So, 1 will be in Bhiwandi, 1 will be in JNPT and one will be in Amravati and 1 more we are exploring in Maharashtra. So, by the year end, we expect around in total MGL including maybe 6-7 stations will be there.

Nitin Tiwari:

Understood, sir. And what is the status of two large CNG stations that you are planning?

Management:

Yes, that is also underway, and there was some delay because of some permissions from some of the state authorities but we have put it on fast track. So, another seven, eight months, we expect to



*Mahanagar Gas Limited
July 23, 2025*

commission one in Sion, that is in Wadala and the other one will be also commissioned in seven, eight months time.

Moderator: The next question comes from the line of Somaiah from Avendus Spark. Please go ahead.

Somaiah: Sir, the first question is on the new well gas mix. So, this 0.5 mmcmd is roughly around 15%, 16%. So, is this the max that we can get or is it because our portfolio we already have HPHT and Henry Hub, so 15% is something that we have opted for?

Management: Ideally, I think any reduction in APM should get replaced by NWG. Because it is basically reclassification of the gas produced from the same well. Unless there is a production going down at the well, whatever is a cut in APM should get replaced by NWG. So, there is no clear cut guideline how much NWG will be available. So, I am not able to very confidently say how much it will be going forward. Because in the past few months, you have seen the manner in which APM cut and NWG replacement has happened, okay? I do not think any linkage is done with HPHT because HPHT we are independently bidding and getting the gas. Ideally, APM and NWG should be considered based on the production from the old fields.

Somaiah: Got it. So, at 16%, whatever is the allocation we have got it completely, it is not because of portfolio mix we have taken --

Management: No, no, I do not think so there is any dependence on that. No.

Management: New well gas whatever is reclassified as from APM to new well gas, again, new well gas is given on priority to CGD only.

Management: APM plus new well gas, I am getting around 2.2 mmcmd overall.

Somaiah: Sir, also on the marketing program that we do on the commercial vehicle side, so this 2.0, where are we on that? I just want to understand.

Management: Yes, the marketing scheme was closed on 31st March. In Q1, we did not run the scheme. Q1 is typically a slow quarter for commercial vehicle sales, etc., and at an appropriate time, we will reinstate the schemes.

Management: We are also exploring some bulk customers. In case we get some bulk customers, we will do it on B2B type of a deal with customers to see that more fleet of heavy commercial vehicles are added.



*Mahanagar Gas Limited
July 23, 2025*

- Management:** So, we are looking at large fleet operators, transporters, etc., and trying to work out bulk deals with some of them.
- As regard to the **previous question on CNG sales trends in July**, the volume is marginally higher than Q1, not appreciably higher, but marginally higher, directionally it is more than the volume of Q1. This is just for the first couple of weeks of July for which data is available.
- Somaiah:** Sir, the BEST volume decline, if you could just quantify that on a YoY basis, what would have been the impact?
- Management:** Last year, around this time, BEST, we were selling about 125,000 Kgs per day. That is down to about 98,000 Kgs per day.
- Somaiah:** Understood, sir. Sir, one last question is on the CAPEX. So, you did mention INR1,100 crores at a core business level. So, including the equity investment, so it is roughly around INR1,300-1,350 crores of run rate per year including both the other investments.
- Management:** Yes, you are right because INR1,100 crores or INR1,200 crores does not include the diversification or the new Company investments.
- Moderator:** The next question comes from the line of S. Ramesh from Nirmal Bang. Please go ahead.
- S. Ramesh:** Good evening and thank you very much. So, if we were to look at the UEPL performance this quarter, can you just take us through the revenue, EBITDA and PAT? And how do you see the UEPL volumes perform over FY'26-27 based on the CAPEX you are doing and the growth in the infrastructure?
- Management:** EBITDA in the current quarter is around INR16 crores. There is a marginal decrease compared to previous quarter, which was around INR17 crores in absolute value terms. And volumes presently, they are 0.204 mmcmd only for CNG and another for PNG is around 0.021. So, roughly 0.225 mmcmd is the overall volume on quarterly average basis. And we expect that growth should be in the range of 30% every year this year, maybe in next two, three years.
- S. Ramesh:** Are they making profit after tax or you are still losing money there?
- Management:** No, no, it is making profit after tax.
- Management:** Last year, it has made profit after tax of around INR21 crores.



*Mahanagar Gas Limited
July 23, 2025*

- Management:** And Mr. Ramesh that includes the interest cost, which is actually an income for MGL also. It is definitely profit-making.
- S. Ramesh:** So, in terms of the CAPEX you are doing, including UEPL, you are talking about INR1,100 crores, INR1,200 crores, so if you look at the ballpark ROCE expectation, when do you think you will be able to achieve the normalized ROCE on the incremental CAPEX you are doing in the next two years? Can we assume that it will start happening by FY'28 once assets stabilize in your gas sourcing and the volume growth stabilizes or will it take, say, another three years? So, when do you think there will be visibility on the cash flows and the ROCE on the incremental CAPEX you have?
- Management:** I think it should take three to four years from here.
- S. Ramesh:** Okay. Fair enough. So, one last thought. Now if you are looking at the long-term cash flows and the CAPEX, when do you think you will achieve the growth CAPEX and when would you move towards a normalized maintenance CAPEX and what will be the normalized maintenance CAPEX to evaluate the long-term cash flows and value the firm on a DCF model because your CAPEX leads to a back-ended return, you will possibly have a good idea in terms of when you think that will achieve a steady state. Can you give us some sense in terms of what will be the steady state CAPEX and when do you think you will achieve that?
- Management:** See, if we look at existing MGL business, maybe for trunk line, etc., maybe it may take another three to four years, not beyond that and then whatever remains could be very marginal. And even on account of CNG stations required to cater to the population or making a scenario where you move in and move out of the station very fast, it should not be more than four to five years, putting up new stations and adding. And there also mainly in GA-3 and GA-2, okay? So, our CAPEX for MGL existing GA should taper down within four to five years and then only last-mile connectivity for customers who get added. So, even if I am running at 3 lakh connections per year, and we have already reached out to almost 2.7 million households, considering 4 million, that also I think takes another four, five years max in my view. When it comes to UEPL, I think the CAPEX cycle should be for another at least six, seven years minimum. But that will be a smaller this, maybe initially a few years 150 to 200, and then it should taper down to below 100 for next four, five years. We do not segregate on DCF this, but CNG business should have a replacement CAPEX a little earlier... when I say a little earlier, around 15 to 18 years, mainly the equipments I am saying, but rest of the CAPEX, it is pretty long, minimum 25 years and beyond it is. Of course, barring some of the assets which are above ground, like say, risers or meters, etc., which may need replacement again, 15 to 18 years' time. So, majority of CAPEX last very long. As per PNGRB at least I think 25 years is the authorization period, beyond that it should last. But we do not have history in India. Globally, I think there are examples where 40 to 60 years also PE lines and steel lines in the range of 40 years should be there.



*Mahanagar Gas Limited
July 23, 2025*

- S. Ramesh:** That is useful. Sir, can you give us some color on the GA-3 volumes this quarter? And what is the kind of growth you expect? And what is the kind of CAPEX required in GA-3 in the next one to two years?
- Management:** GA-3 volumes presently are 0.2 to 0.245 and current quarter GA-3 volume I think 0.324.
- S. Ramesh:** Okay. And how do you see the growth in the FY'26, '27?
- Management:** FY '26, '27, I think it should grow at, at least 15% to 20%.
- Management:** Probably a bit more, same as UEPL around 30% or so.
- S. Ramesh:** Okay. And what is the CAPEX required in GA-3 specifically? And also on the shifting from daughter booster to online stations, when do you think that will happen?
- Management:** The shifting from daughter booster to online is a slightly long process because we have to lay long pipelines to reach all the places. But what we are also doing is we are adding three more city gate stations. So, one will be added in this month only at Usarghar and two more will be added in maybe 7, 8, 9 months or in a year's time or so. So, that will ease out. Our daughter booster stations will be gradually converted to online station. But at the same time, we are adding more stations every year in this geography. So, there will be definitely more DBS also will be coming on. And maybe in two, three years' time, the things will get normalized, then it will be mostly on online and some still be operating on DBS because everywhere, we will not be able to lay the pipeline to make every station online.
- Moderator:** The next question comes from the line of Mr. Arya Patel. Please go ahead.
- Arya Patel:** I just had one question. So, what was the average realization for industrial and commercial customers in Q1 as well as the average realization in FY'25 and Quarter 4 FY'25?
- Management:** Industrial and commercial average realization without tax is around INR50, okay? And it is slightly lower, maybe around 5% lower linked to Brent compared to last quarter. So, INR50 is the average for the last year. And this quarter, it is slightly lower, 5% lower.
- Arya Patel:** Got it. And what was Q4, sorry?
- Management:** Specifically for Q4 also was in the same range, INR50 average realization, which ranges some segment more than INR50, some segment near INR50 or a little less INR50, mainly commercial LPG



*Mahanagar Gas Limited
July 23, 2025*

bottle-linked segment is earning higher and the LDO/FO-linked customers between INR45 to INR50 is the range.

Moderator: The next question comes from the line of Sagar Kapadia from Prabhudas Lilladher.

Sagar Kapadia: Sir, recently, we have read news that MSRTC is going to procure more of this hybrid CNG, LNG buses. So, I wanted to know, earlier, we used to give figures how much conversions have been made from the MSRTC buses. And also I would like to know in our geographical area, how many bus depots of MSRTC are there? And what are the plans of MGL? How many CNG stations can be established in those bus depots?

Management: Currently around 600 buses of MSRTC are running, and they had added some more buses in the last few months. However, there is some potential because as they are having a fleet of around 18,000 buses, but that is all across Maharashtra, and they are, I mean, having both the options. They are also exploring LNG option and CNG option. So, we are in touch with them. Some more MSRTC stations we are adding gradually. As of now, maybe around 12 or so are operating right now.

Management: Going forward, they will be informing us as regards which depots they will be deploying these buses, mainly they will be in the Raigarh district, GA-3, a few in GA-2, and we will upgrade or add infrastructure as required to fuel those buses.

Sagar Kapadia: Okay. Sir, so that can compensate for the lesser volume of the BEST, which has declined?

Management: To some extent, yes. But BEST, we were operating around 3,000 buses at one point of time. Now it has come down to 1,800 buses. So, yes, you are right, MSRTC will compensate for some, but we are also in touch with BEST, let us see if something gets materialized there also.

Sagar Kapadia: Okay. So, we said we are operating 600 buses on CNG, right, from the MSRTC side, currently?

Management: Yes.

Sagar Kapadia: Okay. So, that number can improve if they go for the option of CNG?

Management: There will be a mix. I mean, it is not that only on CNG. There will be a mix of both CNG, LNG and diesel.

Moderator: The next question comes from the line of Keshav from Kotak.

Keshav: Sir, can you please give us GA-wise volume breakup and the YoY growth rate?



*Mahanagar Gas Limited
July 23, 2025*

- Management:** Around 50% is from GA-1 and around 0.3 was GA-3 and balance is GA-2, maybe around 45% or so.
- Management:** Total volume for this quarter is around 4.23. GA-1 is 1.9, GA-2 is 2 million and 0.33 is GA-3.
- Keshav:** And sir, can you also help us with YoY growth rate of this volume?
- Management:** So, if you compare Q4, average FY'24, there is slightly degrowth in GA-1, but GA-2 has grown from 1.85 to 2, and GA-3 has grown from 0.24 to 0.333.
- Moderator:** Thank you.
- Management:** There was one question by Mr. Ramesh regarding GA-3 CAPEX, GA-3 CAPEX planned for this year '25-'26 is in the range of INR200 crores.
- Moderator:** The next question comes from the line of S. Ramesh from Nirmal Bang.
- S. Ramesh:** As a follow-up to the question, so if I look at your overall business now in terms of the gas sourcing and the price increase required, what is the additional price increases required to improve margins? And when do you think you will be able to do that? And if you see gas prices remaining stable at these levels, do you see the operating leverage and volume growth helping you improve your EBITDA growth and earnings growth, say, over the next few quarters?
- Management:** So, Ramesh, if I exclude the one-time reversal of trade margin from both the quarters, this quarter as well as the previous quarter, my Q4 EBITDA was 8.35 per SCM and my Q1 this year EBITDA is 9.68 to be very precise. So, actually, there is a growth in EBITDA margin, okay? And that also, I am saying will improve because Brent in the Q1 was slightly lower. So, realization in industrial and commercial compared to previous quarter, our previous average was lower by 5% to 6%. We expect that if Brent remains on average, better than Q1, then that will also add somewhat. And gas costs, I am seeing on the softer side. So, right now, I think on margin front, we did not do anything unless there is some change in the input gas costs or any other factors like foreign exchange or allocation.
- Management:** Tariff also.
- Management:** And zone-wise tariff.
- Management:** So, as mentioned earlier also, Mr. Ramesh that we are having good margin on EBITDA also. Earlier if you used to track our margins, we were in the range of INR7 or so. So, now we are in the range of INR9.5. Secondly, we are still selling CNG at a lower price as compared to many of our peers. So,



*Mahanagar Gas Limited
July 23, 2025*

therefore, we have some margins available there also to pass on the price in case it is required. Also, it depends on how petrol, diesel prices fare and what is the movement of Brent and the procurement of all the cost for LNG also. So, all this is a, I mean, dynamic situation. So, we keep a track on these parameters to take a decision on price hike or price reduction in CNG. The other segments are more or less every month; we do the price declaration.

Moderator: Ladies and gentlemen, we will take this as a last question for today. I would now like to hand the conference over to the management for closing comments.

Management: I would like to thank once again all the investors for placing faith on the Mahanagar Gas and wish you all the best. Thank you so much for joining in.

Management: Thank you.

Moderator: Thank you. On behalf of Emkay Global Financial Services Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.

(This transcript has been edited, without altering the content, to ensure clarity and improve readability.)



*Mahanagar Gas Limited
July 23, 2025*

Registered Address: MGL House, G-33 Block,

Bandra-Kurla Complex, Bandra (East),

Mumbai – 400051, Maharashtra

Contact details: investorrelations@mahanagargas.com

Website: www.mahanagargas.com

CIN: L40200MH1995PLC088133