



MAHANAGAR GAS LIMITED

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Date: November 07, 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 and half year ended September 30, 2025

In continuation to our letter dated October 30, 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 October 30, 2025 on the Standalone and Consolidated Financial Results and operational performance of the Company **for the quarter and half year ended September 30, 2025.**

The said transcript is also available on the website of the Company at www.mahanagargas.com.

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
Q2 FY 26 Earnings Conference Call”
October 30, 2025**

**MANAGEMENT: MR. ASHU SHINGHAL – MANAGING DIRECTOR
MR. AJAY SINHA – DEPUTY MANAGING DIRECTOR
MR. RAJESH PATEL – CHIEF FINANCIAL OFFICER
MR. MUKESH PANHOTRA – ASSISTANT VICE
PRESIDENT MARKETING**

MODERATOR: MR. YOGESH PATIL – DOLAT CAPITAL

Moderator:

Ladies and gentlemen, good day, and welcome to Mahanagar Gas Q2 FY '26 Earnings Conference Call. As a reminder, all the participant lines will be in the lesson 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Yogesh Patil from Dolat Capital. Over to you, sir.

Yogesh Patil:

A very good afternoon to everyone. I would like to welcome all the participants to this Q2 FY '26 Mahanagar Gas Limited Conference Call. We have with us management represented by Mr. Ashu Singhal, Managing Director; Mr. Ajay Sinha, Deputy Managing Director; Mr. Rajesh Patel, Chief Financial Officer; and Mr. Mukesh Panhotra, AVP, Marketing.

Before we begin, I would like to mention that some of the statements made in today's discussion may be forward-looking in 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.

So now I would like to hand over the call to Mr. Ashu Shinghal for his opening remarks, and then we can move to the question-and-answer session. Sir, floor is open for you

Ashu Shinghal:

Thank you, Yogesh. A very good afternoon to all of you, and I welcome you on behalf of MGL management to the earnings call for the second quarter of this financial year '25-'26. I would like to thank you all for attending our earnings call today.

I would like to commence with an update pertaining to the approval of the scheme of amalgamation by the Honorable National Company Law Tribunal, NCLT, by its order dated July 23, '25 and Unison Enviro Private Limited, a wholly owned subsidiary of the company, has amalgamated with this company, with MGL with effect from 1st February 2024.

Accordingly, the financial statement for the previous periods have been restated to give effect to the said de-amalgamation. All figures referred in today's address represent the consolidated performance of the organization as a single legal entity.

MGL continues to create infrastructure across its business segments in the license area. During this quarter, 53,566 domestic households were connected, and therefore, we have established connectivity for nearly 2.94 million households. We have laid 87.4 kilometers of steel and PE pipeline, taking the total length to over 8,061.62 kilometers. We added 14 CNG stations during this quarter. And with this, we have total 485 stations as on 30th September '25.

We added 116 industrial and commercial customers during this quarter. And –at the end of this quarter, we have 5,316 industrial and commercial customers. During the quarter, there is an addition of 27,150 CNG vehicles, and now we have more than 1.22 million CNG vehicles registered in our geographical areas.

Coming to MGL operations during this quarter, we achieved overall average sales volume of 4.593 MMSCMD as against 4.454 MMSCMD in the previous quarter, which is an increase of 3.11%. Current quarter volume consists of CNG volume of 3.22, DPNG volume of 0.582, and 0.757 MMSCMD of gas was supplied to industrial and commercial customers.

Compared to the previous quarter, sales volume in case of CNG has increased from 3.185 MMSCMD to 3.255 MMSCMD, which is an increase of 2.19%. Sales for domestic PNG has increased from 0.571 MMSCMD to 0.582 MMSCMD, which is an increase of 1.69%. And in the case of industrial and commercial, sales volume has increased from 0.698 MMSCMD to 0.757 MMSCMD, which is an increase of 8.45%.

Average gas sales volume for Q2 of the current year compared to the Q2 of the previous year has increased to 4.593 MMSCMD from 4.205 MMSCMD, which is an increase of 9.22%. Q2 volume consists of CNG volume of 3.25, DPNG volume of 0.582 and 0.575 MMSCMD was supplied to industrial and commercial.

Overall average gas sales volume for H1 of the current year compared to the H1 in previous year has increased to 4.524 MMSCMD from 4.116 MMSCMD, which is an increase of 9.91%. H1 volume consists of CNG volume of 3.22, PNG volume of 0.576, and 0.727 for industrial and commercial customers.

EBITDA from operations for this quarter is INR338 crores as compared to previous quarter EBITDA of INR501 crores. Net profit after tax for this quarter is INR193 crores as compared to previous quarter PAT of INR320 crores. It may be noted that in Q1 this financial year, there was a onetime reversal of OMC trade margins. H1 EBITDA is INR839 crores compared to previous year H1 EBITDA of INR850 crores. Net profit after tax is INR513 crores for H1 as compared to INR576 crores in the H1 of the previous year.

With this, I conclude my opening remarks and would like to open the floor for the questions. Thank you very much for your attentive listening.

Moderator: The first question is from the line of Probal Sen from ICICI Securities.

Probal Sen: Sir, just a couple of questions. First was, I just wanted to understand the reasons for the cost increase that we have seen, seems to be quite steep compared to last quarter. So, in that sense, the margins have taken a little bit of hit. Just wanted to understand any particular source which sort of increase in cost? Was it APM allocation that decreased? Or is there any other onetime factors that we should look at as a result of reflection of UEPL's numbers? If you can just expand on this a little bit to help us understand what has happened to margins this quarter?

Rajesh Patel: Yes. Your observation is correct. Compared to Q1, Q2 margins are reduced. And also, your observation is right that mainly it is on account of gas costs, apart from some reason on account of a little bit realization and maybe very nominal on account of opex. Coming to gas costs, there are three, four factors which has impacted the gas cost compared to Q1. Gas mix. As we have grown in volumes, the weighted average cost has gone up because of catering through spot RLNG and HPHT. Some amount of NWG has also come down compared to Q1, and it has not

been replaced in the equal proportion APM,. So APM plus NWG put together compared to Q1 has reduced. So that is another reason.

Probal Sen:

Sir, how much is the percentage? If I can get a number in terms of Q1 versus Q2, APM plus NWG of the priority allocation?

Rajesh Patel:

APM has marginally reduced, say, from 1.7 to around 1.68. And NWG has come down from 0.5 million to around 0.35. That's the absolute number I'm sharing with you. Because of this, overall impact is roughly INR0.70, INR0.75 per SCM. Another important factor is exchange rate, which has moved up almost by an average for Q1 to Q2 by INR2. So roughly, that has contributed a little more than INR0.50 per SCM.

One more factor is there is a concept called uniform base price. So apart from APM price, GAIL commingle the CBG gas. And so though applicable price of APM is \$6.75, the effective price along with CBG was almost equal to \$6.99 or \$7 in a way. So there was an increase compared to Q1 of \$0.20, which roughly comes to around INR0.20, INR0.22.

One more factor in case of gas cost is, in the Q1, there was some advantage in one month because of Brent coming down below \$65. So we had APM price, whereas APM price on an average has gone up in this quarter for all the months, it was at ceiling rather than any time below ceiling.

In case of I&C realization compared to Q1, linked to alternate fuel has slightly come down. But there is a quite good amount of reduction in case of bulk LPG prices. So there, our commercial segment, we have lost out at least a little more than INR2 on margin per SCM. So this is gas cost realization.

And on opex, I think we have inched up by around INR0.15, INR0.20. So, all that put together, you see EBITDA movement from around INR9.68 to roughly INR8 per SCM during the quarter.. We see that some amount of a little bit compensation in terms of increase in APM has been done in this quarter, but marginally, not the full amount of NWG cut. So, we see that going forward, there could be improvement in the gas cost.

Probal Sen:

Sir, just as a small follow-up then with respect to -- thank you for clearly articulating the impact on margin. But just to understand for second half then, how can we actually mitigate some of this? The exchange rate hit is going to remain there, no matter what. I guess the APM price can still reduce because Crude has once again softened and can come below the ceiling price.

But the exchange rate impact plus the impact of the low allocation to begin with, as you said, it's only marginally improved. So is there a price rise that we can be looking at? And if so, what kind of interval should we be sort of looking at for these cost increases to be passed through?

Rajesh Patel:

So, I think you are giving answer to me yourself that one of the option is definitely price rise, but we will be very cautious in calibrating before doing any price rise in case of CNG, where we are more to drive volumes. Even in case of industrial commercial, we want to drive first volumes and then margins actually can be or prices can be changed. One more factor which is in our hand is if you see the gas composition, we have almost gone more than 0.3 HPHT or RLNG through

IGX. So, our all term contracts getting fully consumed, and we are buying spot, either HPHT or RLNG. So, we will be soon converting into term contract.

Also, there is a likely availability of HPHT, almost 12 million, I think, long-term contract is likely to come up in the month of January 2026. And I think that will give us a good respite, if not Q3, Q4 certainly.. And of course, as you said, we have taken price increase also in the last quarter and some marginal INR0.50 increase again in the month of October as well. So, we will do our best to maintain margin.

Probal Sen: Last question, sir, in terms of guidance, therefore, should we still be working with somewhere in the vicinity of INR9? Or do you think that it's more reasonable to expect a slightly lower number, at least for the second half of this financial year and then maybe improving '27 onwards?

Rajesh Patel: My guess is at least for Q3, you can hold on or you can consider INR8.5 because I'm talking from perspective of what factors we can improve on. And depending on externally how much HPHT because HPHT do come from at least reliance on IGX very regularly

Every CGD is after that, and it is getting consumed fully. But long-term contracts, once it comes, Q4, certainly, we will have improvement. And as you said, Brent is breaching almost \$65. So we may have a chance of APM price also slightly improved.

Ashu Shinghal: Going forward, the trend of Brent coming down is more likely. And all APM and NWG is linked to the Brent only. I mean, Indian Crude Basket, but that is also similar to Brent. Margins, if you see last financial year, we had around INR10. And this financial year, H1, we have INR10.13. So overall, it is not very low. This quarter has been low. But let us see Q3, Q4, both the levers, as Rajesh explained, are available with us, and we will take a call once the time comes.

Probal Sen: Perfectly clear, sir. Thank you so much for the detail

Rajesh Patel: Some respite has already come in terms of Gujarat exit rate, but of course, MGL is not getting so much of gas from Gujarat. In case that comes then some respite is there. But we have to keep a watch on zone-wise tariff also. So, considering all factors, INR8.5 could be a very reasonable range. Of course, upside can be there from there.

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

Varatharajan S.: Sir, if I can just for a little more detail in terms of the procurement mix, each of them, what is the volume? You gave some details on the APM and NWG. If you can give us the other ones as well HPHT and LNG and in that as well the breakup of Brent link as well as gas link.

Rajesh Patel: So other than APM and NWG, Henry Hub Link, we already have been saying in the earlier calls also, 1.45 MMSCMD is a term contract. We are fully consuming that gas as of today and HPHT, 0.5 million term contracts are there with us.

Varatharajan S.: And this 0.5 billion is not including the 0.3 which you are taking from.

Rajesh Patel: Yes. So if you include that 0.1 of RIL gas, it is 0.6 MMSCMD. So currently, we end up consuming somewhere around 0.3 to 0.4 through IGX, which could be HPHT or RLNG.

Varatharajan S.: And any other like kind of Brent-linked LNG that you're consuming?

Rajesh Patel: Sorry, could you repeat?

Varatharajan S.: Any Brent-linked LNG that you are consuming?

Ashu Shinghal: Very small quantity of Reliance is being taken. Mostly, it is through Henry hub.

Varatharajan S.: And also, this uniform base price, what is the current proportion of CBG, which is being blended, sir?

Rajesh Patel: See, we are not sharing with the consumer the proportion. But if you want to work out backwards, let us say, INR6.75 is APM price and the blended price, I'm getting it at around INR6.98 or INR6.99. You can work out what could be the proportion of CBG, which is being blended. I'll work out and then I'll share you otherwise.

Varatharajan S.: No, not a problem.. In terms of this procurement of gas, the mix which you gave us, like now this includes like Unison Enviro or this is like an old piece?

Rajesh Patel: No, no, no. This I gave you excluding Unison Enviro right now. I have not given you the volumes of Unison Enviro. Unison Enviro also gets 100% for domestic. They get almost same 35%, 36% for CNG. Balance, they also rely on the Henry Hub and other term contracts. Their volume of INC and all is very small. So for

Ashu Shinghal: They are mainly consuming CNG.

Rajesh Patel: Mainly consuming CNG.

Varatharajan S.: And of course, if you can extend a little bit the number of outlets which are planned in both the entities, if you can give us some idea for the current year as well as next year?

Ashu Shinghal: Last year, we have put up 66 stations. This year, we are targeting around 80 stations in the whole year.

Varatharajan S.: And so far till 2Q, like what has been completed?

Rajesh Patel: Fifteen stations.

Ashu Shinghal: I think 15 -- 17 stations has been

Rajesh Patel: As of today, 17 stations has been completed.

Ashu Shinghal: But you know this 3, 4 months is a monsoon period. So, completion of the stations is typically happens mostly in the Q4. So, we have got land in place most of the places. We have got material in stores and some line laying and other activities are happening. Permissions, of course, is being taken care of.

So, by year-end, we expect around 80 numbers to be put up. Thus, some stations, we do upgradation like which are daughter booster stations, we take them to online stations, put new DUs and other things so that the sale also improves from those stations also.

- Moderator:** The next question comes from the line of Harsh Kachchhi from Banyan Tree Advisors.
- Harsh Kachchhi:** Sir, can you please elaborate on the EV policy? So, we see a clear directional indication towards EV. So, 5 years down the line, do you see the CNG volume mix changing? And what value do you think the new businesses and PNG business will hold them?
- Ashu Shinghal:** You're talking about EV policy of Maharashtra or overall?
- Harsh Kachchhi:** No, the Maharashtra EV policy.
- Ashu Shinghal:** Yes. I think the targets in Maharashtra EV policy are very clearly defined, but there are no mechanism written at how much and how it will be implemented because last time also, they had some draft, but it could not be implemented in toto. Now having said that, EV, yes, it will make an impact in some of the segments like 2-wheelers and 3-wheelers we have seen across India.
- But again, the number of vehicles which are getting added up is also there. Plus in Mumbai, 3-wheeler penetration by EV is almost negligible. So we can see the history that despite EVs being there since last 4, 5 years, the penetration in Mumbai particularly has not happened in 3-wheeler segment.
- So, we can take it forward because there are several factors associated with that. One is that in Mumbai, the parking space is a big issue. The charging infrastructure is still to be set up. Most of the autos, etcetera, they operate on driver shift basis. So, there's hardly any time for charging. And most of these autos are parked on the road also. So there's no charging infrastructure there.
- In case of heavy vehicles, there's hardly any penetration of EVs. In BEST, yes, there have been some buses, which has come off EV, but we are in talks with BEST to see how we can see that some CNG penetration can also happen.
- Besides that, EV will not be having much impact. In the commercial segment, maybe some of the taxis are on EV or some private cars are on EV. But those are not many -- I mean, heavily running like private cars. They are second cars typically of the owners, which they have first car and they go for the second car as a high segment end, which is not a segment for CNG.
- So overall, net-net, we see EV will have an impact, but not to a great extent, at least as far as MGL is concerned. Plus high capex of EV upfront cost and battery will be required to be replaced after 5, 6 years is another point. And resale value of EV is also another issue which comes into the mind of the customer while purchasing the vehicle. And for CNG, we have already had two CNG Mahotsav schemes for commercial segments, particularly. This year also we will be launching in a different manner, B2B more of a CNG type of a scheme.

- Harsh Kachchhi:** And just a follow-up on that. What value do you think the new businesses and the adjacencies that you've entered into the EV charging and the battery manufacturing and the retail LNG? So these new businesses, what value do these businesses have in terms of the top line and in a medium-term perspective in the, let's say, in the next 3 to 5 years?
- Ashu Shinghal:** These are new initiatives and slightly different from our core business, like our investment in 3 EV manufacturing and IBC. So first come to IBC, it is a manufacturing unit. So, we have yet to put up the plant. Once it is put up, capex is around INR800 crores or so and the top line will be INR1,000 crores if we put a 1 gigawatt.
- So, you can do your mathematics maybe after 1.5, 2 years once the plant is ready, 1 year or so, 1.5 years, then we will have some 15%, 20% in the top line. Bottom line will take some time because it's a new investment. Similarly, 3EV is just an equity investment. So, it does not get consolidated on a line-to-line basis. It just gets entry into our profit and loss one entry as well.
- Ashu Shinghal:** IBC will also be like that. So major impact will not be there in revenue and bottom line. Only the investment entries will be there in these two. MLPL is a joint venture. We have 51% equity. But again, as compared to MGL 490 stations and two, three LNG stations, which we have, they have put up two LNG stations and three more will be put up in this year. So in overall perspective, the numbers will be quite minimal, so to say, to start with. But yes, after seven, eight years, we can have significant impact of these investments.
- Harsh Kachchhi:** And just one last question from my side. Can you please help us with the landed gas cost that is coming from different sources? So what is the landed gas cost for APM, for HPHT, and for RLNG?
- Rajesh Patel:** I can give you a range. Let's say, APM landed could be in the range of around INR24 to INR25 depending on exchange rate.. NWG, HPHT range is roughly INR32 to INR37 or sometimes it goes up to INR38. Pure RLNG prices were slightly higher, so it goes as high as INR40, INR42 per SCM, including transportation, everything.
- Moderator:** The next question is from the line of Amit Murarka from Axis Capital.
- Amit Murarka:** So just on gas sourcing, I just wanted a clarification. So you mentioned that APM was 1.6 MMSCMD to 1.7 MMSCMD. So that doesn't include Newell Gas, right? What would be the quantum of Newell Gas?
- Rajesh Patel:** Newell, as I said, in Q1, it was around 0.5 million. Now it has come down to around 0.3 million.
- Amit Murarka:** And I was asking like you also mentioned that you have some contracted HPHT volume of 0.5. Is that the same as NWG or that's a different volume?
- Rajesh Patel:** That's a different volume. NWG is what is coming from the legacy field, but at 20% higher than APM price, which comes from mainly ONGC and other legacy fields, domestic gas production.

HPHT is high-pressure, high-temperature fields, which is priced differently, only you get priority allocation over other than the industry.

Amit Murarka: So, because if I total it up, then basically, that would imply that there was no spot purchases in Q2 then spot LNG purchases.

Rajesh Patel: No, I think we will reach around 4.2 or something. We are already at 4.5%, etcetera. Spot was there last time.

Amit Murarka: Right. And when is the next review of APM expected?

Rajesh Patel: Price, you mean, or allocation?

Amit Murarka: No, no, the volume because last time -- I mean, it has been some time since the quantity has been reviewed.

Ashu Shinghal: APM volume has already come down to around 35%, which was earlier around 80%, 90%. So government has said that maybe a few months notice will be given before changes. But what happens is that sometimes depending on actual production and adjustments and some of the consumers not taking gas, some reallocation or readjustment is done at the GAIL end to see that whatever gas is coming is reallocated in proportion to what is the availability and take off.

So some adjustments do take place, but maybe actually, it should happen year-on-year basis, but sometimes it happens more frequently as we have seen in past 1 year or so. So we are not very sure, but maybe at least a few months, we will have the similar numbers and after that, we may get some reduced volumes.

But whatever APM is getting reduced is getting converted into New Well Gas. So it's a matter of 10% of Indian Crude Basket to 12% of Indian Crude Basket. To that impact, there is there. And floor and ceiling obviously is there in the APM, which is not there in Newell Gas.

But again, as we move on that floor and ceiling will also have \$0.25 per MMBtu increase every year for the ceiling part. So, the gap will narrow on both the accounts because the allocation has already come down. So, we are sourcing our other sources like HPHT and term contracts and NWG in place of APM. So, we are prepared for a scenario where when the APM allocation goes further down.

Amit Murarka: Just also, I understand that for industrial customers, you have been giving a 10% discount for the new customers. So, was that a meaningful impact on margin given that industrial volumes have grown quite sharply in the recent quarters?

Rajesh Patel: So, the margin impact is not mainly because of the new customers or large customers given discount, but mainly because of the price is linked to the Brent and Brent has remained in lower range compared to earlier.

Ashu Shinghal: What we do is that for industrial customers, we I mean, we have seen both the options. One is cost-plus option where we have the cost of procurement and our O&M and other charges and give them a cost-plus offer. But that is not very acceptable by the industrial customers. So, what we have done is

that we give them an offer that whatever is the alternate fuel linked to that index, we give them the gas. So effectively, the commodity risk is with us. But in last 1.5, 2, 3 years, we have seen that most of the time, we are comfortable with the offer which we have given to them.

In this particular quarter, what has happened is that all these alternate fuel prices have come down slightly and our cost of procurement has slightly gone up or remained same. So therefore, the margins have come down, but that is more than compensated if we see the volume addition which is happening in this segment. So, on absolute number, we will still be making incremental profits.

Amit Murarka:

And just last question. What would be the capex guidance for FY '26?

Rajesh Patel:

We should be clocking at least for the MGL 3GA's is around INR900 crores to INR1,000 crores and for UEPL 3GA's in the range of INR150 crores to INR200 crores. That's the plan as of now. So INR1,100 crores to INR1,200 crores as MGL should be our capex.

Moderator:

The next question is from the line of Akash Mehta from Canara HSBC Life Insurance.

Akash Mehta:

So firstly, I just want to understand in terms of the margin guidance. I mean, at what margin would you be comfortable, I mean, going ahead? And what is -- I mean, for you all to kind of consider a price hike, if you could just give in terms of -- is the INR9 to INR10 per SCM range still there? Or we should lower it in terms of maybe current fiscal?

Ashu Shinghal:

I think we have to balance both those things. One is that we are looking at volume growth also. So as you have seen that this Q2 have been much better in the volume growth. Overall, H1 versus H1, we see we are already around 10% volume growth, H1 of last year versus H1 of this year.

Then price hike and other things are not -- I mean, we can't disclose what is going to happen or what are our policies in that. But one thing is sure that procurement cost has gone slightly up. There have been exchange rate variation. And depending on alternate fuel prices, we take a call about every month, we decide prices for industrial and commercial and DPNG, not DPNG, but the PNG part of it.

Whereas CNG, it is a trigger-based price increment or decrease depending on whatever happens. So there have been certain changes like Gujarat VAT, as Rajesh mentioned, there's going to be another impact of the zone-wise tariff plus petrol diesel price movement also we have to watch and the growth numbers and our margins.

So, margins, yes, you are right, it has come down this quarter. But going forward, we expect margins should not be the main concern because growth if it is maintained in the company, the margins will take care of it -- the overall profitability will take care of itself if the growth is maintained.

So margin can vary from earlier guidance, we have said INR9.5. We were saying INR8.5 to INR9.5. Now maybe in this quarter, as was discussed earlier, maybe INR8.5 could be the new guidance, INR8.5 to INR9 should be a comfortable range to go for this time. But it is very dynamic in nature, like how the crude moves, how the petrol diesel prices move. And therefore,

it's very difficult to predict that what is the exact number of margins we are going to maintain. But we are more focused on the volume growth, which has been the signal we have been getting from most of the investors that the growth in volume is more critical as compared to margins.

Despite the fact that if you compare the margins with other competitors and even us, we have been having margins around INR6.5 to INR7 or even slightly lower in maybe if you take 2, 3 years back time. So INR8, INR8.5 is still a much better one, except for financial year where the margins are very high. But besides that, this similar range has been what we are working at.

Akash Mehta:

Sure. That's helpful on the guidance front. Just on the volume side in terms of the -- just wanted to understand in terms of the schemes, you all -- I mean, how -- if you can just help us understand in terms of on the commercial front and how you all run the scheme in terms of the entire year? Does it run like a few months or a quarter -- and are there any schemes on the OEM side also or any tie-ups on the OEM PV front as well or it's only on the commercial front?

Mukesh Panhotra:

As far as CNG is concerned, so we are coming up with a program, which is called the fleet program. Now this is a digital program wherein all the incentives are going to be built in along with loyalty. So previously, last year, we had run time-based schemes. For 2 quarters, there were some schemes for both new vehicle purchase as well as retrofitment segments. We were giving some discounts, incentives to bring in some parity with the diesel vehicles. And second, to give the retrofitter, the customer who was retrofitting some kind of support in terms of the retrofitment cost. So now this year, we have decided that we will run a fleet scheme, which will be there throughout. It will not be for a quarter or 2. This will be running throughout the year with all the incentives built in. So when I say incentives, this is particularly for the transporters. And for the new vehicles, there are slabs. So we have derived some slabs based on the number of vehicles. And then with each increasing vehicle or when the slab is higher, the discount is also higher.

As far as retrofitment is concerned, we shall be incentivizing based on the remaining life of the vehicle. So the higher the remaining life, when you retrofit from diesel to CNG, the higher is the incentive. So that scheme is there.

Apart from that, we also are doing MOUs with individual parties if they come to us in bulk. For example, state transport undertakings, almost about 600 buses, both new and retrofitment are likely to be introduced in the coming months. BEST has about 200 and there is Thane Municipal Transport, they are retrofitting about 240 buses. So type approval is in the process and then so on and so forth.

So as far as industrial and commercial is concerned, so there are certain schemes which we are having in place right now to push this segment. There are various incentives which we are giving right from the consumption. So if there is an increase in consumption by, let's say, a certain percentage, there is some scheme, then there are certain waivers also there in terms of refundable fees and all.

- Ashu Shinghal:** Mostly when we sell a discount, what Mukesh has mentioned is basically when the purchase of vehicle is happening, we give them the fuel card, not in the capital cost of the vehicle. So that also revenue comes back to us in terms of both profit.
- Rajesh Patel:** Volumes, booked in the top line.
- Rajesh Patel:** So fuel card is booked as an expense in the month the commitment of buying the vehicle and vehicle is booked,.. So it goes as an expense of marketing expense in the P&L on the operating expense side. And the card variable it is used by the transporters, whatever volumes he consumes booked as a revenue on the top line.
- Ashu Shinghal:** What Mukesh has earlier explained was that last 2 years, we have run for 2 quarters, Q3 and Q4, the CNG Mahotsav. So that we have revisited, and we have joined with the ongoing scheme with the fleet operators or bulk consumers, B2B type.
- Moderator:** The next question is from the line of Nilesh Ghuge from HDFC Securities.
- Nilesh Ghuge:** So is it possible for you to share GA wise volume stake?
- Ashu Shinghal:** GA wise volume. There are now 6 GA,
- Nilesh Ghuge:** Particularly for GA 1, 2, and 3 will be helpful.
- Rajesh Patel:** GA 3 is roughly 0.35.. That is Raigarh I'm talking about. And GA 1 and GA 2 is equally divided, roughly 1.95 to 2 MMSCMD. And as far as Unison is concerned, roughly 0.25 or 250,000 SCMD, all three put together.
- Nilesh Ghuge:** And sir, is it possible for you to share Y-o-Y growth in GA 1, 2, and 3?
- Rajesh Patel:** You want -- compared to last year or this year?
- Nilesh Ghuge:** Last year this quarter. The question is on UEPL. When you're guiding 8.5 or between 8 to 9 kind of EBITDA per SCM, are you considering UEPL also or it is just GA 1, 2, 3 put together?
- Ashu Shinghal:** No, no, including UEPL. Now everything we will report is because UEPL is a merged entity. It is no longer a 100% subsidiary. It is a part of MGL. So, as I mentioned in my opening remarks also, all the previous numbers have also been restated. That is how we have disclosed our accounts. So hence, numbers will be as MGL as an entity basis. So all the numbers which we are discussing is on both all the 6 GAs put together.
- Nilesh Ghuge:** Sir, before this amalgamation or the merge entity number, if I calculate the UEPL EBITDA per SCM, it seems that it is lower than our MGL entity, stand-alone entity. Is my calculation correct?
- Ashu Shinghal:** Very minor difference is there. It's not very lower than MGL.
- Rajesh Patel:** It was in the range of INR7.

- Ashu Shinghal:** We were in INR9 to INR10. They were in INR7 to INR8. So not very different. And their volume is very low. I mean, INR0.25 out of INR4.3, which we are having INR4.3, INR4.4. So the overall impact is not a very significant one.
- Rajesh Patel:** Also UEPL GAs are growing more than 30%, 35%. So we observed that overall overheads are getting absorbed very fast and per SCM overheads are coming down. If I see last year per SCM overheads and this year, in case of UEPL, it has come down almost by INR1. So with volumes going up, it will fall in line with MGL.
- Nilesh Ghuge:** Volume regarding my first question, GA wise last year?
- Rajesh Patel:** So in case of GA 1, you could see a growth of around 6% to 7%. GA 2, maybe around 10% to 12%. And GA 3 could be more than 15%.
- Moderator:** The next question is from the line of Indrakumar Gupta from Prabhudas Lilladher Capital.
- Indrakumar Gupta:** Actually, sorry to say that, but can you please repeat the allocation for APM and the HPHT and Reliance spot and also the percentages out of the total volumes that have been sourced?
- Rajesh Patel:** So APM, as I earlier said, in the range of 1.7 MMSCMD, including domestic PNG consumption. PNG and domestic consumption. HH Henry Hub Link contracts is around 1.45. HPHT, including the old Reliance is around 0.6 and balance was consumed through spot gas, which could be HPHT and RLNG also in the range of 0.5 million. And NWG was earlier 0.5 million, now it is in the range of around 0.3 MMSCMD.
- Moderator:** The next question is from the line of Aditya Singh from Mutibagger Stocks.
- Aditya Singh:** I had some questions regarding the guidance that you have given. I was just wondering that if you could tell us a little more in detail about Q3 and what kind of volumes can we expect in Q3?
- Ashu Shinghal:** H1 to H1 has the growth we have achieved 9.9% and this Q2 versus Q1 has been 3.1%. So, I mean, going with the schemes, which we have already launched again this year -- this month, we will be launching it maybe in early November. So Q3 can see slightly better growth as compared to Q1 and Q2.
- And also, sometimes seasonal variation happens because of festivals, holidays of schools and other such parameters. So sometimes quarter-on-quarter variation is there. But yes, as mentioned earlier also 10% growth has happened H1 on H1. Last year, we grew 12% year-on-year. And this year also, we are expected to grow 10% or more after end of the year.
- Aditya Singh:** And what kind of EBITDA margin are we expecting?
- Ashu Shinghal:** That we have discussed that earlier. Currently, we are having INR8 in this quarter. And around INR10 for half yearly H1 for this whole financial year. So last year, we have INR10 for the full financial year. Now going forward, if we think Q3, Q4 will be in the range of INR8.5 to INR9, so overall, again, it will be in the similar range of INR8 to INR8.5 to INR9.5 somewhere. Considering INR10, but of course, it included onetime transaction of OMC trade margins in Q1.

So overall, I mean, it will be in the similar range of INR8.5 to INR9.5, the guidance which we gave earlier also, but maybe in INR8 to INR9 also. Slightly very dynamic situation depend on crude movement, depend on Brent movements, exchange rate variation and alternate fuel prices. So volume growth also, we keep an eye on. So that is slightly flexible. But again, as spoken earlier, we are also focused on volume growth, which is our key parameter.

Aditya Singh: I will just ask me one last question. I was just wondering that are we targeting any new geographical areas? Or are we sticking to the ones that we have told beforehand?

Ashu Shinghal: Already, we have 6 geographical areas. Any new M&A opportunity or consolidation, if it happens, it takes time, and we are waiting and scouting for such opportunity. So obviously, we are looking for something, but nothing to declare to the market as of now.

Moderator: The next question is from the line of Kirtan Mehta from Baroda BNP Paribas Mutual Fund.

Kirtan Mehta: Could you highlight the number of vehicles added during Q2 and how the vehicle traction has been in the recent festive month, October?

Ashu Shinghal: Cumulatively, we have taken 27,000 numbers Q2 and these numbers are single number, including small number of Unison also. So H1 on H1, we have got 59,000. Last year, we have got 44,500 in H1. This year, it is 59,400 cumulatively for the H1. And mainly, it is coming from private cars around 8,200, 6,000 is taxis, 3-wheelers are 7,000 or so and balance are the small commercial vehicles and others.

Kirtan Mehta: Do we also have any color on the October numbers?

Mukesh Panhotra: Yes. So October, if I have to give you the numbers, which is there for almost -- not for the entire month, but about 10,000 vehicles have been added in MGL. So normally, if I talk about MGL, we had about 55,000 to 60,000 vehicles in the first half sorry, around 40,000 to 45,000 vehicles in the first half and about 55,000 to 60,000 in the second half.

So that trend has been maintained even though there has been a slowdown in Q2 as far as passenger vehicles are concerned because of the GST announcement, which happened in August, the distributors still they stopped picking up the vehicles.

Q2 has been a little slower. But if I look at the overall numbers, it has remained the same. I mean there has not been a drop or we can look at it the other way that there has not been much growth because of this.

Rajesh Patel: In Q2, on 22nd of September, this -- a lot of people had probably understanding that GST something is going to happen. So, September numbers are slightly subdued. And then all the purchases started happening after last week of September to Diwali. So, October is definitely a good number, but we'll have to see whether that October momentum continues still. But on an average, I think 25,000 vehicles a quarter is what our guess is.

Kirtan Mehta: And in terms of the fleet program, that we are targeting, what's the range that we expect to consider it as a successful scheme?

Mukesh Panhotra: Scheme is a scheme which is going to be there forever. It is not a time-bound scheme. It is -- so I'll just give you the example of last year, last and last year, when we had launched a Mahotsav scheme, which was typically aimed at commercial vehicles with a gross vehicle weight of 3-point tonnes and above. So last financial year, we added about 700 vehicles during these 3 months. And previous year, we had added about 200-odd vehicles. So that was the kind of jump which we saw. So now we are going with the program, which is there forever kinds. And it also takes care of other needs also of transporters. It is just not only the incentive. We are also taking care of their payment needs. So the digital payment solutions we are providing, which has -- the demand has come from the transporters itself.

So we expect in the long run and the focus of the company is also on the commercial vehicle segment now, which we are also supporting through our infrastructure buildout, which is predominantly in and around customer hubs, vehicle transport hubs.

Ashu Shinghla: Thus the infrastructure also is getting added up. So the main point with the commercial vehicles is that they want bigger stations to fill heavy trucks and other vehicles. So, we are opening some of the outlets in GA3 also where outlets are bigger and Uran area also. Plus for seeing that the volume goes up, our Wadala station will be having around 55, 56 dispensing arms and around 25, 26 dispensing units, which would be at one location perhaps in the whole country.

So that is expected to be commissioned somewhere in March, April this financial year. So that will give at least one station wherein queue should not be there in case so many BUs are there at one location. That will give boost. Plus we are adding 2 more new stations near main South Mumbai. Those are also going to be expected commissioned in this financial year. So that will also add on to good CNG availability in the main city.

Kirtan Mehta: And since the focus is on commercial vehicles, would we have any plan to launch incentive scheme for LNG for long-haul vehicles?

Ashu Shinghla: LNG is slightly different ball game. So we are in discussion with the customers that what is their need because there are several parameters to LNG, the route they follow and the pricing with respect to diesel. So, LNG scheme, as of now, we don't have anything in mind, but we are talking to different customers and trying to customize their needs and our offer based on their needs. It is more of B2B segment. So, it's very different from CNG sales.

Rajesh Patel: We offer in terms of capital contribution for LNG vehicle way. But certainly, volume-based and slab-based discounts we are offering. If somebody is consuming more LNG, then we are offering some discount for a month. Fuel cost schemes are there, not on the capital contribution for their vehicles.

Moderator: The next question is from the line of Bineet Banka from Nomura.

Bineet Banka: Just one question from my side. So why is the other income lower on a Y-o-Y basis? Is it because of softer performance of -- I think there are a lot of mutual fund investments in your portfolio. So is it because of that or something else?

- Rajesh Patel:** One is maybe you might have seen earlier as a stand-alone MGL, and we had -- I don't know whether you're talking about consolidated or stand-alone MGL.
- Bineet Banka:** No, I'm looking at consolidated numbers.
- Rajesh Patel:** Okay. Then in that case, consolidation, yes, there is some amount of -- in line with the market, returns on the mutual funds have come down this quarter, compared to Q1. Other than that, we have removed certain things like minimum bill pay and delayed payment in case of domestic customers because of we have gone digital, and there could be some people whose e-mail ID or mobile is old, so we are not penalizing them. So there are also some small INR50 lakhs or INR1 crore of fee might have been lost.
- And as we said earlier, MGQ, we have done away most of the the industrial and commercial customers. These are the primary reasons. And sometimes to drive domestic registrations in Raigarh and weaker section of the society, we have done away with registration connection fees of INR500 per connection. So cumulatively, these are the -- some small sources of other income, which has come down in Q2.
- Bineet Banka:** Okay, sir. And compared to before consolidating UEPL, so we had an interest income of around INR19 crores last year from loan given to UEPL. So what happens to that amount now?
- Rajesh Patel:** So that was -- that is why I asked you whether stand-alone on consolidated. On consolidated, it was anyway getting eliminated income of one and expense of other. Now that will not remain as far as MGL stand-alone or consolidation is concerned.
- Bineet Banka:** So, the extra money which we'll have will be par with some investment and that will earn some interest or whatever income, right?
- Rajesh Patel:** No, no, no, not really that way. Suppose I was funding something for geographical areas of Unison, Now it is part of within MGL only. So, the capex will get funded from this -- it will not appear on the books at all. The fund requirement for capex will be similar pre and post. Earlier, it was happening in 2 legal entities. So, you could see some income as a stand-alone MGL and some expense as stand-alone UEPL. On consolidation, it was already knocked off. Now it is since one entity, the transaction will not happen that way. But fund requirement or surplus doesn't increase with either of us.
- Bineet Banka:** Yes. Sir, why is this sharp rise in staff costs? Again, consolidated numbers, so 1Q versus 2Q, the staff cost is up quite a bit, around INR10 crores odd?
- Rajesh Patel:** So generally, what happens is in Q2, there is a pay revision. So, one element is this. We do 2 times actuarial valuation in a year. And Q2 actuarial valuation because of the bond market rates have gone down. So actual liability, which is in a way a book -- not a cash outflow, but a book entry has gone up.
- And thirdly, a lot of vacations and all that people avail LTA, etcetera. So, these are two, three reasons. Also, there were some awards given to the employees linked to AGM in this quarter. So compared to Q1, it is higher.

- Moderator:** We will take the last question coming from the line of Ramesh Sankaranarayanan, an Individual Investor.
- Ramesh S.:** So can you help us understand any adjustments in the P&L and balance sheet as a result of the amalgamation? And secondly, is there any cost savings or tax benefit you expect going forward following the amalgamation?
- Rajesh Patel:** Thank you for this question. I think you are one of the seasoned investors. So I expected this question from you. Yes, there are a couple of benefits in terms of tax savings. Let us say, when I used to render some surveys of providing gas from here or transportation, there could have been GST. So whatever transactions now within the same entity, so that minimal amount of GST goes away.
- The largest benefit has come in terms of while my investment in UEPL is eliminated against the asset which are transferred from UEPL to MGL and gap between the tangible and intangible asset, a good amount of proportion has been assigned to license costs. And this license cost is allowed to be depreciated under income tax. As per our understanding, of course, there could be some scrutiny and challenges, etcetera.
- So on a consolidated basis, we will be getting a tax benefit for the license cost. And maybe up to March '25, both the years since amalgamation order is effective 1 February 2024, returns for '23-'24 and '24-'25 filed with income tax are getting modified with this impact. Our guess is around INR35 crores worth of income tax benefit will accrue for these 2 years itself. So that is the major part.
- But in terms of book, you may not see that increase in the general reserve or both entities put together. The reason is UEPL was in a loss-making entity. So there, we were not recognizing on a stand-alone basis, deferred tax liability, whereas when it is part of MGL and it is a part of profit-making entity, not only for the current higher depreciation in books, but also for the past depreciation, we have recognized deferred tax liability in the books.. So there will be certainly cash flow benefit, but you are not seeing that on a general reserve or a profit as of now, which you'll see going forward.
- Ramesh S.:** So, will you see a reduction in your effective tax rate, say, over the next 2, 3 years?
- Rajesh Patel:** Yes. Yes.
- Ramesh S.:** How much would that savings be in terms of percentage or basis points?
- Rajesh Patel:** So I'll give you an example. I think they had accumulated losses of, let's say, INR50 crores, INR60 crores, one fourth of that, that is 25%. We have not recognized that right now in the books, and we will be recognizing that only when the assessment happens. And overall, on account of license costs, as I said, for the first 2 years itself is in the range of INR35 crores. So but yes, that will be for another 2 years or 2.5 years more.
- Ramesh S.:** So just a couple of more follow-up thoughts. One is, if you look at the GST benefits for CNG vehicles, when do you see that kick in, in terms of incremental growth in CNG vehicle sales?

And assuming that there is a lag of around 3 or 6 months, do you see that materially adding to your volume growth in CNG volume, say, at least by first quarter of next year? And then assuming that happens, would that materially give you some additional operating leverage benefits in terms of improving your percentage margin and unit EBITDA margins? How do you see that?

Rajesh Patel:

See, unit EBITDA margin may not get impacted by volume increase as such. Maybe I would say it may get adversely impacted if my APM allocation remains same and I have to go for more market determined gas price. But certainly, as Mukesh said earlier, October has seen good amount of vehicle in the range of 10,000 vehicles getting added. But yes, there is some amount of vehicle purchase held by people expecting GST benefit in the month of September.

But because of the overall vehicle prices coming down, I think vehicle numbers, if you see newspaper, not only CNG, even petrol, diesel vehicles have -- numbers have grown. And with the kind of schemes we are planning, we are confident that volumes will grow and absolute profit in totality will grow. And unit margin, I think we have already given guidance in the earlier questions.

Ashu Shinghal:

Yes. GST has reduced for petrol diesel also. So, the 28% to 10% -- 18% has come for both the vehicles. But yes, with respect to EV, it has -- the gap has been narrowed down. So it will have some impact, but I mean, it's very difficult to quantify how much it will get impacted.

Ramesh S.:

. So, on the new investments you're making in international battery and EV, given the kind of tailwind we have seen in IPOs from such emerging businesses, internally, do you have any tentative plans to list IBC maybe in the next 1 or 2 years? What is the thought process there?

Ashu Shinghal:

It's very early to say that. First, we have to put up the plant. We are still in the capex investment phase. So once the plant is put up and starts running, strengthen the balance sheet, then we can think about listing. But as of now, there is no plan for listing of either of these investments.

Ramesh S.:

One last one. Regarding the Maharashtra pollution study under the auspice of the court order, what is the status of that? Any finalization of that report?

Ashu Shinghal:

We had several rounds of meetings; the committee has met and now more or less the recommendations are ready. So maybe within a few weeks we will final review and submit it to the authorities.

Moderator:

Thank you. I would now like to hand the conference over to the management of Mahanagar Gas for closing remarks.

Ashu Shinghal:

Thank you, everybody, for joining in, taking your precious time for this call. And I wish you all the seasons greeting, belated happy Diwali, and forthcoming Happy New Year. Thank you so much.

Moderator:

Thank you, sir. On behalf of Dolat Capital, that concludes this conference. Thank you 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.)

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