MAHANAGAR GAS

MAHANAGAR GAS LIMITED

Ref: MGL/CS/SE/2026/720 **Date:** August 07, 2026

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**

Dear Sir / Madam,

Sub: Transcript of Earnings Conference Call for the quarter ended June 30, 2026

Pursuant to Regulation 30 and Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the transcript of the Earnings Conference Call held on July 31, 2026 on the Unaudited Standalone and Consolidated Financial Results and Operational performance of the Company **for the Quarter ended June 30, 2026**.

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 Trimbak Prabhu
Digitally signed by Atul Trimbak Prabhu
Date: 2026.08.07 18:47:10 +05'30'

Atul Prabhu
Company Secretary & Compliance Officer

Encl.: as above

Mahanagar Gas Limited

Q1 FY27 Earnings Conference Call

July 31, 2026

MANAGEMENT:	**MR. PRAVEER KUMAR SRIVASTAVA, MANAGING DIRECTOR** **MR. AJAY SINHA, DEPUTY MANAGING DIRECTOR** **MR. RAJESH PATEL – CHIEF FINANCIAL OFFICER**
MODERATOR:	**MR. INDRAKUMAR GUPTA – PRABHUDAS LILLADHER INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Mahanagar Gas Limited's Q1 FY27 Earnings Conference Call hosted by Prabhudas Lilladher India 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 this conference call, please signal an operator by pressing star than zero on a touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Indrakumar Gupta from Prabhudas Lilladher India Private Limited. Thank you, and over to you, sir.

Indrakumar Gupta: Thank you, Nisha. On behalf of PL Capital, we would like to welcome all the participants. Representing the management, we have Mr. Praveer Kumar Srivastava, Managing Director; Mr. Ajay Sinha, Deputy Managing Director; and Mr. Rajesh Patel, Chief Financial Officer.

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 statement 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 now hand over the call to the management. Over to you, sir.

Praveer K. Srivastava: A very good afternoon, and welcome to the earnings call of Mahanagar Gas Limited for the first quarter of the financial year 2026-27. I would like to thank all of you for attending our earnings call today. The ongoing geopolitical conflict in West Asia has triggered a global energy crisis, significantly affecting the availability and pricing of natural gas in India. There are initial signs of a gradual resumption of LNG shipments through the Strait of Hormuz. Supply conditions remain uncertain and global LNG markets continue to experience volatility.

However, 100% of our domestic PNG, DPNG requirements and the major portion of our CNG requirements are sourced from domestically produced natural gas, ensuring uninterrupted supply to our DPNG customers and continued reliable supply to our CNG customers. Gas supplies to industrial and commercial customers are partly curtailed. Prices may be affected due to global indices in the near term. Once the war situation deescalates, the prices are expected to reduce over a period. We continue to closely monitor the situation and remain committed to maintain uninterrupted gas supply to our customers.

PNG Drive 2.0 has enabled MGL to substantially enhance the pace of domestic PNG conversions through focused operational improvements, resource augmentation and stronger coordination with government agencies and other stakeholders. The initiative has laid a strong foundation for sustained growth, improved infrastructure utilization and continued expansion of the PNG network while maintaining high safety standards and quality.

MGL continues to create CGD infrastructure across its business segments in the licensed area. During the quarter, 97,461 DPNG conversions were achieved, taking the cumulative DPNG conversions to 2.17 million as on 30th June 2026. We have laid 156.57 kilometers of steel and PE pipeline, taking the total length to over 8,477.01 kilometres.

We added 1 CNG station during this quarter. And with this, we have 519 stations as on 30th June 2026. We added 291 industrial and commercial customers during this quarter. As on 30th June 2026, we have 6,198 industrial and commercial customers. During the quarter, there is an addition of 26,007 CNG vehicles, and now we have more than 1.31 million CNG vehicles registered in our geographies as of 30th June 2026.

Coming to MGL's operations compared to the corresponding quarter of last year, average overall sales volume has increased from 4.456 to 4.766 mmscmd, which is an increase of 7.01% sales volume. Sales volume of the CNG has increased from 3.185 mmscmd to 3.496 mmscmd, which is an increase of 9.74%. Sales for domestic DPNG has increased from 0.571 mmscmd to 0.623 mmscmd, which is an increase of 9.09%.

In case of industrial and commercial, sales volume has decreased from 0.698 mmscmd to 0.648 mmscmd, a decrease of 7.15%. During the quarter, we achieved overall average sales volume of 4.766 mmscmd as against 4.672 mmscmd in the previous quarter, which is an increase of 2.01%.

Sales volume in case of CNG has increased from 3.349 mmscmd to 3.496 mmscmd, which is an increase of 4.39%. Sale of domestic DPNG has increased from 0.605 mmscmd to 0.623 mmscmd, which is an increase of 2.98%. In case of industrial and commercial, a 20% cut was implemented as per government directive. However, sales volume achieved is 0.648 mmscmd as compared to 0.719 mmscmd in the previous quarter. EBITDA from operation for the quarter is INR343 crores as compared to the previous quarter EBITDA of INR260 crores, an increase of 31.74%.

Net profit after tax for the quarter is INR194 crores as compared to previous quarter net profit after tax of INR132 crores, an increase of 46.83%.

During the quarter, we have successfully completed the transition from SAP ECC to SAP S/4HANA, achieving a key milestone in our digital transformation initiative.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Probal Sen from ICICI Securities.

Probal Sen: Just want to appreciate that volume growth was probably lower primarily because of the decline that one has seen in the industrial and commercial segment. Now while there is a 20% cut in terms of domestic gas or available gas allocation, just wanted to understand what our sourcing mix was for this quarter? And how are we looking at Q2 in terms of our sourcing requirements and supply availability? If you can break it down in terms of various sources, that will be great. That was my first question.

Rajesh Patel: Are you only referring to sourcing for industrial and commercial, Probal?

Probal Sen: Sir, overall will also be fine. You can give me an overall color on what the overall sourcing looks like today, either percentage volumes, whatever you can share.

Rajesh Patel: At a company level, roughly 30% is available through APM and maybe around 21%, 22% is available through NWG and pooled gas put together. Roughly 14% to 15% is through HPHT. Our actual signed contract with respect to Henry Hub was higher, but roughly 21%, 22% has been received through HH contract. And rest is some small Brent contracts or whatever we could buy through IGX and spot. So, this is broadly the breakup of gas.

Probal Sen: Got it. Sir, as a follow-up then, what was the effective price then of the gas that we sourced other than the top 4, in the sense the spot LNG and Brent-linked? What was roughly the blended cost that is there for the quarter?

Rajesh Patel: So, if you look at our dependence on Brent-linked as well as spot was very minimal. Of course, spot, though very minimal, at times, I think it has touched almost $20 per MMBtu, whereas we have received most of the gas through pooled mechanism, which was in the range of $12.5 to $13. And Brent-linked around $13, $14 was the price during the quarter.

Probal Sen: Got it, sir. The second question was with respect to gas realizations. Now, sir, obviously, there were some price increases taken for CNG and even domestic, but still the realization improvement seems to be fairly stark. Can we get a sense of at least the range of pricing that was there in the industrial and commercial segment for this quarter?

Rajesh Patel: So, as you know that we have been pricing our industrial and commercial customers linked to alternate fuel. In case of commercial, mainly linked to the bulk commercial bottle LPG. And for industrial commercial, it is FO/LDO. So compared to the previous quarter, roughly, there is an increase in the range of INR27 per cubic meter to almost INR32 per cubic meter. On the higher side, it is main realization in commercial segment and industrial is in the lower range.

This is over the last quarter, I'm talking about. This is the kind of increase we have seen. So last quarter was probably one of the lowest as far as Brent was concerned. And hence, the realization for industrial was probably lowest. Probably this quarter, Q1 of this year, we have seen highest Brent and accordingly, the price realization has also remained good.

So if you compare, say, around $62, $63 Brent and this quarter, if it was around $95 to $100. So that is what is proportionate upside on realization with respect to industrial commercial prices.

Probal Sen: Got it. Sir, last question, if I may. What was the volume, if I can ask, from Unison, in this quarter's numbers? And what sort of guidance of margins are we sort of looking at, assuming, let's say, that this dispute or the conflict continues to be there even for the next 3 months. What is the realistic margin number we can work on?

Rajesh Patel: Volume, overall, I think in the MD's speech, 4.766 was the total volume at company level. Of that, around 3 lakh 22 (thousand) or 0.322 mmscmd average for the quarter is towards Unison Enviro GAs. Now it is anybody's guess that what may happen to the ongoing West Asia crisis. And around first week of July, everything was normalized and suddenly it again started. You may be aware, once Hormuz was coming to almost the U.S. and Iran was reaching some agreement, even government has withdrawn the pooled gas during that time.

And again, after maybe 7, 8 days, the thing started and it has impacted supply through Hormuz. So, since the supply is impacted, prices and the quantity available has also gone up. So very difficult to tell you on what could be the margin for at least this quarter or going forward unless you have complete resolution on this conflict in West Asia. However, we have been making an attempt at how do we minimize our weighted average gas costs.

So, we have taken some steps towards that. And hopefully, we will be able to contain. But at a point of time, there could be a situation where gas cost is out of control. Generally, we don't put a curtailment on the supplies, and we try and meet the demand, except wherever it is possible to put some curtailment with respect to larger industrial customer where it is possible to control. But public at large, which is dependent for CNG, we don't put (any curtailment). You may see some spike maybe at least for next 1 or 2 months.

Currently, that is the situation, which you can see in the pricing of JKM and the spot. So very difficult call to take on margin. Definitely, it will be under pressure for at least 1 or 2 months until this crisis gets resolved or some settlement happens.

Moderator: The next question is from the line of Yogesh Patil from Dolat Capital.

Yogesh Patil: Congratulations for the great set of numbers, sir. Sir, question is again focusing on the CNG volume growth, 9.7% Y-o-Y. What was the major volume growth driver for the CNG during this quarter? That's one. As you mentioned that 26,000 CNG vehicle addition during the quarter we have seen, can you provide some kind of a breakup in PV, HCV, 3-wheel, auto buses?

It would be helpful. And we wanted to know on the GA-wide CNG volume growth or overall volume growth on a Y-o-Y basis, that would be helpful.

Rajesh Patel: So Yogesh, as far as volume in a particular period is concerned, the dependence on the quarter's addition of vehicle is not so high. It is the cumulative base of vehicle, which actually makes the difference. And the number of stations, which we have been adding in last 2 years, substantial number of stations have been added. Good amount of commercial vehicles have been added. Even private bus fleet have been added, okay?

We'll share the numbers actually during the quarter, what is the breakup. As far as volume growth is concerned, GA-wise, GA-2 is probably the highest selling GA, which is more than almost 2.1 mmscmd. I already said earlier, SBUs of Unison is roughly 0.322 mmscmd. Compared to last year same quarter, it was almost 0.224. So you can see it is almost growing more than 30%, 35%.

GA-1, also there is a growth marginally. Last year, it was in the range of 1.9 mmscmd-- I'm talking about overall company volumes GA-wise, not only CNG. And this quarter, it is almost 1.95 mmscmd, okay? And as far as Raigarh is concerned, it was roughly 0.33 mmscmd last year, and this quarter, it is 0.4 mmscmd. So this is the growth across and this is despite some reduction in industrial commercial volume, maybe almost to the extent of 8% to 9%.

So there is no dearth of demand as such. And traditionally, I think monsoon also sees some amount of traffic jam, which helps us because the consumption of fuel goes up. So that is one of the reason.

Yogesh Patil: Just wanted to continue on the CNG volume growth. Any guidance overall basis on the volume growth you would like to give for FY27 and '28? Volume growth guidance.

Rajesh Patel: Price and volumes are related, okay? So as earlier question, I answered, there could be some need to do a price increase also. Assuming that things come to a reasonable level and we are able to maintain the prices, then we do expect that growth should be in the range of 8% to 9% only for CNG. And on industrial commercial side, today, there is a lot of demand. It is our ability to supply connect.

In fact, because of the curtailment of gas and force majeure in most of the RLNG supplies coming from outside India, we are not able to scale up the volume. Otherwise, you would have seen much more volume increase in industrial commercial as well. And with the PNG Drive 2.0, where government intends to put and replace LPG, as far as domestic or commercial consumption is concerned. So that is also going to have a great push. Only I think now the hurdle is when do we see the West Asia crisis coming to an end and prices normalizing.

Volume growth, I don't see there is any challenge. It is a challenge of how do you have a better gas input cost and how do you realize better margin.

Yogesh Patil: Last question on the PNG industrial commercial side. Can you please share some gross margin details on the PNG industrial commercial? Calculations are suggesting that it has been sharply up on the sequential basis, at least in the Q1 FY27. So, do you think you will be able to maintain that higher gross margins on the PNG industrial commercial segment going forward?

Rajesh Patel: So, in our case, I think good thing is there is always a balancing between realization linked to Brent and maybe CNG and domestic, which has its own limitation due to alternate fuel. So, which is very much seen in this quarter, where definitely we have slightly lost out and there was a pressure of margin in case of CNG, whereas it has been very well compensated through realization in Brent.

And on our side today, what Henry Hub contracts has also helped because Henry Hub index, which is mainly the input cost for shortage in the CNG as well as some part of industrial commercial. So, if Henry Hub remains low and Brent remains high, definitely, our margins will be high. And whenever Brent comes down and in turn, Indian Crude Basket also comes down, then it saves our cost on the priority sector, CNG and domestic PNG.

So, it is acting in balancing both. Of course, this quarter, slightly abnormal. Generally, you don't see $100-plus Brent and this kind of a realization. So, one has to look at what is the longer tenure return on industrial commercial rather than seeing only quarter-on-quarter. As Q4 was slightly abnormal with respect to lower margin because Brent was low and Henry Hub went up.

Whereas this quarter is on the other side, both have helped us, price realization as well as gas cost. But at an overall company level, our endeavor is to maintain EBITDA margin in the level range of INR8 to INR9 per SCM.

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

Bineet Banka: Firstly, on the CNG price hike that you have taken over the last 2, 3 months. So, assuming that your LNG prices go back to pre-war levels and the government continues with the price hike between petrol, diesel. So, will there be rollback in prices for CNG or you will be more aligned towards the differential versus petrol diesel?

Rajesh Patel: So, we have been maintaining some legroom between petrol diesel prices and CNG prices. As you could see, roughly 40%, 45% CNG is competitive compared to petrol, and in the range of around 12% with respect to diesel. So if we try and maintain that, that should be sufficient enough for us to drive volumes. Okay. Now in between or for a shorter intermittent period, if my gas cost increases, we may not change the prices so frequently because volatile prices is not good for people who want to go on adding their CNG fleets.

So, from that perspective, we may have sometimes up and down. But for a permanent basis, if there is an increase in petrol, diesel prices, definitely, we would like to recover the gas cost, which is also already up, and we have not recovered that fully in case of CNG.

Bineet Banka: Okay. And second question is on the number of CNG buses that you have across all the GAs. And what is the view on the number going forward? Because I think there is a lot of efforts from the government to electrify all these buses. And probably, can you also share the total volume which is being taken by these buses?

Mukesh Panhotra: Yes. So, we have roughly 6,000 buses, which are plying, which includes both STU and private buses. The volume, if I say from the STU, right, STU is the State Transport Undertakings. So BEST gives us about 90,000. Then we have MSRTC, which gives us about 34,000, 35,000 kgs per day.

And then there are a couple of other transports, which are very miniscule. So roughly, they put together, give us about 4,000, 3,500 kgs per day. And rest are the private buses. So, in this segment, we now have a program, which is called the fleet program, which is now particularly aimed at this segment. So, we have launched this program, and this has been kept in mind, keeping in view the looming threat of EV, which might, over a period of time, disturb some of our major consuming segments, which are taxis, cars and 3-wheelers.

So, this fleet program is already giving us a good traction. So, there are a lot of number of MOUs we have signed and quite a number of vehicles, which we have already signed and which would be on road in the next few months.

Bineet Banka: So overall, I think the buses, the numbers that you have told, the buses volume CNG offtake will be around 0.14, which is 4% of total CNG volume.

Mukesh Panhotra: Correct. 4% to 5%, yes.

Rajesh Patel: Just would like to add here, State Transport Undertakings may see some adoption of EV buses because of maybe they have funding available for such kind of initiative. Whereas in case of private operators, there may not be an incentive to get on to or adopt EV buses because the capital cost is much higher and the revenue remains similar.

So unless there is availability of financing, etcetera, which is really difficult to get for a private operators because there is no life cycle available and you get a financing at a very high rate. So you won't see much penetration in the case of the non-STU operators for the buses. And that segment, we are able to penetrate and whatever is the loss on BEST side mainly, has been compensated through these private buses as well as MSRTC adopting more buses. Okay.

Moderator: The next question is from the line of Vivekanand Subbaraman from AMBIT Capital.

Vivekanand Subbaraman: So, my first question is the capex that you have done till now and if you can break it across the base business, which is the 3 GAs and the UEPL, and the guidance for FY27. That's number one. And the related question is, is it now much easier for you to increase your capex and serve markets that perhaps the government is now pushing you to do so because of the imperative to shift from cylinders to PNG? That is question one. The second question is on the APM allocation.

So, I mean, as per PNGRB data, Jan to April, you had allocation of around 1.585 mmscmd. Could you help us with the number for 2Q? And also, now that the emergency provisions have been reversed, what is the allocation formula or mechanism for domestic, both APM as well as new well gas? If you could elaborate on that, that would be great.

Rajesh Patel: As far as capex is concerned and with respect to PNG drive, you are right; certainly, we will be enhancing the capital expenditure because this is the time where it is giving a very good opportunity for MGL to lay more and more line when all the government agencies are supporting to create the infrastructure and tap all the potential available, be it domestic PNG, be it industrial commercial. So, our focus is on this year to create more and more pipeline. And accordingly, our capex is going to go up. For Q1, we have already spent INR350 crores.

And if you see my number of domestic connections added is almost 95,000 for first quarter, which was never the case in the history. This is probably the first quarter where we have connected so many domestic customers in one quarter. And in line with that, our capex could see an increase of almost INR1,500 crores to INR1,800 crores, subject to availability of the manpower who does the ground level job. There is a demand of material by all CGDs and across India. So, there could be some bottlenecks.

But as far as we are concerned, we will be making all endeavors wherever possible, we will spend, and put the infrastructure as fast as possible, and we are ready to spend almost in the range of INR1,800 crores for FY26-27. I don't know whether if I missed any of your questions.

Vivekanand Subbaraman: My second one was on the APM allocation, the exact quantity in mmscmd. And since the emergency measures on gas allocation have been lifted, what is the mechanism of allocating APM, new well gas and HPHT now to MGL and the CGD sector?

Rajesh Patel: First of all, HPHT is not an allocation base where you have to bid and you have to buy. Only thing is CGD gets a priority. So, whenever a long-term contract is up for sale by the producers, HPHT generally all CGDs try and take maximum. So, it gets apportioned amongst all the CGDs. We already have, say, around 0.6 mmscmd long-term contracts, and we have consumed almost 0.2 mmscmd or so through IGX.

As far as APM and NWG and pooled is concerned, roughly 2 million mmscmd through all these 3 sources have been coming to us in the last quarter. We are also not too sure about Q2, and it doesn't make sense me sharing that number for Q2. So that is the way. And I already said around 30% of my total potential is catered through APM in the earlier question.

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

Sabri Hazarika: Congrats on good set of numbers. So, against 95,000 domestic customers added, what has been the addition to the burning customer base during the quarter?

Rajesh Patel: I'm talking about all burning. These are all converted burning customers. Some of them might not have occupied the flat, okay? So, you may see that in maybe another month or 2 months' time. But all these are actively burning customer who have signed and taken up the gas.

Sabri Hazarika: Okay. And the full year, what is your expectation now in terms of addition?

Rajesh Patel: Our endeavor is to do maximum. So, we may go from 1,000 number a day to more than that as well, 2,000, 3,000 also. But as I said, currently, it is monsoon. The availability of plumbers, the availability of third-party engineers to do inspection, availability of meter, availability of pipe, etcetera. It all depends on this. We can do 8 lakhs to 10 lakhs given if there are no bottlenecks in this year itself.

Sabri Hazarika: Okay. And any growth guidance -- volume growth guidance for domestic PNG like you have done for CNG?

Rajesh Patel: Volume growth, see, if you see domestic is an area where the growth gets limited by the population and the household in that segment, right? As we have been saying in the earlier call and earlier all our meetings, that we have a potential of around 3.8 million to 4 million households, okay? We are already with almost 3.3 million household, and we are selling gas to almost 2.3 million consumers.

So almost 50%, 60% of this connected but not consuming gas we will be tapping because there is a pressure from government also, and they have a threat of bottle getting stopped if a building has a gas connection and they have not taken. So, if this number conversion gets squeezed in next 2 to 3 years, definitely, volume growth will be higher instead of 5, 6, it could go to 7, 8.

But beyond that, it has to be through new geographies or new areas, okay? So, I'm saying you can take a call on -- if I reach out to all 3.8 million or 4 million households and taking their average per capita consumption, say, in the range of 0.35 to 0.4, that's the volume potential available in this segment.

Sabri Hazarika: No, I'm talking about this year. This year, I mean, we are like at 9%, 10% in Q1 itself.

Rajesh Patel: So, this year, I connect only 5 lakh, then 5 lakh into at least -- because these are the customers who are sitting on the fence, their consumption could be low. So even if you take 0.3, it should add 0.15 mmscmd if all of them start consuming gas. And it will be average of the year because you are connecting them throughout the year. So at least 0.06, 0.07 kind of addition is seen on 0.65 base.

Moderator: The next question is from the line of Kartik Gada from Multipl Wealth.

Kartik Gada: Yes. So just again, on the realization for industrial and commercial segment, you mentioned INR27 to INR32 increase in per cubic meter terms. What would this be in percentage terms?

Rajesh Patel: Percentage to?

Kartik Gada: Last year's realization.

Rajesh Patel: It would be ranging between 70% to 80%.

Kartik Gada: Okay. And the alternate fuels would have been either unavailable or even dearer, right? That's why whatever was available was consumed. How is that situation now in Q2?

Rajesh Patel: So Q2, until maybe first week of July, things were normalizing. Again, second week of July onwards, there are constraints on availability of liquid as well as probably gas, both.

Moderator: The next question is from the line of from Aaryan from Aequitas Investment.

Aaryan: Actually, just wanted to get an understanding on your non-CGD initiatives. Over, let's say, the next 3 to 5 years, what do you expect your non-CGD initiatives which the company has taken to materialize in terms of revenue and profit?

Rajesh Patel: So non-CGD, I think we have 2, 3 initiatives. One is long-haul LNG. So long-haul LNG, we have 2 stations, which are commissioned. And currently, only 2 stations and volumes are in the range of, say, 5 tons a day. It is just breaking even and not added much, so to say, which you can see the difference between my standalone and consolidated results, okay?

As far as the battery initiative is concerned, it is right now on hold, except that the cells which we are importing from Korea and trying out on multiple 2-wheeler segment. So very nominal revenue, which takes care of the salary of the people. So, there is nothing which is substantial, which has moved. Two-three reasons because the time we evaluated and entered the segment, probably per kilowatt, our revenue realization was $100 plus. But today, the realization has come down in the range of $70, $75.

And there was some constraint in infusion of capital by the other party as well. So we have been in the process of restructuring the whole project. So that is about the International Battery Company.

Coming to EV, where the business is manufacturing the 3-wheeler cargo vehicles and operating a logistics arm. That is a start-up. So, they have not yet broken even, but the whole sector of 3-wheeler EV has seen challenges in terms of uptime of the vehicle, the pool available to maintain the vehicles and give revenue. So there is some amount of setback, but I think that is very usual when you have a new industry, new start-up. So things are getting stabilized. So there also, it has not yet broken even or it is making profits.

Another is our initiative on compressed biogas. So there, we have signed agreement and land allocation has happened through MCGM. We will be very soon setting up a plant of around 350 ton municipal solid waste, which is only the first phase of our proposed CBG plant with MCGM on the MCGM land. So, this is about the new initiatives.

Aaryan: Okay. Second, I just wanted to ask, you did give some color about the commercial and industrial space, which was there. But you said industrial realization was not so high. So I was just trying to understand if you could please reiterate why the industrial realization was not as high as the commercial realization?

Rajesh Patel: So, both depends on the different fuel from which you switch the customer to natural gas. In case of commercial, majority of the customers who are consuming bulk LPG moves to natural gas and bulk LPG movement from last quarter to this quarter was higher. Whereas the industrial side, more of the consumers are using LSHS, FO/LDO. And there, the price movement was not that high. And also, the pricing with respect to large industrial customers, we give some discount to the alternate fuel prices, so they recover their capital cost.

So there is a difference in the pricing difference in the fuel through which the pricing linked to the alternate fuel. So obviously, there will be a difference. So, it can go other way around also. If the prices of LPG, bottle LPG comes down and LDO/FO remains there, then you may see reverse movement also. But typically, I'm saying from Q4 to Q1, the realization increase in case of commercial was much higher or higher by at least 10% to 15% compared to industrial or a little more also in some cases.

Also we have new customers, Raigarh area where we gave first 3 years committed discount of 10%, where more of industrial commercial base is there. So I was talking about the weighted average realization considering the mix in different GAs, new and old customers.

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

Bineet Banka: Sir, on the capex, I think the number you said is INR1,500 crores to INR1,800 crores for this year. Yes, if I see the cash flow, the operating cash flow is around I think INR1,000 crores, INR1,100 crores. So, will there be a debt raise this year for funding the capex?

Rajesh Patel: We also have surplus on our balance sheet, and we are prepared to raise debt because if my CBG plants starts, we need money there as well. And we are a zero-debt company. So, we can always raise debt, yes. We are prepared to do that, yes.

Bineet Banka: Okay. And on gas pooling side, is it still continuing like it was in 1Q? Or do you have some relaxation from the government?

Rajesh Patel: Pooled gas has been discontinued from around second week of July because government came with a notification that now Hormuz things are come to an end and this arrangement and the notification, which was giving priority for gas consumption of the domestically produced and otherwise also was removed around 4th of July. And after that, gas was removed.

Bineet Banka: So, you are getting around 1.5 mmscmd of Henry Hub gas, which you have contracted with GAIL?

Rajesh Patel: That is slightly unfortunate. We are not getting that much. Reason is the force majeure is already -- after that, within probably a week's time, again, U.S. and Iran things started, okay? And supplies are impacting and force majeure is applicable as far as import is concerned. So, we have represented that pooled gas mechanism should come back. But as of today, we are without pooled gas.

Bineet Banka: In the absence of pooled gas and Henry Hub volumes still not there, so are you possibly funding this shortfall using spot LNG?

Rajesh Patel: Small amount of this was done because immediately, you can't enter into a term contract. So yes, for maybe 15 days to 3 weeks' time, we did buy spot. And we have taken some steps to enter into a slightly longer-term contract so that cost can be contained with some good amount of threshold. So, if things improve, we can always use both. But as I said earlier, I think this 2-3 months until West Asia crisis comes to some reasonable conclusion, this remains very volatile.

Bineet Banka: I don't understand when pooled mechanism is not there and the restrictions are relaxed, then why we are not getting the full quota of contracted Henry Hub gas?

Rajesh Patel: So, as I said, no, immediately after that, the U.S., Iran thing erupted and supplies are impacted. If supplies are not there -- and with the government circular, if that pooled mechanism was again back to square one and it is going back to the people pre-West Asia crisis. So, it may take some time at the end of government to rethink and do, or that's actually not in our hand, but we can only represent. That is what we have done.

Moderator: The next question is from the line of Vikash Jain from CLSA.

Vikash Jain: So, as things stand right now, can we say that the situation on availability as well as raw material availability that is gas, as well as maybe pricing is pretty similar to the June quarter? Because everything has kind of come back in terms of the war. Yes, I mean, overall, crude prices are lower, but there will also be that 3 month -- generally your pricing will be with a 3-month lag, right?

Rajesh Patel: So, if you see, I think West Asia crisis started somewhere end of February 28. And then the pooled mechanism was put in place almost in the mid of March or something, correct? Now that means Q1 was not at all impacted because, yes, the prices went up maybe $12.5 to $13. But today, probably, pooled mechanism removed, gas not available, situation is slightly worse compared to Q1, not equal. Our volumes have gone up.

Vikash Jain: But your margin situation should be a bit better because you took a lot of the price hikes that you took.

Rajesh Patel: Yes. So, my price hike in the first quarter was gradual. And let's say, from February till now, I have taken INR5 per kg increase, which is available for this full quarter. So that is definitely a positive side, as you understand it very rightly.

Vikash Jain: And just to -- from whatever which has already been discussed, the Q-o-Q up move in margin, that largely comes from the fact that industrial and commercial did not see that quick a pass-through and a bigger impact in the March quarter. But is that one of the main reasons for the delta that we have seen the Q-o-Q improvement in margins?

Rajesh Patel: Yes, you are right. Generally, we don't do any pass-through. We are billing alternate fuel linked prices. And so, it's more driven by market. But that is why I always keep on saying that it is not right to compare quarter-on-quarter margin for at least this segment or even the company.

I have created infrastructure for a long term. And over long term, you will always make money, till the time you see Brent at a particular level and gas prices in the range of $12 to $14, you will always be in the money. Comparing quarter-on-quarter and during such difficult time, it's very difficult for anybody to say how margins will fare. Correct?

Vikash Jain: But your endeavor to get to, I think, INR8 to INR9 margin, that target continues, right?

Rajesh Patel: So, our endeavor remains and you will have to appreciate that...

Vikash Jain: Yes, volatility will be there.

Rajesh Patel: Yes, yes. And there are alternate fuels which are competing with us. So, within a range, you can always perform. But if the external factors completely go against the business model, then there will be some plus/minus during a shorter period of time, like a quarter or a half year.

Vikash Jain: Rajesh, just one other thing that if -- from whatever behavior we have seen during this last few months where there were extremes, what kind of a discount, the last few months or last few quarters, do you think volumes start getting impacted if diesel discount to diesel falls to, say, below 15%? Do you think that, that's when volume growth starts getting impacted below 20%? What is the broad number and understanding that we have?

Rajesh Patel: Volume growth may get impacted. Volume as such may not get impacted because you have a base on which you are operating, okay? So, you may see a slowdown in the vehicle addition and the volume growth. But considering this is a temporary situation, we don't see that it should remain forever and you will have a very long term. So, our endeavor should be I maintain the stability of price and don't impact that people's psychology of adopting CNG vehicle.

So, we will pass through this phase. It's not very difficult. You have seen that in last -- during COVID, during Ukraine invasion and now during this. So, I don't see a challenge as such. Maybe at least for a balance sheet size of MGL and a financial strength of MGL, we are very confident that this will sail through.

Moderator: The next question is from the line of Indrakumar Gupta from PL.

Indrakumar Gupta: Sir, I understand that you gave a directional input on the volume not being very challenging, volume growth not being challenging and challenges lies in the gas sourcing. But last quarter, I think you indicated that the volume growth would be in double digits. And this year, we may exceed EBITDA per SCM of INR8. So, does that remain maintained? Or is there any change considering the Q1 performance? Or what is the overall change in this?

Rajesh Patel: So, I think last quarter, we said volume growth will be higher single digit or it may cross double digit if CNG volume picks up beyond 8%, 9% and industrial commercial volume goes 12% to 14%, then it is possible to go beyond 10% also. But with the gas supply getting curtailed and if I have to restrict my supplies to 80%, though we may connect everybody, we will sign lower DCQ to start with so that customer is connected, but gas consumption can be always scaled up once the situation eases out and supplies are restored properly.

So, comparing for this quarter or even for next quarter, it's anybody's guess how things will move. But when I say INR8, INR9 EBITDA, it is over a longer period of time and most of these factors remaining under the normal circumstances. Today, probably circumstances are such that nobody is able to predict what could be the spot and what could be the gas availability also.

As I said, our composition of gas sale is more or less alternate fuel linked as well as CNG and domestic. It is balancing out what we have seen in this quarter.

Moderator: The next question is from the line of Jay Shah, an individual investor.

Jay Shah: I just had a couple of questions. While some of the questions that I had have been answered. But let's assume that things normalize, formal normalizes price broadly crude versus natural gas, the spend normalizes. What is the kind of volume growth? Because looking at '28, what is the kind of volume growth that I can really look at on a sustainable basis, maybe '28 and '29. So that was question number one. Any range that you would hazard to guide us to?

Rajesh Patel: Range for growth?

Jay Shah: Range for volume growth.

Rajesh Patel: It should be in the range of 8% to 9%.

Jay Shah: 8% to 9% range for volume growth. Right. And just a second question. You mentioned that there will be a capex, which will be done this year. So, does that have any impact on the dividend payout?

We have been broadly around INR30 per share has been paid out as dividend. And any -- I mean, thought around meeting that capex through internal accruals and not debt? Or what's the management thought process on that?

Rajesh Patel: Dividend outflow certainly will not have any impact. We have been always saying that we will maintain the dividend and gradually increase it, okay? So, the current level of dividend will be maintained despite higher capex, okay? And as I said, our balance sheet strength is very good if required. See, when you look at CGD as an industry, if I was to cover my potential in the geographical areas which I'm working on, I would have spent, say, INR1,000 crores every year up to 3, 4 years to tap that potential.

What am I doing is I'm only preponing that capex. So, if I spend now a little more, maybe in the subsequent years, I'll have to spend less because I'm trying to seize the opportunity, which is today available due to the pressure on LPG and the very good opportunity which has come to the CGD industry. So, it is not that overall capex for the project to tap the potential in the geography is going up. In fact, it has reduced because my RI charges have come down. My speed of executing project becomes faster, it saves a lot of overheads.

So, it is only preponing the capex. We are never saying that whatever number of stations, kilometers of pipeline required to tap the potential, I will be doing little earlier. That's all. So if intermittently if I have to borrow, we can always borrow.

Jay Shah: No, absolutely. I mean given the balance sheet strength and almost a debt-free kind of balance sheet, borrowing is never going to be a challenge for the company. It's just that as you rightly put it, we are preponing capex and maybe there can be cash flow issues, cash flow towards capex, which will be met by borrowings.

Rajesh Patel: We don't see any cash flow issues. Cash flow will be managed. Nothing to worry about cash flow.

Moderator: The last question is from the line of Aaryan from Aequitas Investment.

Aaryan: Just wanted to understand, you explained to me about the non-CGD initiatives, but I just wanted to add, what is the management focus on this? So, are we putting heavy focus on the EV initiatives that we have? Or are we just saying that this is not our main domain expertise. So, we will invest more of our time and resource in the CGD business. So, what is the management philosophy then?

Rajesh Patel: So, it's a smaller investment considering the size of MGL. And our objective was to mainly understand the segment, okay? Now as you are aware, any new initiative and start-ups will have this kind of a performance in the initial year. So it's going to help us in understanding for a long term, what all things can be put in our fold, considering if 12, 15 years down the line, really EV vehicle picks up, at least we understand the market very well. So, you may not see a very sizable amount of management time and money being put in this segment for at least next 3 to 5 years, unless we have a confidence and we know now this is the time when it will start running, we'll definitely scale up at that time.

Aaryan: Understood, sir. And just the last question. So, you did say that you expect volume growth coming from the new GA. But are we planning to bid for any new GA when the tenders do come out? Or is our philosophy same that we will continue to focus on the existing GAs which we have?

Rajesh Patel: See, our existing GAs, GA-1, GA-2, GA-3 also has a lot of potential yet. And infrastructure is developing. There is a good amount of growth available in GA-2 as well as GA-3. And the UEPL

SBUs, we have been saying that it has a potential of almost 1.2 mmscmd. We are currently serving a little more than 0.3.

So, it can still go fourfold. We are increasing there more than 30%, okay? And if required, we are open and we may look for any opportunity of acquisition as well because when the time is coming where APM is substantially coming down. So, there are new entrants who may have managing issues. There are new non-gas operators have also entered.

So, if we are able to use our ability of managing gas and acquire any companies, we are open to that as well. So, growth can come from inorganic mode also, and bidding is actually not open because most of the geographies are already bidded out by PNGRB.

Moderator: Thank you. Ladies and gentlemen, we take that as the last question of the day. I would now like to hand the conference over to the management for the closing comments.

Rajesh Patel: Thank you so much, everybody, for connecting on the call today. I'm happy to address any questions if you have, offline. Thank you so much.

Praveer K. Srivastava: Thank you. Thank you so much.

Moderator: On behalf of Prabhudas Lilladher India Private Limited, 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.)

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