GUJARAT GAS

**GGL/SEC/1267/2024** **21st February, 2024**

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| **BSE Limited,**<br>Phiroze Jijibhoy Tower,<br>Dalal Street, Mumbai<br><br>Company Code: BSE-GUJGAS | **National Stock Exchange of India Ltd,**<br>Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex,<br>Bandra (East), Mumbai – 400 051<br><br>Company Code: NSE-GUJGASLTD |

**Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- Transcript of Post Results Earnings Conference Call (Q3 FY23-24) held on 15th February, 2024.**

**Dear Sir/Madam,**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in continuation to our letter dated 10th February, 2024, please find below the link of Transcript of the post results earnings conference call (Q3 FY23-24) held with the analysts on **Thursday, 15th February, 2024 at 4:00 pm IST:**

**Link to access Transcript**:

https://www.gujaratgas.com/pdf/gujaratgas-earnings-feb-15-2024-call-transcript-1.pdf

The Transcript is also attached along with this intimation letter.

Kindly take it on record.

Thanking you,

**For Gujarat Gas Limited**

Sandeep Dave

Digitally signed by Sandeep Dave
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**Sandeep Dave**
**Company Secretary**



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# "Gujarat Gas Limited

# Q3 FY '24 Earnings Conference Call"

# February 15, 2024

**MANAGEMENT:** **MR. SANDEEP DAVE - COMPANY SECRETARY - GUJARAT GAS LIMITED**
**MR. DIPEN CHAUHAN – HEAD, BUSINESS DEVELOPMENT INDUSTRIAL AND CNG SEGMENT - GUJARAT GAS LIMITED**
**MR. RAJESH SIVADASAN – HEAD, FINANCE, ACCOUNTS AND INVESTOR RELATIONS - GUJARAT GAS LIMITED**

**MODERATOR:** **MR. SADASHIV VISHNU - ANURAG SERVICES, LLP**

**Moderator:** Ladies and gentlemen, good day and welcome to the Gujarat Gas Limited Q3 FY24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

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

**Sadashiv Vishnu:** Good afternoon and welcome to the Q3 FY24 Earnings Conference Call of Gujarat Gas Limited. From Gujarat Gas Management, we have Mr. Sandeep Dave, our Company Secretary. We will begin the call with opening remarks from the management side, post which we will have a question and answer session.

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

**Sandeep Dave:** Good afternoon, ladies and gentlemen. I am Sandeep Dave, Company Secretary of Gujarat Gas Limited. A very warm welcome to Q3 earnings call of GGL. To start with, I thank you all for taking out time and attending the call.

To give a brief background, GGL is the largest CGD company in India. The company is operating in 27 geographical areas spread across 6 states and 1 union territory. We have a good mix of matured and emerging CGD areas.

We have developed pipeline network of more than 38,100 kilometers, which provide natural gas to more than 20.64 lakh households, 4,350 industrial customers and 14,900 commercial customers. GGL operates more than 817 CNG stations, serving approximately 390,000 vehicles per day. Now, I would like to appraise you about major business updates for Q3.

Happy to inform that we have achieved highest ever CNG volume of 2.78 MMSCMD in Q3, which is 14% higher than Q3 of previous financial year. We have launched full dealer-owned, dealer-operated, what we call as FDODO scheme for fast-track development of CNG stations infrastructure. My colleague will appraise you about this initiative in detail a little later.

We have contracted 0.5 MMSCMD of domestic gas under auction from one of the upstream suppliers for four years during the quarter. New industrial customers aggregating to 0.43 MMSCMD gas volume has been signed. We have introduced smart meters for domestic customers at GIFT City, Gandhinagar, which we are planning to exchange to other locations as well in phased manner.

Contribution of GGL has been recognized by some reputed institutions. First being, we have been recognized as the world's most trustworthy companies, 2023, by Newsweek among the listed firms in energy and utility category. GGL is listed in Dun and Bradstreet's flagship publication of India's top 500 value creators.

Our rank was 20th in relevant category. The Institute of Engineers India has recognized our contribution to the sector and recognized our commendable performance in the category of engineering, manufacturing, and processing. GGL aims to deliver affordable, reliable, and cleaner energy by operating responsibly and performing with excellence while considering the environmental, social, and governance factors.

As part of our commitment to ESG initiative, we have taken several measures, which I'll just run you through some of the major ones. First being, after successfully running operation of green hydrogen blending in pilot project at Hazira at 5%, we have now been authorized by PNGRB to increase blending level from 5% to 8%. And actually, we have already commissioned the network with increased hydrogen level of 8% in the blended mixture.

We have set up new CNG stations to promote use of environment friendly fuel. We have also achieved injection of biogas into the GGL system. We have kick-started the operation of taking supply of biogas into GGL system at Sanchore, Jalore, and Sirohi..

The company has embarked on major digitalization drive across various business processes, which covers our PNG, CNG, LNG tanker movement, billing, collection, vendor invoice submission, thereby ensuring that most of the major business processes are digitized. At Gujarat Gas, we adhere to the highest standards of safety and a strong culture of safety. GGL is an ISO certified organization for integrated quality, occupational health, safety, and environmental management system.

At Gujarat Gas, we adhere to the highest standards of HSE and maintain a strong safety culture. We build and maintain a safe and reliable gas network in our areas of operation. With this brief update, now I request Mr. Dipen Chauhan, who is Head of Business Development - Industrial and CNG segment, to share details about new business initiatives of GGL. Over to you, Dipen.

**Dipen Chauhan:** Thank you very much, Sandeep, and good afternoon, good evening to all our investors and listeners. I'll start with the CNG business.

If you just look at the CNG business, there is more than 300% of the growth in last five years of CNG-powered passenger vehicles. Currently, there are four major OEMs who are supplying or marketing more than 24 CNG models in the market. With better availability of supplies, new CNG model launches, strengthening of CNG infrastructure and reduction in CNG prices, the CNG penetration is expected to grow from present 11% in 2023 to 18% in 2027.

And as per the ICRA report, CNG will be second most preferred fuel in the year 2027. Now, I'll talk about GGL's CNG business. We have more than 800 CNG stations across the operational area.

This is 14% of the total CNG stations in the country. Presently, as per the December quarter, we were selling 2.78 MMSCMD of CNG across the country. The company has taken up drive to cater the CNG fueling need of the growing CNG passenger vehicle market by establishing new CNG stations.

For that, we have introduced a new scheme. It's called, as Sandeep has mentioned, FDODO. That is Full Dealer-Operated and Dealer-Owned scheme.

This will cover the entire market of the Gujarat gas. Presently, the last date of the scheme application or EOI was 31st January for Gujarat. Outside Gujarat, it is still open and it will end on 29th of February.

If I talk about the Gujarat, we have received major or massive response to this scheme. More than 700 online applications submitted by the enthusiastic potential partners. GGL is planning to operationalize 200 plus CNG stations under this scheme over the period of 2 years.

We are expecting 15% to 20% growth in the present CNG volume on year-on-year basis. This scheme, FDODO, is dedicated to entrepreneurial spirit of the country and we are creating a startup opportunity in the energy sector for even small entrepreneurs. FDODO scheme, where it is allowed by dealers to invest in and operate compressed natural gas stations, this innovative approach empowers local entrepreneurs and fosters economic growth while simultaneously expanding GGL's city gas distribution network.

The FDODO scheme's unique model enables GGL to channelize resources into expansion of its CGD network. The company plans to utilize balanced financial resources, for laying PE and steel pipeline for enhancing infrastructure and accessibility. The strategic move aligns with GGL's commitment to sustainable development and cleaner energy future for the region.

The company is confident about the positive impact the FDODO scheme will have on the company's growth trajectory and the socio-economic development of the areas it serves. Expansion of CNG stations will contribute to reducing carbon emissions, promoting a greener environment, fostering economic prosperity, and creating employment in the even rural sector. Now this is about the FDODO scheme, but the company is doing or working very quickly in decarbonizing transport sector also.

Now, first of all, I'll talk about the strategic geographical locations we are operating in. If I talk about the ports, that is, Mundra, Dahej and Hazira, which is on the west coast of the state of Gujarat, are in our GAs. We are very close to JNPT also.

We have golden corridor, that is, Baroda, Baruch, Ankleshwar, Surat, Vapi, in our geographical areas. Apart from that, major route of Delhi-Mumbai Expressway is also passing through our geographical areas. Then Bharat Mala project, which is Amritsar-Jamnagar Expressway, is one of the sections which is also passing through all our major geographical areas.

And in future, this will be the connectivity of all these ports, which is there in the western Gujarat, western India and Gujarat coast, to the northern market of India. Now, with this kind of opportunity, there is a major business potential also. Now, to explore or to establish a very good business plan in this decarbonizing transport sector, we have signed a few MoUs also.

Number one, of course, we have signed MoU with HPCL, which will help us in FDODO scheme implementation with the OMC. We are going for NFR, that is Non-Fuel Revenue, through selling lubricants at our CNG stations also. We may explore liquid business opportunities with

OMCs also. We are starting with the HPCL. Sooner we will sign with other OMCs also. This will give us an opportunity to have mother stations in the remote area also. And this will, of course, give us a pan-India reach for developing our transportation business.

Apart from that, we are also working in developing hydrogen and CBG transportation capability for the company. For that, we have signed MoU with FEV, that is Field Evolution Group of Germany. This group is globally leading engineering provider in automotive industry and internationally recognized leader of innovation across different sectors and industries. But this will help us in having leverage in developing hydrogen and CBG-based automotive fuel business.

Apart from that, GGL is working towards achieving operational excellence and customer delight through digital transformation. For that, we have signed an MoU with a Polish company called AIUT Technologies, who will help us in developing such strength in digital transformation across the business.

This is the brief background of CNG business and decarbonizing transport sector through other business initiatives of Gujarat Gas. Now I will request Mr. Rajesh Sivadasan, who is our Head of Finance, and Accounts , to take it forward. Thank you.

**Rajesh Sivadasan:** Good afternoon, ladies and gentlemen. I am Rajesh Sivadasan, Head of Finance and Accounts and Investor Relationship at Gujarat Gas Limited. I welcome all of you for the earnings call at Gujarat Gas Limited for the third quarter of the financial year 2023-2024. I would like to thank Sandeep and **Dipen** for giving the update on the business initiatives we have taken. I would also like to thank you all for attending this call today.

I trust you have gone through our financial results which were reported on 13th of February and also our investor presentation which has been uploaded yesterday. I will be referring to certain slides which will be relevant in my talk today. I will refer to slide number eight of the investor presentation.

We have been able to grow at a volume of around 7.29 MMSCMD for the quarter ended 31st of December '22. To 9.16 MMSCMD for the quarter ended 31st of December '23. The increase was primarily led by the industrial volumes which increased to 5.53 MMSCMD from 4.05 MMSCMD. We have sustained this overall volume near to previous quarter of the current year.

The Morbi volumes have increased to 3.65 MMSCMD in the current quarter compared to 2.31 MMSCMD in the quarter of the previous year. The company has achieved an average CNG sales of 2.78 MMSCMD for the quarter ended 31st of December 2023 on the back of investments in CNG and infrastructure and coupled with favorable government policies. We continue to see an increase in the company fitted with CNG models and anticipate further CNG sales growth.

Further to the revenues of the company, I will kindly refer to slide number nine. In terms of revenue, the company has registered a revenue from operations of INR4,084 crores during this quarter ended 31st of December 2023 against INR3,991 crores for the quarter ended 30th of September 2023.

The company has reported a profit after tax of INR220 crores compared to INR298 crores in the previous quarter of this year. The company's EBITDA for Q3 stands at INR410 crores compared to INR507 crores in the second quarter of the current year. In terms of rupee per SCM, the EBITDA stands at INR4.87 compared to INR5.92 in quarter 2. We would be endeavouring to maintain the EBITDA in the range of Rs.4.5 to 5.5 per scm on the long term basis and we continue to calibrate and strike a balance between volumes and margins. This is with respect to the financial results.

**Sandeep Dave:** Now we will leave the floor open for Q&A session. Moderator, please facilitate Q&A session.

**Moderator:** Certainly, sir. Thank you. We will now begin the question and answer session. The first question is from the line of Siddharth Chauhan from Batlivala & Karani Securities. Please go ahead.

**Siddharth Chavan:** Hi, sir. Thank you for the opportunity. I have two questions, sir. One, sir, what level is Morbi cluster operating currently? And what is our market share?

**Rajesh Sivadasan:** The Morbi cluster is operating at close to 8 to 8.5 MMSCMD. And as I told you, our volumes are close to 3.65 in this quarter.

**Siddharth Chavan:** Okay, and sir, what are the current volumes? Is it the same? Around 3.65?

**Rajesh Sivadasan:** Yes, it's the same.

**Siddharth Chavan:** Okay, and sir, the second question is, I understand that spot LNG prices have actually moderated/ declined by around 25% from December levels. But we haven't cut back any prices on the pricing front at Morbi. Any specific reason to it?

**Rajesh Sivadasan:** No, the management is having a look at that and will come back to you.

**Siddharth Chavan:** Okay, and sir…

**Rajesh Sivadasan:** Yes.

**Siddharth Chavan:** And sir, last question. What is the current price of propane and natural gas at Morbi?

**Rajesh Sivadasan:** The current price of propane is close to INR43 and the natural gas price is close to 45.

**Siddharth Chavan:** Okay, thank you so much, sir. That was really helpful.

**Moderator:** Thank you. We have the next question from the line of Kishan Mundra from Antique Research. Please go ahead.

**Kishan Mundra:** Hi, sir. I have a couple of questions. So firstly, for the quarter, can you share the gas procurement between APM, Domestic and LNG?

**Rajesh Sivadasan:** With respect to the entire company or you're talking about specific things?

**Kishan Mundra:** For the entire volume, how much was catered to by APM? How much was the Domestic HPHT gas and contract volumes? And then contract LNG and Spot LNG as well?

**Rajesh Sivadasan:** The CNG is close to 80-20 and for the industry, it's close to 70-30.

**Kishan Mundra:** 80-20, when you say 80, is 80% APM, 20% non-APM, which I assume would be HPHT, right?

**Rajesh Sivadasan:** Yes, you're right.

**Kishan Mundra:** And in case of industrial, when you say 70-30, 70% is contracted?

**Rajesh Sivadasan:** Yes, long-term contract.

**Kishan Mundra:** Okay. And so this 0.5 MMSCMD of contract that you have entered during the quarter, so this would totally be related to the priority sector, which is CNG and Domestic PNG or would it be for industrial?

**Rajesh Sivadasan:** No, it will be for the priority sector.

**Kishan Mundra:** Okay. So if I were to include this 0.5 mmscmd, then what are your total long-term contracts that you have in your hand currently?

**Rajesh Sivadasan:** It will be close to 4.5.

**Kishan Mundra:** 4.5, okay. And these are routed to you via your parent GSPC? Is that correct, right?

**Rajesh Sivadasan:** No, there is a mix. I think the priority sector comes directly to Gujarat Gas and the long-term, etcetera, comes from GSPC.

**Kishan Mundra:** Okay. So the new 0.5 directly comes to you?

**Rajesh Sivadasan:** Yes.

**Moderator:** Thank you. The next question is from the line of Maulik Patel from Equirus. Please go ahead.

**Maulik Patel:** Thanks for the opportunity. A couple of questions. As I understand that currently you must be making in a very high gross margin in the industrial segment, close to around INR8 to INR9 on the back of this $9.5 of spot LNG. My question is that in the past we have mentioned that we want to follow the balanced approach, where the volume is possible, we will go for a volume, and when the margin is possible, we will go for a margin.

Current environment is one of the best you have in the last almost two, two and a half years. And in terms of gas advantage over the propane, why we are not reducing the price? It's already one and a half months since the spot LNG has been down. Why we are not reducing the price and taking advantage of that and increase our market share in Morbi?

**Rajesh Sivadasan:** Yes, Maulik, as you rightly said -- we have to strike a balance between the volumes and the margins, basically. So we are trying to strike a balance now. Practically, we are also looking at propane as propane is the alternative fuel which is competing with us. So we are also observing those prices also. And at an appropriate time, the management will take a particular call with respect to whatever suggestion you are giving. So we will take a call at that particular time.

**Maulik Patel:** Okay. But it seems that you have much more following in the margin given that rather than the volume, right? This is the best time you have in the last two, two and a half years. And probably, I hope, can you follow the more like volume, which not only benefits Gujarat gas but entire value chain of the GSPC group, including GSPL. And probably, we get another chance to expand our market share at least for the next few months, if not for the full year.

Second question is on the non-Morbi side, where the price has been constant at around INR48 per SCM for very long. Earlier, we were following a practice that non-Morbi used to be around INR1.8 premium to the Morbi. But there is no, I mean, the volume has been very stagnant in that market, in the range of around 1.8-1.9 MMSCMD for last many quarters. Are we looking for any kind of growth in that market?

I mean, there has always been a lot of hope in terms of the Thane will add a lot of volume, Dahej will add a lot of volume, but we haven't seen any meaningful change in that number for last many quarters.

**Rajesh Sivadasan:** I think, Maulik, I think we are in the process of setting up the infrastructure necessary for creating those volumes. So, once that infrastructure is in place, the volumes which we are talking about will definitely come in.

**Maulik Patel:** So, you started getting volume in the outer Ahmedabad area, which you got from the, under the Supreme Court order?

**Rajesh Sivadasan:** I think the APTEL order has been implemented from January, and I think CNG station surrender has taken place, and going forward, the rest of the things will also happen. So, the additional demand from the Ahmedabad rural area will also start flowing in and going forward.

**Maulik Patel:** Okay, got it. Thank you. I will come back in a queue.

**Moderator:** Thank you. The next question is from the line of Hardik from ICICI Securities. Please go ahead. Hardik the line for you has been unmuted. You may proceed with your question. Hardik, you are not audible. Please use the handset. Hardik, we request you to please re-join the queue.

We will move to the next question, which will be from the line of Karan Mehta from Nirzar Securities. Please go ahead.

**Karan Mehta:** Thank you, sir, for the opportunity. So, my first question is, how has the growth in the newer areas been, especially in the auto, industrial and residential segments? And what are our growth targets in these areas for FY25?

**Rajesh Sivadasan:** The growth targets are close to 10%, which we have already talked about. Overall, company volumes are likely to grow by 10%.

**Karan Mehta:** Even in the newer areas, Ex-Morbi?

**Rajesh Sivadasan:** No, not in the newer areas. I think in the established areas we are talking about. In the newer areas, the new GAs which we are developing, it will take a little bit of time because now the infrastructure is being developed. And gradually, the CNG conversions, etc. will take place.

**Karan Mehta:** Okay. And currently, what are the growth, I mean, how much growth are we seeing there?

**Rajesh Sivadasan:** For CNG conversions, it is a gradual growth which happens because it is the entire environment which functions for the growth.

**Karan Mehta:** Okay.

**Rajesh Sivadasan:** Yes.

**Karan Mehta:** Fine. That's it from my side. Thank you.

**Moderator:** Thank you. The next question is from the line of Nitin Sharma from MC Pro Research. Please go ahead.

**Nitin Sharma:** Hi. Thanks for taking my question. First of all, can you please talk about what is driving the industrial volume excluding Morbi? And then I have a follow-up.

**Rajesh Sivadasan:** You are talking about the volumes other than Morbi?

**Nitin Sharma:** Other than Morbi, over the nine months of this year?

**Rajesh Sivadasan:** Just a minute. With respect to nine months, when we compare the two years, basically from 1.96, it has increased to 2.04 MMSCMD for non-Morbi areas. and commercial. Yes, that's it.

**Nitin Sharma:** And this is coming from which area, if you can talk about?

**Rajesh Sivadasan:** It has come from Ankleshwar and Dahej.

**Nitin Sharma:** Okay. Understood. Secondly, how much was the capex in the quarter? And are you still on the same guidance of INR1000 crores for this year? And also, how many CNG stations will be added in Q4?

**Rajesh Sivadasan:** Yes. There are two things. One is we have estimated capex of around INR900 to 1000 crores over a period of last two to three years. I think in this year, we almost crossed INR600 crores. And for the going forward -- because with the new scheme of FDODO, the capex requirement of the company comes down drastically now. Because we need not put in money for the CNG stations. Only the upgradation, etcetera goes on now. So, for putting up new CNG stations, there will be no capex going forward. That's what we estimate.

**Nitin Sharma:** Okay. Understood. Thank you.

**Moderator:** Thank you. The next question is from the line of Yogesh Patil from Dolat Capital. Please go ahead.

**Yogesh Patil:** Thanks for taking my question. Sir, what would be the total sales volume growth guidance for the next year FY25?

**Rajesh Sivadasan:** I think we have just told you it's around, we'll be looking at a volume growth of around 8 to 10 percentage.

**Yogesh Patil:** So, sir, you are guiding close to 8% to 10% percent volume growth in next year. If we consider nine-month FY24, your average was close to 9.2 MMSCMD. And you are guiding close to 10 MMSCMD kind of a volume. So, additional 0.8 to 1 MMSCMD volume you are guiding. So, can you give us a break-up from where this volume will come in the next year?

**Rajesh Sivadasan:** Yes, basically it will come from the CNG segment.

**Yogesh Patil:** 0.8 to 1 MMSCMD kind of a volume will come mostly from CNG side?

**Rajesh Sivadasan:** Yes, CNG, the commercial sector and the domestic sector.

**Yogesh Patil:** Okay. And, sir, you just mentioned in the nine-month FY24, you have spent INR600 crores. Am I right?

**Rajesh Sivadasan:** Yes, around that, Yes.

**Yogesh Patil:** Okay. And what would be the capex for next year? As you said, you are drastically cutting down the capital expenditures for the next year because of FDODO stations will be there. So, any guidance on the capital expenditures for the next year?

**Rajesh Sivadasan:** No, what I told you is basically the capex for the CNG stations would come down, but the rest of the infrastructure will still be there. So, as a guidance, which we last time also told you, it should be close to INR900 to INR1,000 crores would be there.

**Yogesh Patil:** Okay. Okay. And the last one from my side. Sir, as per the press release of Gujarat Gas, the company has contracted 0.5 MMSCMD of domestic gas from the domestic sources. So, this contract is a renewal of existing one or this is a new gas sourcing? And this will be used for which segment?

**Rajesh Sivadasan:** It's a new gas sourcing and it will be used for the priority sector.

**Yogesh Patil:** Okay. Thanks. Thanks a lot, sir. Thank you.

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

**S. Ramesh:** Thank you and good evening. So, the first thought is on this Morbi segment, what is the strategy going forward? And we had the import duty being raised for propane and then it was reversed back to 2.75. So, is there any dialogue with the government to get some duty protection for propane? And do you see propane prices increasing and LPG prices increasing, giving you some competitive advantage thereby your market share going up and the volume going up in Morbi say the next one or two quarters?

**Rajesh Sivadasan:** See, I think the propane prices, forwards are available and practically it's going down and then going up. Practically now it's on a higher side and basically it's almost reaching to the NG prices now. And going forward, there will be a diversion on both the parts. So, with respect to that, the company will be taking appropriate calls with respect to the pricing. And with respect to the other thing, Dipen can add on.

**Dipen Chauhan** : So, basically we are just at par with the propane prices and the way things are going, I think we will be managing to sustain the volume or maybe, we may increase the volume in Morbi.

**S. Ramesh:** So, on the import duty, any thoughts? Because it has gone up and then come down, it makes propane cheaper. So, any thoughts on that? Any further dialogue with the government on that?

**Dipen Chauhan:** Regarding propane, we are not discussing that with the government.

**S. Ramesh:** So, in terms of the incremental growth, if you look at your CNG sales per station, it is much below MGL or IGL. It's about 3,500 SCM. So, do you see incrementally the per station volume increasing? And how do you see the vehicle addition, say in Gujarat and outside Gujarat? Any numbers you can share?

**Dipen Chauhan:** No, there's a basic difference between IGL, MGL and GGL businesses, the kind of geographical areas we are working in. We are working in a new geography while MGL and IGL are working nearby geographies or Delhi, NCR and Mumbai, that way. But while we are working in Punjab, Haryana, MP, Rajasthan, of course Gujarat, then DNH and Maharashtra. So, there will be a difference between the per station sales. But over the period of time, we will catch up with them.

**S. Ramesh:** Okay, any numbers you can share on vehicle additions in Gujarat or outside Gujarat? From the current numbers you have shared out till now, 90,000?

**Dipen Chauhan:** You are asking about CNG vehicles?

**S. Ramesh:** Yes, CNG vehicles per month or per quarter because IGL and MGL share some numbers. If you have similar numbers, it will be useful.

**Dipen Chauhan:** Yes, we can share the numbers also. I think it is in the range of 75,000.

**S. Ramesh:** This is per quarter or per annum?

**Dipen Chauhan:** For nine months.

**S. Ramesh:** For nine months, okay. So, finally, in terms of your overall strategy going forward in terms of pricing power, assuming a certain amount of growth being visible and gas being reasonably affordable compared to petrol and diesel, do you have enough pricing power at least in CNG and to some extent PNG to increase prices to recover your costs and thereby improve margins?

Above what you have guided, I know you have guided for 4.5 to 5.5, but is there any lever, you have a headroom, you have to increase prices by say INR0.25-0.50 every year? Is that kind of increase possible for a period of time?

**Rajesh Sivadasan:** The prices are governed by whatever the cost we are getting it and how we want to earn the margins. So, basically there is no linear line where we say that we have to increase it by 10% every year. There are many factors which are considered why we will increase the prices. Yes, definitely we will be protecting our margins going forward, but there is no set formula that every year we will be increasing by 10%.

**S. Ramesh:** I understand that. So, in terms of your own current thoughts on the business, the key driver for your revenue and earnings will be volume growth plus whatever you can generate from increasing margins. So, the volume growth will be the key driver, right?

**Rajesh Sivadasan:** Yes, volume growth will be the key driver, yes of course.

**S. Ramesh:** Okay, thank you very much. I will join the queue.

**Moderator:** Thank you. The next question is from the line of Kirtan Mehta from BOB Capital Markets. Please go ahead.

**Kirtan Mehta:** Thank you, sir, for this opportunity. In terms of the FDODO scheme, what is the driver for the change? Is it primarily sort of reduction of capex? And how do we sort of aim to sort of control or incentivize volume there and what sort of the margins we will be sharing with the dealers to make it more effective?

**Dipen Chauhan:** Actually, the driver for this scheme is, increase the expansion quickly. Okay, and the way we are managing right now and the way going forward with so many people are involved and entrepreneurs are involved, I think we will manage to build more than 200 stations in coming two years.

**Kirtan Mehta:** So, it's basically a faster growth, growth could be a bit faster by involving the vendors here.

**Dipen Chauhan:** Absolutely. And of course, as you know that we are encouraging entrepreneurial spirit and start-up, creating start-up ecosystem in the country for the energy sector also.

**Kirtan Mehta:** Right. Second question was on the industrial side. We have been adding some of the customers like, we have recently mentioned about 69 new industrial customers and 0.1 mmscmd sort of the demand is added. Plus, we have a 0.8 mmscmd outstanding volume to be connected. And this we have been sort of highlighting for few quarters now. But, in terms of the industrial volume outside Morbi, when we look at it, it remains almost flat. So, why the additions are not translating into the volume growth yet?

**Dipen Chauhan:** Actually, what we are in the means, some of the lucrative market, we are in the stages of developing infrastructure. And it's something like this means until and unless you have the proper connectivity and gas supply started, it will be difficult for the customer to take the gas. So, we are working on it and in this new segment -- I think we have increased speed of infrastructure development and in coming financial year or this quarter, we will start getting results.

**Kirtan Mehta:** But in the guidance that we have given for the next year, we are not envisaging any material growth in industrials. So, would it start to flow from FY26, FY27? When do you expect that to start adding to the volumes again?

**Dipen Chauhan:** I think it's a bit difficult to answer your question right now and we'll be managed to answer that question sometime next quarter.

**Kirtan Mehta:** Okay. Just one last question on the Morbi front. Currently, you mentioned that our volumes are at 3.65 MMSCMD. And Morbi, so does that mean that in roughly 5 MMSCMD of the propane is currently getting used in Morbi at this point of time? Also, I wanted to understand the export outlook. Is the Morbi export affected by the sort of the Red Sea disruption that has been happening and because of that, the volumes or the utilization level of those mills have come down during this recent period?

**Dipen Chauhan:** Yes, you are right. means the Red Sea scenario is affecting the export market, not just for ceramic but across the country. And the way things are going, there are challenges for the ceramic business also.

**Kirtan Mehta:** So, is that the reason that we are not sort of…

**Dipen Chauhan:** I'm talking about export market.

**Kirtan Mehta:** Right. So, is that the reason that we are not dropping price in the Morbi at this point of time because we don't expect volume to be gained by just dropping the price?

**Dipen Chauhan:** No, no. We are at par with the propane prices and that's the reason.

**Kirtan Mehta:** Fine, sir. Thank you. Thanks for the clarification.

**Moderator:** Thank you. The next question is from the line of Mayank Maheshwari from Morgan Stanley. Please go ahead.

**Mayank Maheshwari:** Hi, sir. Thank you for doing the call. The first question, I suppose, is a bit of an extension of the earlier points around what will drive growth on the non-Morbi side. Would you have a bit more like a total three-four year outlook in terms of which sectors you think can kind of grow your volumes over the medium term on the industrial front?

**Rajesh Sivadasan:** Yes, I think the other areas which we are looking at is the Thane sector, the Silvassa sector, the Vapi and Surendranagar and those areas where basically we are developing infrastructure and we are estimating that the volumes will be driven after the infrastructure is in place. So those incremental volumes are going to come from those new areas. Even the Ahmedabad rural areas where industrial expansion is going on.

Basically, we have the outskirts of Sanand etc, wherein a lot of manufacturing companies are coming in. So over those places in the next two-three years, a lot of demand is going to be generated. And those are the areas where non-Morbi volumes are going to pick up.

**Mayank Maheshwari:** Okay. And in terms of specific sectors, is there a thinking that these are the bigger industries that you want to target on these expanded geographies?

**Rajesh Sivadasan:** Maybe, see, it will start from ceramic itself because it's Gujarat. Then it will be chemicals and the pharmaceuticals. And then additionally, the manufacturing units are also coming in because if you look at the Vibrant also, many manufacturing units are coming up in Gujarat, especially in our GAs which we are in. So that's the area which basically will be, the extra demand will be drawn in.

**Mayank Maheshwari:** Got it, sir. And I think the second question was more related to the capital allocation. As you said, I think the capital is going to be in the INR1,000 crores range. So how are you thinking about dividends and capital returns?

**Rajesh Sivadasan:** I think we have a dividend policy in place and the company has been giving shareholders enough dividends. In the last year also, we have declared a handsome dividend to the shareholders. And the management will be taking a call and the board will take a call on those things at the appropriate time.

**Mayank Maheshwari:** But is there a thinking to kind of grow it now steadily every year over time considering you get some volume growth back as well as some other issues in terms of GAs get sorted out in terms of expansion?

**Rajesh Sivadasan:** Yes, see, capex planning, etcetera, will play a role in the dividend allocation, etcetera. So basically, we need to drive growth also. So we need to get a balance between what capital requirement we have, what is the leveraging we can do. And based on that, appropriate type of dividends or the returns to the equity holders would be carved in -- put in place, Yes.

**Mayank Maheshwari:** Got it. And there is no plans on the inorganic growth side, correct? Largely everything will be now organic only going forward?

**Rajesh Sivadasan:** Yes, the other areas, I think Dipen has mentioned in the beginning, the MOUs which we have signed, basically it will be in the mobility sector and basically growing ourselves as an energy company going forward. So that's the objective of everything which we are doing.

**Mayank Maheshwari:** Okay, sure. Thank you.

**Moderator:** Thank you. The next question is from the line of Vikas Jain from CLSA. Please go ahead.

**Vikas Jain:** Hi, thanks for taking my questions. So firstly, is it correct you said, I mean just to reiterate, you said 10% volume growth is what we should, what is your guidance? And roughly 4.5 to 5.5 is the kind of EBITDA margin, unit EBITDA margin that we should be looking at per SCM. Is that roughly what has been said?

**Rajesh Sivadasan:** Yes.

**Vikas Jain:** And just to understand, you said 10% that would roughly equal to almost about getting another mmscmd in place. Now, as I look at it, your current 9, you know, 9.2 mmscmd that you have done for this particular quarter, that of that almost only about 3.6 or so is something that you get outside of industrial. So this is what is going to do the heavy lifting. I mean, this is where you expect growth will be over 2% or so, over 20% or so I mean, to get that extra 1 mmscmd.

**Rajesh Sivadasan:** No, I think the majority of the load will be taken by the CNG. Then it will be the commercial sector, the domestic sector and then the other industrial areas. So that will basically, as we told you earlier, basically we are looking at an expansion of the areas which we are putting infrastructure in place.

So that's the outskirts of Ahmedabad, that's the rural Ahmedabad, the Thane area, etcetera. So I think we are of the view that the demands should be driven by those areas. See, it's an infrastructure company, so basically you have to put the infrastructure in place and then basically the returns follow in two to three years. And I think we are poised to have those volumes now.

**Vikas Jain:** And you had guided that you expect CNG to grow at over 15 -- about 15% or so, right?

**Rajesh Sivadasan:** Yes.

**Vikas Jain:** Okay, fine. And just to kind of remind all of us, you said that total long-term contracts are 4.5 mmscmd. This includes the recent one that you have signed as well? I mean, on an overall basis, what is the total long-term contracts that we are looking at? It includes the recent one as well?

**Rajesh Sivadasan:** Yes, it includes the recent one as well.

**Vikas Jain:** So basically the benefit of spot LNG, if I were to see currently you are doing about 5.7 mmscmd of industrial and commercial, of that only 4.5 is anyways long-term. There's only about an extra 1.2 which will come from spot. I mean, broadly, is that the right way to look at it?

There could be a partial part of the CNG and domestic also which comes from there. But roughly the share of spot LNG is still much lower. I mean, it's still sub 2 mmscmd of your total volumes.

**Rajesh Sivadasan:** Yes, you're right.

**Vikas Jain:** Okay. So essentially, unless but given current prices and since spot LNG has now again become much cheaper than long-term LNG, wouldn't be in your interest to kind of raise volumes and then have more of them funded by spot LNG because that will also bring down unit gas prices? So isn't that enough reason for you to push more volumes or you believe that you are anyways at the right price versus propane to get the volumes in? And that's why there is no reason to be more aggressive on cutting prices. Is that how you're thinking about it?

**Rajesh Sivadasan:** Yes, we'll take a call at the appropriate time. Yes, we have all these considerations in mind. But as we told you earlier, we have to strike a balance between the margins and the volumes. So at an appropriate time, appropriate decisions will be taken. And we understand what your concerns are. And basically, we are taking decisions based on that also. All the factors come into play.

**Vikas Jain:** No, why I'm asking is, like you said, that currently propane prices are anyways on the higher side and they are going to come down, like you suggested, the futures curve and all of that. So basically, pricing will be dependent on competing fuel. That's how one should think about it, right?

**Rajesh Sivadasan:** Yes, right.

**Vikas Jain:** Okay. And on the dividend policy, you said that the company has a dividend policy. So what exactly is that policy? If you were to kind of give us some sense of what is the stated policy, if you could remind us.

**Sandeep Dave:** The dividend policy is already available on our website. It's basically taking care of the general parameter which is taken into account for dividend, the capex plan, the cash flow available, how much we want to distribute and over and above that, the Government of Gujarat policy on distribution of dividend. So all these factors put together will decide how much dividend distribution will be there in a particular year.

**Vikas Jain:** So I mean, 30% is how the pay-out looks for last year. I mean, broadly, unless there is a big capex jump, that should be a good indicative number to work with.

**Sandeep Dave:** Well, that's what the GOG policy says and that's what we also factor into while determining dividend distribution. But as I said, it again depends on how much capex we have, how much cash we have at the end of the year. So these factors will be taken into account before any dividend distribution is decided.

**Vikas Jain:** But as broadly from what you've been commenting, we should think about it that you are very excited about the CNG sector and that's where you see a lot of growth coming from. But industrial sector, this is not the best of times to imagine a lot of big growth coming in. Maybe we'll have to wait for that opportune time to come in. So can you give us a summary of how you see the environment going ahead?

**Sandeep Dave:** CNG sector, yes, we all are excited. There is significant growth, which we all have already seen. Last quarter on quarter, in fact, we have achieved the highest margins. So that's a good enough indication where the CNG market is moving towards. CNG growth is expected to be phenomenal. On top of it, the FDODO scheme, which we have launched, we are very excited and it looks like that it will drive significant growth in short term.

Next one or two years, we'll see the outcome and results of FDODO scheme. Plus, the Ahmedabad rural judgment recently, which has been pronounced by APTEL. We have been able to capture significant CNG volumes from the Ahmedabad rural area as well. On the industrial side, there are new areas, particularly Ahmedabad rural again, where there is a significant demand sitting next to us.

We are extending our network and we are hoping to capture that industrial belt very quickly. There's Thane area which is very promising. There's outside area in Amritsar and Rajasthan MP. We all are excited, as well as the traditional area of SAB, where we are driving growth. So industrial front also, we expect growth, but again, the only caveat is the alternate fuel pricing.

**Vikas Jain:** Okay. And so like you gave a...

**Moderator:** We request you to please re-join the queue for follow-up questions. Thank you. The next question is from the line of Mulik Patel from Equirus. Please go ahead.

**Mulik Patel:** Thanks for the opportunity. Just continuing the earlier question on -- And when you mentioned that the Ahmedabad area will drive a substantial growth, what kind of potential you have in the outer Ahmedabad area?

**Sandeep Dave:** 0.5 MMSCMD.

**Mulik Patel:** And that's largely from the CNG or it's in a mix of CNG plus industrial?

**Sandeep Dave:** A mix of CNG, commercial, industrial.

**Mulik Patel:** And by approximately what time we want to achieve this?

**Sandeep Dave:** Difficult to comment on it. We are already very close to the target area. So I think it should happen very soon. I would not like to comment on a specific timeline, but likely to happen sooner.

**Mulik Patel:** Okay. And in a non-Morbi, which is around 1.92 mmscmd of volume, what contribution is from the earlier area, Ankleshwar, Bharuch and Surat? And what is from the other than these three areas? Like the three areas were the core areas, what we had since the BG time?

**Dipen Chauhan:** This is in the range of 1 to 1.5 mmscmd from other areas. That's the kind of contribution we are having right now.

**Mulik Patel:** So 1.5 is a Surat, Bharuch, Ankleshwar? Or 1.5 is in other areas?

**Dipen Chauhan:** That means mainly coming from SAB, Surat, Ankleshwar and Bharuch.

**Mulik Patel:** That is 1.5. So probably 0.5 is coming from the other areas.

**Dipen Chauhan:** Yes, you can say that.

**Mulik Patel:** Thane, then you have VAPI or something. Okay. Thank you.

**Moderator:** Thank you. The next question is from the line of Nitin Tiwari from Philip Capital. Please go ahead.

**Nitin Tiwari:** Hi, sir. Good evening. Thanks for taking my question. My question is also related to the industrial consumption. So as I can see, I mean, from the peak of about 2.4 mmscmd our consumption. I'm talking about industrial consumption other than Morbi. It's certainly down to about below 2 mmscmd. In this quarter, I mean, we are looking at about 1.9.

And the timeframe that we are talking about, 2019 onwards, we certainly have been incurring capex. So it doesn't seem like that the lack of infrastructure is the only reason that why our industrial volume other than Morbi also is de-growing. So I just want to understand what else is at play over here.

And if it's our pricing, vis-a-vis alternate fuels, is what does that play? Then are we reconsidering our pricing to other industrial consumers as well? Because we have reconsidered the same for Morbi, brought it down substantially and probably we gained some volume. So is that a possibility for other industrial consumers as well?

So some comments and probably some understanding from you on that aspect. So that would be my first question. I'll ask the second one later.

**Rajesh Sivadasan:** I think the other industrial volume is close to 2.04. It's not... You have mentioned 1.5 or something.

**Nitin Tiwari:** So you mentioned 3.65 is your Morbi volume in this quarter, right?

**Rajesh Sivadasan:** 3.85 is the volume. And the other...

**Nitin Tiwari:** Morbi volume is 3.65, right, for the quarter?

**Rajesh Sivadasan:** Yes, 3.65. Yes, you're right.

**Nitin Tiwari:** And industrial is 5.53 total, correct?

**Rajesh Sivadasan:** Yes. Yes.

**Nitin Tiwari:** So the difference is 1.9, right? Which is for other industrial volumes, right?

**Rajesh Sivadasan:** Yes, you're right.

**Nitin Tiwari:** So that's what I was referring to. So if I look at third quarter of FY22, you were at 2.4. That has come to 1.9. That's what I was referring to.

**Rajesh Sivadasan:** Yes, I got you. Yes.

**Nitin Tiwari:** My question was that, is this something related to your pricing policy as well, vis-a-vis alternate fuel, which is why we are losing volume? Because your presentation says that you've added more industrial consumers. So despite adding more industrial consumers, despite incurring capex every year in development of infrastructure, this doesn't look like that -- It's the lack of infra which is making an impact to your volume, certainly.

**Dipen Chauhan:** No, actually, I think the major factor is the pharma sector slowing down. In that particular market. And apart from that, of course, we have to compete with alternate fuels and some innovative solutions like steam houses and all that. So that's the reason.

**Nitin Tiwari:** So are we, like are we comfortable with the pricing that we have in -- that for the industrial consumers? Or we would reconsider that to regain volume? Or maybe like to grow volume faster in the industrial?

**Dipen Chauhan:** No, no. We're continuously reviewing our prices. And as and when required, we adjust it accordingly.

**Nitin Tiwari:** Okay, sir. So, secondly, the second question is related to the hydrogen blending that you spoke about. So what is the source of this hydrogen that we are blending in our gas? And when you say 8%, this is 8% of the entire volume we are selling?

**Sandeep Dave:** This is only a pilot project which we are talking about, which we are doing in a housing colony of NTPC at Hazira, right? So what we have done is we have done a 5% pilot project for a good number, good amount of period. We have satisfied the regulator, made some presentation, did third-party audits. And now we have been allowed to increase the percentage of hydrogen blending from 5% to 8%. We've already started doing it.

**Nitin Tiwari:** So this is for that specific area that you are supplying. The volume that you are supplying in that specific area can have 8% blending of hydrogen. That's what you are referring to?

**Sandeep Dave:** Yes, that's what exactly we are referring to.

**Nitin Tiwari:** And this is what, green hydrogen coming from electrolysis? That's what it is.

**Sandeep Dave:** Yes, it is green hydrogen.

**Nitin Tiwari:** Right. Lastly, let me just, let me finally one more. So if you can just give us a broad perspective of our LNG contracts, the long-term LNG contracts, and when are they coming due? When are they expiring and you would need to renew?

**Rajesh Sivadasan:** Most of the long-term LNG contracts would be coming under review around mid of 2025.

**Nitin Tiwari:** Mid 2025. So how much volume would this be, sir, which will come for review?

**Rajesh Sivadasan:** Yes, it would be close to, just a minute. Close to 3.3 volumes.

**Nitin Tiwari:** 3.3, that's what you said, right, sir? Great. Thanks for answering those questions. I will get back in the queue.

**Rajesh Sivadasan:** Yes.

**Moderator:** Thank you. The next question is from the line of Vishnu Kumar A S from Avendus Spark. Please go ahead.

**Vishnu Kumar A S:** Good Evening. Thanks for your time, sir. Going back on the CNG bit, you mentioned that you are looking at 15%-20% growth, this is over the next two years or we think that it can be a bit more faster per annum itself?

**Rajesh Sivadasan:** It's a conservative estimate we are giving.

**Vishnu Kumar A S:** So when this plan is fully rolled out, what is the volume potential that in our estimates that something that we can see? I mean, even if you're doing it over the next two, three years, what is the potential in our geographical area, according to you?

**Dipen Chauhan:** Yes. We are expecting at least 1 to 1.2 MMSCMD increase in the total volume of CNG.

**Vishnu Kumar A S:** This is over two, three years?

**Dipen Chauhan:** Two years.

**Vishnu Kumar A S:** Got it, sir. So next time when we are taking this, obviously it's an asset-light model for us. What amount of -- are we -- How much are we giving to the investors or the franchisees in terms of per unit per SCM or again, is there any minimum volume commitment? If not, are we giving some kind of an additional cash compensation in inter land or territories which is not really, probably we may not do big volumes, but we can still pull in some. So just to understand how much margin are we giving up for the franchisees for the DODO models?

**Dipen Chauhan:** Will you please repeat your question?

**Vishnu Kumar A S:** I'm asking because it's an asset-light for us, they're investing in capex. What is the per unit margin or the dealer commission that is something that we'll give them?

**Dipen Chauhan:** That varies from the type of dealer. Means OMC is different, franchise is different, and for this FDODO is also different.

**Vishnu Kumar A S:** And roughly, if you can help us understand, what would be the number?

**Dipen Chauhan:** I think this is in the public domain, you may check out.

**Vishnu Kumar A S:** Understood, sir. And just if I take this 1.2, which you mentioned incremental and 20% growth, we are probably looking at 2.7, even if I take 0.3, 0.4 per annum. So you mentioned 10% growth. So ex-CNG, we are looking at about 0.6 MMSCMD over the next one year.

**Dipen Chauhan:** Yes, approximately.

**Vishnu Kumar A S:** Okay, got it, sir. Thank you and all the best.

**Moderator:** Thank you. The next question is from the line of S. Ramesh from Nirmal Bang Equities. Please go ahead. Mr. S. Ramesh, your line has been unmuted, you may proceed with your question.

**S. Ramesh:** Hello, can you hear me now?

**Moderator:** Yes.

**S. Ramesh:** Yes, sorry. Yes, so thank you for the follow-up. So if you look at your share between CNG and PNG, incrementally based on the kind of growth you see over a period of 2-3 years, do you see the share of CNG going up?

And what would that be in terms of your own strategy? And secondly, if you look at the capex of INR1000 crores you're talking about every year, can you give us a breakup in terms of where exactly it's going between within Gujarat and outside Gujarat and in terms of the assets like between CNG and other infrastructure?

**Rajesh Sivadasan:** With respect to the capex, close to more than 50% will be going into the steel pipeline and the PE pipeline. And the rest will be domestic. Maybe CNG upgradation and if the company's own CNG station, if any, which comes up.

**S. Ramesh:** But you'll have to spend on the CNG stations in new GAs, right?

**Rajesh Sivadasan:** Yes, we have CNG stations in new GAs, Yes.

**S. Ramesh:** So some part of the capex should go there. So how much would that be for the new GAs for CNG stations?

**Rajesh Sivadasan:** You are talking about a going forward guidance?

**S. Ramesh:** Yes.

**Rajesh Sivadasan:** Yes, mostly it would be in the new GAs because I think that in Gujarat we are already developed the necessary infrastructure. But mostly, maybe more than 60% will be going into the new GAs.

**S. Ramesh:** Okay. So on this strategy in terms of your revenue split between CNG and PNG in terms of share of volumes, where do you see the CNG share going in the next two, three years?

**S. Ramesh:** Hello?

**Rajesh Sivadasan:** Yes, I think, see, I think we have a gradual growth which has happened over a period of two to three years with respect to CNG. I think that growth will continue plus with respect to the new scheme which we have launched which basically will accelerate the development of new CNG stations without company intervening into it and multiple locations, multiple CNG stations will be coming up together. So that would significantly increase the volumes.

But exact volumes guidance, it's a little bit difficult at this stage because we have yet to roll out the entire scheme now. So present growth will still continue plus some incremental volumes will definitely be there.

**S. Ramesh:** So is it fair to understand the share of CNG will go up in your overall portfolio in volume terms?

**Rajesh Sivadasan:** Yes, definitely.

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

**Rajesh Sivadasan:** Yes, thank you.

**Moderator:** Thank you. The next question is from the line of Krunal Shah from Enam Investments. Please go ahead.

**Krunal Shah:** Hi, thank you for the opportunity. My first question is on the number of CNG vehicles. So you said that 75,000 CNG vehicles were added for the 9 months. Can you share what was the number last year for the 9 months?

**Dipen Chauhan:** No, the data is not readily available right now.

**Krunal Shah:** Okay, got it. And what is the total number of CNG vehicles in the network now as of December?

**Dipen Chauhan:** Around 10 lakhs, 1 million.

**Krunal Shah:** Got it. And just on the HPCL business, so you said you will be considering liquids. So that would be only lubricants or even the fuel part? I didn't get that clearly.

**Dipen Chauhan:** Yes, please. Yes, please.

**Krunal Shah:** Yes, the HPCL business I was talking about. HPCL will be selling only lubricants at your CNG station, right?

**Dipen Chauhan:** Lubricant and we may partner for the liquid fuel, diesel and petrol also.

**Krunal Shah:** Okay. And so, got it. I think that's it. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Hardik from ICICI Securities. Please go ahead.

**Hardik:** Hello.

**Moderator:** Hello. Please go ahead.

**Hardik:** Yes, so just want to check, can you help us understand the, so the recent, recently we have seen a decline in spot LNG prices. And so, and the propane price is going up. So we haven't taken a price cut. So are we retaining the price or how is it?

**Rajesh Sivadasan:** I think it's as we told you earlier also, basically we will take an appropriate call at an appropriate time. We are considering all the options available and we'll strike a balance between the margins and the volumes and appropriate decisions will be taken.

**Hardik:** Okay. And next question regarding the, you know, as you mentioned about the Red Sea issue. So how are we impacted or have we seen any impact in the first two months of Q4 in Morbi Volumes because of the Red Sea issue?

**Rajesh Sivadasan:** I could not get you.

**Hardik:** Have we seen any impact on Morbi Volume in the first two months of Q4?

**Dipen Chauhan:** Yes, you are right. There is an impact of Red Sea situation on the Morbi Volumes because there is inventory and export to other countries is being difficult. So there is a drop in the volume because of that.

**Hardik:** Sure. Thanks.

**Moderator:** Thank you. Ladies and gentlemen, we have no further questions. I would now like to hand the conference over to Mr. Sandeep Dave, Company Secretary, for closing comments. Over to you, sir.

**Rajesh Sivadasan:** Yes, I'm Rajesh here. To summarize, as per the present current forecast, the spot prices are expected to go down in the coming months while alternate prices are expected to remain in the current levels which could closely be monitored to optimize the volumes. Further, we have taken various business initiatives which will be rolled out in a phased manner. Thank you all for attending the conference.

**Moderator:** Thank you. On behalf of Gujarat Gas Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.