GUJARAT ENERGY
Securing India's Energy Future
(Erstwhile Gujarat Gas Limited)

"Gujarat Energy Limited

Q2 FY27 Earnings Conference Call"

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(Erstwhile Gujarat Gas Limited)

CHORUSCALL

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Moderator: Ladies and gentlemen, good day and welcome to the Gujarat Energy Limited Q2 FY 2027 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sandeep Dave, Company Secretary, Gujarat Energy Limited. Thank you, and over to you, sir.

Sandeep Dave: Good afternoon, everyone. I welcome you all to Q2 earnings call of Gujarat Energy Limited. We have with us Avantika Singh madam, Managing Director, Gujarat Energy Limited. I hand over to madam for opening remarks. Please, ma'am.

Avantika Singh: Good evening, everybody. On behalf of Gujarat Energy Limited, I extend a warm welcome to all our shareholders, analysts, and members of the investor community joining us for our Q2 and H1 FY 27 earnings call. First of all, I would like to extend the festival greetings and Happy Dhanteras to all our shareholders, analysts, and members of the investor community from GEL team side.

As you all know, we concluded our board meeting yesterday, and the financial Results, Investor Presentation, and other relevant disclosures have been made available on the Stock Exchanges and our company website. We have made a conscious effort to provide detailed and transparent disclosures in our investor presentation, and we hope you had an opportunity to review all the content and the material provided. This will enable us to use our interaction today to focus more on the broader business performance and strategic priorities for GEL.

With that, I would like to share my opening remarks. The first half of FY 27 has been an important period for GEL as we continue to strengthen our position as a scaled, integrated energy platform. I am also happy to state that Q2 FY 27 has been both rewarding and awarding for our team. Rewarding because of the kind of financial results and volumes that we have been able to achieve and awarding because of three prestigious awards bagged by us in this quarter.

We have won the Special Jury Award for Top Target Achiever Geographic Area for our Narmada District GA, as also the award for Best Performing GA during PNG Drive 2.0 for Bathinda District GA, both awarded by PNGRB at its Foundation Day ceremony. We have also been awarded the Golden Peacock Award for Risk Management for the year 2026 by Institute of Directors.

We continue to be one of India's largest city gas distribution company with a presence across 27 GAs in six states and one union territory. A key strength of our business model is the integration of our gas sourcing and trading capabilities with our large CGD platform. Our established sourcing network

provides supply security and reliability to our CGD business. This integration has been particularly valuable amid the volatility in global energy markets and geopolitical developments in West Asia.

During H1 FY 27, these strengths enabled us to import 24 LNG cargoes compared with 14 in H1 FY 26, while ensuring reliable gas supply to our customers. At the same time, our CGD volumes grew by approximately 31% year-on-year to 11.5 MMSCMD, demonstrating both the resilience of our integrated platform and the underlying demand across our markets.

Our Board has recently approved execution of long-term LNG sourcing agreements with pricing linked to Henry Hub, aggregating to 0.8 MTPA for a tenure up to 10 years, with estimated pricing in the range of $7-$9 per MMBTU DES basis, as also approved booking of firm capacity at Mundra LNG Terminal to secure reliable and sustainable supply of LNG. Our integrated model therefore remains central to our strategy, helping us navigate near-term industry volatility while providing a strong foundation for sustainable and profitable growth.

I would like to take this opportunity to share with you our focus on building the next phase of growth. Alongside our existing businesses, we are taking steps to strengthen GEL's positioning across emerging cleaner energy opportunities. We have initiated our entry into the compressed biogas ecosystem and have issued an EOI seeking partners to set up CBG plants.

This initiative will support our CBG blending requirements, leverage existing natural gas infrastructure, and in the long run, reduce dependence on imported LNG. We are also exploring the development of six LNG stations in our GAs with the objective of supporting the adoption of LNG in long-haul transportation. Together with long-term LNG sourcing, CNG network expansion, deeper PNG penetration, and industrial diversification, these initiatives will form the pillars of our future growth strategy.

I would like to briefly highlight our financial performance for the quarter before moving on to developments in our business segments. For Q2 FY 27, revenue from operations increased by 59% year-on-year to INR9,826 crores. EBITDA increased by 20% to INR1,019 crores, while PAT increased by 22% to INR639 crores. Overall, for H1 FY 27, revenue from operations increased by 61% year-on-year to INR19,496 crores.

EBITDA increased by 43% to INR2,502 crores, while PAT increased by 51% to INR1,637 crores. We incurred capital expenditure of INR181 crores during Q2 FY 27, taking our total capex during H1 FY 27 to INR308 crores. We reiterate our FY 27 capex guidance of approximately INR1,000 crores, with investments focused largely on strengthening our CGD infrastructure and supporting future volume growth.

Moving to our business highlights. In CGD, we continue to witness healthy volume growth. Total CGD volumes increased by 24% year-on-year to 10.7 MMSCMD in Q2 FY 27, and by 31% year-on-year to 11.5 MMSCMD in H1 FY 27, supported by industrial demand and continued penetration

in the CNG segment. Industrial PNG volumes increased by 39% year-on-year to 6.1 MMSCMD in the last quarter. H1 FY 27 industrial volumes stood at 6.9 MMSCMD.

As highlighted in our previous interaction, Q1 witnessed an exceptional increase in demand from the Morbi ceramic cluster. This normalized during Q2, with Morbi volumes moderating from approximately 8 MMSCMD in Q1 FY 27 to around 3 MMSCMD in Q2 FY 27. Against this backdrop, to further strengthen our CGD industrial segment, our strategy is increasingly focused on broadening the industrial demand beyond Morbi across markets such as Rajkot, Surendranagar, Surat, Bharuch, Ankleshwar, Valsad, and Dadra and Nagar Haveli. CNG continues to remain an important structural growth driver.

Q2 FY 27, CNG volumes increased by 11% year-on-year to 3.67 MMSCMD, while H1 FY 27 volumes at 3.72 MMSCMD. CNG volumes in Gujarat recorded a 12% increase, while areas outside Gujarat delivered a notable 19% growth. During H1 FY 27, the company added 18 new CNG stations, taking the total to 857 stations at the end of H1 FY 27.

We continue to target the addition of 75 plus CNG stations during FY 27, as we work towards sustaining double-digit CNG volume growth. Our domestic PNG base has reached approximately 25.3 lakh connections, alongside 17,000 commercial and 4,500 industrial connections. We see meaningful headroom to deepen penetration across both our established markets and newer geographical areas. In the PNG industrial segment, we have achieved volumes of about 6 MMSCMD in Q2 FY 27.

While this represents a decline compared to Q1 FY 27, the decline is attributable mainly to normalization of demand from the Morbi cluster. Despite that, our efficient sourcing strategy has ensured healthy growth in margins in this segment, thereby offsetting the volume effect on the overall financial performance of the company. Let me share an update on the gas trading business. GEL has built strong capabilities in sourcing natural gas across long-term, short-term, and spot contracts.

During Q2 FY 27, our diversified sourcing portfolio comprised approximately 55% imported gas, 29% other domestic gas and RLNG, 10% APM gas, and 6% new well gas. Our gas trading vertical sourced 12.31 MMSCMD, of which 4.67 MMSCMD was sold to external customers and 7.63 MMSCMD was supplied to our CGD business. Together with 3.08 MMSCMD of APM and new well gas and other gas allocated directly to CGD, this supported CGD sales of 10.71 MMSCMD and total company gas sales of 15.38 MMSCMD during the quarter.

This sourcing flexibility, supported by a well-diversified customer base across fertilizer, power, chemicals, steel, and other sectors, enables us to optimize gas allocation, ensure supply reliability, and respond efficiently to changes in demand and market conditions. Gas trading revenue increased by 84% year-on-year to INR7,615 crores in Q2 FY 27. While H1 FY 27 revenue stood at INR14,749 crores.

EBITDA increased by 89% year-on-year in Q2 FY 27 to INR329 crores. Sustainability and safety remains central to our operations. Through average Q2 PNG sales to industrial customers, the company helped reduce CO^2 emissions by approximately 84.5 lakh kilograms per day due to customers using PNG instead of coal. Similarly, through average Q2 CNG sales, the company helped reduce CO^2 emissions by approximately 20 lakh kilograms per day due to the use of CNG for transport instead of petrol or diesel.

To conclude, H1 FY 27 reinforces our confidence in the strength of GEL's integrated business model. Our priorities are clear: strengthen long-term gas sourcing, sustain CNG growth, deepen PNG penetration, diversify industrial demand beyond concentrated markets, and deploy capital prudently into opportunities that enhance long-term returns. Our integrated structure provides an important strategic advantage.

Gas trading gives us sourcing scale, market access, and portfolio flexibility, while our CGD network provides a large underlying demand base. Together, these businesses allow us to manage our gas portfolio more efficiently, and it enables us to respond quickly to changing market conditions.

With this, I request the moderator to open the floor for questions and answers. My leadership team and I will be happy to address your queries.

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

Vivekanand: Yes, hi. Thanks for the opportunity. My first question is on the treasury management practices. If you can help us understand the policy, current cash and cash equivalents that you have, and how that is being managed, that would be great. Then I have some follow-ups related to this. Thank you.

Management: Yes, presently, as you are aware, we have a cash of around INR7,500 crores to INR7,000 crores. Practically, we have an investment policy which has been approved by the board. As per that, basically, we are allocating that based on the interest rate which we take on from the banks and the private sector and the PSU banks also.

There is an allocation and a restriction with respect to the maximum risk which we can take on the banks. GSFS is also part of it. It's not that we are putting entire funds into GSFS. There is a policy which is now in place wherein we are parking the funds with the highest interest rate which is there.

Vivekanand: Okay. Thanks for this, Rajesh. Just one follow-up here.

Management: Yes.

Vivekanand: How much is currently parked with GSFS? We have the data as on 31st March 2026. What is that as on 30 September? Secondly, if I understand correctly, one of your subsidiaries, GSPC LNG, is receiving a loan from GSFS of around INR3,100 crores, almost INR3,200 crores.

Just to understand this better, is GSFS requiring you to keep at least INR3,200 crores, which is the loan being sanctioned downstream to GSPC LNG, parked as treasury for GSFS? Or what is the policy like? If you can give more details, that would be great.

Management: Yes. See, I think there is no linkage between the two. They are two separate independent companies. Earlier, GSPC LNG had taken loans from the banks. Even before it became a subsidiary to GEL, it was refinanced by GSFS because of the better interest rate which they were getting from GSFS.

There is no linkage between the two that we are parking funds with GSFS and they giving in loans to the extent of GSPC LNG. That myth itself is wrong. With respect to the deposits presently with GSFS, it's close to INR3,300 crores. I think till the merger happened, basically, we were only parking with GSFS.

After the merger had happened, this new policy was approved by the board, and any incremental investment which is going to come in or which is maturing, it is basically parked based on the interest rate which bank or GSFS is giving the highest interest rate. That is being parked in that manner.

Vivekanand: Okay. Thank you. I'll let others ask and then come back in.

Management: Thank you.

Moderator: Thank you, sir. The next question is from the line of Amit Murarka from Axis Capital. Please proceed with your question.

Amit Murarka: Yes. Hi. Good evening, and thanks for the opportunity. On Morbi volume, like you mentioned it as three, but could you provide a more precise number in terms of whether it was 3.3, 3.4, just for our modeling purposes?

Management: It's 3.8.

Amit Murarka: 3.8.

Management: Yes, 3.8 is the Morbi volume for Q2.

Amit Murarka: Q2, right. Okay. We understand that propane obviously is kind of the dominant fuel now in Morbi. Given that you have been trying to kind of frame various policies around, you were even trying to earlier kind of peg the selling pricing to, I think, propane. Just want to understand, is there any other initiative that you're trying to take on this front, particularly with some of the LNG contracts that you're tying up? Or is it completely up to the arbitrage between propane and spot LNG that future volumes will be decided?

Management: Basically, what we are trying is to source more long-term volumes of LNG on a competitive basis. We understand that pricing of LNG, maybe from the year 2028 onwards, will be very, very

competitive vis-à-vis propane price. On that front, we have executed two contracts, which we have announced, which are approved by the board, aggregating to 0.8 MTPA based on Henry Hub.

We already have one Henry Hub contract already executed in 2025. Then we have two Brent contracts with Qatar Energy and one with Uniper. All these contracts that I'm talking about, they will be available in 2028 onwards. Available 2028 onwards. So what we are trying is that we are trying to build a LNG book which is competitive vis-à-vis propane, and that's how we are trying to solve this propane dilemma.

Amit Murarka: Sure. Thank you for that. Also, on the tax, I think some tax refunds which you had talked about earlier because of the merger. Where are we in that process, and by when can that refund be expected to come through?

Management: I think we have filed the returns for this year also, and we are expecting the refunds to come by before the end of this financial year.

Amit Murarka: Sure. Could you quantify the amount that you are expecting?

Management: It is close to INR900 crores.

Amit Murarka: Okay, sure. Okay, thank you. That is all from me.

Moderator: Thank you, sir. The next question is from the line of Bineet Banka from Nomura. Please proceed with your question.

Bineet Banka: Hi, sir. Thanks for the opportunity. So first question is on the gas trading side. I think earlier you mentioned, you guided rather that margin could be around 5% to 6% range. But in the Q2, I think margin, if you exclude the other income part, margin is around 3%, 3.5%. And this is despite gas prices going up higher during the quarter. And your competition, which is GAIL, has reported very strong trading margins this quarter. Just trying to understand what happened in the trading business this quarter.

Management: I think the the half-yearly guidance, if you look at it, we are around 7%, which is there. So in the first quarter, we had a higher margin, and in this quarter, we had around 4%. So that's the margin which we have done. I don't think so we are going back on the margin expectation from the gas trading business. With respect to the…

Bineet Banka: What is driving the margin difference between the first quarter and second quarter? Because this is very volatile, so if we have to kind of forecast the numbers, how do we look at it? What are the key drivers?

Management: As you are aware, some of the long-term contracts that we have are from Qatar, and those volumes have been disrupted because of force majeure conditions. To that extent, there is some volatility for the business. I mean, whatever volumes we get from Qatar under our long-term contract, that is there,

and whatever we don't get, it has to be replaced through spot. To that extent, the margin would obviously vary. To the extent we are able to pass it on to the end consumer, that's okay. Otherwise, there will be some impact on the margin. That's what has happened in the second quarter.

Bineet Banka: Just trying to understand, I think last quarter you said fertilizer customers, the offtake agreement is based on Brent-linked pricing, whereas your sourcing, I think, mostly coming from spot. Given that spot minus Brent is negative now, I mean, for you, was there a negative margin for this set of customers in this quarter?

Management: No, there has not been any negative margin. Otherwise, we could not have earned around INR300 crores in this process.

Bineet Banka: No, I mean, only for the fertilizer segment, not the whole portfolio.

Management: No, no. There is no negative margin.

Bineet Banka: Okay. Sir, just a bookkeeping question. On EBITDA, what you report, I think that includes other income. If we add all the EBITDA, if you compare with the reported EBITDA number, there is a gap of INR184 crores. Is there some unallocated EBITDA number which is not allocated to any of the segments?

Management: Yes, if you look at our new investor presentation, we have changed that. That will be a guidance for you. We have removed the other, which is not from that particular segment.

Bineet Banka: Similarly, the PBT number that you report in the financials, and the EBITDA number you report in the PPT, for gas trading, both the numbers are almost the same. Does it mean there is no interest or depreciation expense for trading business?

Management: Yes, there is no assets which is there used for trading business. That's why there is no depreciation.

Bineet Banka: Okay. Thank you, sir. I'll get back in the queue.

Management: Yes, thank you.

Moderator: Thank you, sir. The next question is from the line of Arya Patel from Emkay Global. Please proceed with your question.

Arya Patel: Hi, sir. Thank you for the opportunity. Just a few bookkeeping questions. If you can help us with EBITDA for each segment. Say CGD, gas trading, E&P, and power EBITDA for last year, that is Q2 FY 2026.

Management: Q2 FY 2026. I f you can go to our investor presentation, page number six, we have given the EBITDA numbers for that.

Arya Patel: Sir, I think those are for the current year.

Management: No, previous year is also there. Q2 of 2026 is also there.

Arya Patel: Okay. And sir, apart from that, if you can help us with some breakdown in gas trading volumes. I understand there were, you have given a breakdown of total gas volumes and pure trading volumes. If you can give those details for Q1 FY 2026 and Q2 FY 2026.

Management: In terms of what? You are talking about that entire 12 MMSCMD you are talking about?

Arya Patel: Yes. If I see Q2 FY 2027, my total gas volumes were 12.3 MMSCMD. Of which pure trading volumes were 4.7 MMSCMD. If you can give similar breakdown for Q1 2026 and Q2 2026.

Management: Q1 2026 and Q2 2026. I think we will get back to you on that.

Arya Patel: Sure.

Management: Yes.

Arya Patel: So, those were my questions. Thank you.

Moderator: Thank you, sir. The next question is from the line of Yogesh Patil from Dolat Capital. Please proceed with your question.

Yogesh Patil: Thanks for taking my question, sir. From long-term perspective, question is related to net cash in our balance sheet.

Moderator: Sorry to interrupt, Yogesh, sir. Your voice is not that audible. It's muffled.

Yogesh Patil: Am I audible now?

Moderator: Yes, sir.

Yogesh Patil: The question is related to net cash in our balance sheet, INR7,000 crores. What is our plan to deploy it in various projects in long-term side? What we understand, a INR1,000 crores kind of a capex lineup for this year in FY 2027. However, our operating cash flow or even EBITDA generation is more than INR3,000 crores. Can you please little bit elaborate, are we going to deploy this INR7,000 crores kind of a net cash in next couple of years, long-term perspective?

Management: Yes. We have briefed the investors in the last call also that we have appointed certain consultants to review our going forward growth strategy, etcetera. As a part of it, basically, we have initiated certain activities with respect to CBG, with respect to LNG, etcetera. I think we have given a broad guidance that by the earnings call of Q3, we will come up with certain investment plans which is there. I think we stick by that, and over a period of this period, you will also see our initiatives which are going forward on this or any announcements with respect to that.

Yogesh Patil: Okay. Fair enough, sir. Second question related to 0.8 MTPA LNG contract. Where are we going to utilize it? Will it cater to our CNG incremental demand or to capture the PNG industrial market share into the Morbi side? Give us idea.

Management: So basically, we are sourcing these volumes primarily to regain the customers that we have lost in the Morbi segment. We understand that volumes are competitive vis-a-vis propane, and with this sourcing, we would like to regain the customers in Morbi to give them a stable price for a long-term period.

Yogesh Patil: Okay. And the last one from my side, 0.8 MTPA LNG contracts, are they done by a trading unit of our company or a CGD unit directly enter into the contract with the sourcing entity? Just wanted to understand, additional price will be paid by the CGD unit to trading unit, or will it directly flow into the CGD side?

Management: I think the agreement has been by GEL. How that particular allocation will happen would be taken, call will be taken at that time itself.

Yogesh Patil: Okay. Fair enough.

Management: It will depend on the number of, which type of customers are coming into and getting that volumes.

Yogesh Patil: Okay, fair enough, sir. Thanks a lot, and Happy Diwali to all of you.

Management: Yes, Happy Diwali.

Moderator: Thank you, sir. The next question is from the line of Krunal Shah from ENAM Investments. Please proceed with your question.

Krunal Shah: Yes, hi. Thank you for the opportunity. Can you share the utilization of the LNG terminal in Q2?

Management: Close to 24%.

Krunal Shah: 24%, okay.

Management: Yes.

Krunal Shah: Also, sir, one more thing. In last quarter's con call, you guided for an EBITDA per SCM of around INR5.5 to INR6.5 For the CGD business.

Management: Yes.

Krunal Shah: Do we still maintain that guidance, sir?

Management: Now it will be around INR5 to INR6.

Krunal Shah: INR5 to INR6.

Management: We are holding the guidance.

Krunal Shah: Okay, got it. Third question is on the CBG capex that you are doing. What is the actual quantum that you set aside for this compressed biogas capex?

Management: It will be close to INR100 crores maximum.

Krunal Shah: Okay, got it. Last question is on the propane initiative. We were planning something on the propane side in terms of importing and storing. Is that still going on?

Management: We are still trying, but the major focus now. I mean, the propane infrastructure we are still evaluating. However, we still feel that we are able to secure competitive LNG, and which we think we can, starting 2028, we will be in a position to supply LNG at a competitive price with propane.

Krunal Shah: Got it. That would make more sense as well. Given that you already done 0.8, what is the maximum you are looking at in terms of further long-term contracts?

Management: We want to have a book of close to 4 million tons.

Krunal Shah: Okay.

Management: Some of our contracts are expiring, so we are basically targeting two more contracts.

Krunal Shah: Okay. Sorry, so four is additional over the expiring contract or including the expiring contract?

Management: Including the expiring. So, we want to have a net book of 4 million tons, that's what I'm trying to say.

Krunal Shah: 4 MTPA total book. Okay. Got it. Great. Thank you so much.

Moderator: Thank you, sir. The next question is from the line of Mayank Maheshwari from Morgan Stanley. Please proceed with your question.

Mayank Maheshwari: Sir, congratulations on signing this contract on LNG and giving us clarity around what you are getting towards. Can you just highlight of how you want to kind of manage the risk in this portfolio on LNG now you will get to around 4 million tons?

If you can give us a bit more kind of idea around when you sign this 0.8 million tons, is it kind of a back-to-back contract that we are kind of thinking about from a pricing perspective, or this is where you have variability in, I think, if it is Henry Hub linked or if it is propane linked or whichever way you want to source it? Is it like a back-to-back pricing with a spread that you are kind of thinking about for your new incremental portfolio LNG as well?

Management: Basically, as I said, we would like to have this volume for our Morbi customer. As far as the entire portfolio is concerned, the sourcing portfolio, we do have a sales portfolio as well, where we have long-term customers. For example, we sell gas to fertilizer customers on a long-term basis. These are like one set of customers.

Other set of customers is like city gas distribution. In addition to Gujarat Gas, we have Sabarmati Gas and other customers like IGL, IRM, which are our long-term customers. Then there is other set of customers which are the industrial bulk consumers and industrial retail customers. There is a whole lot of portfolio, and we try and sell back-to-back basis to the extent possible. For example, in fertilizer, it is purely back-to-back.

Whatever we purchase, we sell downstream basis, on the downstream consumers on a back-to-back basis. Even the basis is also covered. Yes, as far as 0.8 million tons is concerned, we would like to keep it for our Morbi community.

Mayank Maheshwari: Okay, Morbi you have given, and Morbi normally you kind of link your pricing also to the propane side. Is there a way to risk manage this on the portfolio level?

Management: That is difficult. We have tried that in the past. Propane generally is priced at Saudi CP, which is announced only one month before the supply starts. It is announced by Saudi Aramco, and there is no mathematical logic or reasoning behind the price that they announce. It is very difficult to hedge it. But generally, what we have seen is that if we get a linkage of close to 11% to 12% of oil, it will be good enough to compete with propane.

Mayank Maheshwari: Got it, sir. Very clear. Thank you.

Moderator: Thank you, sir. The next question is from the line of Saurabh Handa from Citigroup. Please proceed with your question.

Saurabh Handa: Yes, thank you for the opportunity. Can you please provide a breakup of your existing LNG contracted volumes for the CGD business, which as you said, would be expiring? I am looking at the existing contracts and not the ones which you have signed for future.

Management: We have two contracts with Qatar. One is 0.3 MTPA, which expires in 2028. We have one with Shell, which expires in 2038, but there is a price review clause. We have one with Qatar, which has started in 2026 and it goes up to 2042. We have one with Uniper, starts in January 2028. It is a 10-year contract. We have one with TotalEnergies, which started in 2026, and again, it is a 10-year contract.

Saurabh Handa: Could you just provide the volumes under each of these? The Shell contract is—

Management: Shell is 1 million ton. Hello?

Saurabh Handa: Sorry, yes.

Management: Shell is 1 million ton. Qatar is also 1 million ton. Qatar is 0.3. Qatar old one is 0.3. TotalEnergies and Uniper are 0.4 million ton each.

Saurabh Handa: Qatar was 0.3, the old one, and sorry, the other one is how much? 0.3 as well?

Management: 1 million ton.

Saurabh Handa: 1 million ton. Okay, and Shell was how much?

Management: 1 million.

Saurabh Handa: Okay, so that's almost 3 million tons total that you have. All of this is for the CGD business?

Management: No, this is for the trading and CGD.

Saurabh Handa: Okay. Of these, which are the volumes that you allocate for the CGD business?

Management: It's a portfolio, so basically, we optimize it and the allocation happens based on that.

Saurabh Handa: Got it. These volumes of 3 million tons, this is, you're saying, the total book which eventually you want to take to 4 million tons, but some of these are expiring, so maybe you'll need to sign some additional contracts beyond the 0.8. Is that correct?

Management: Right.

Saurabh Handa: The 0.8 million tons, these are two contracts which are both Henry Hub linked?

Management: Yes.

Saurabh Handa: Okay. Your indicative DES price, you said, is around, I missed that, $7.8? Is that what you said?

Management: Yes, $7 to $9.

Saurabh Handa: Okay. Okay, got it. That's very clear. Thank you.

Moderator: Thank you, sir. The next question is from the line of Tanay Kotecha from Nuvama. Please proceed with your question.

Tanay Kotecha: Hi, sir. A good set of numbers for this quarter. I just wanted to ask if you could break down the sourcing mix for the CGD business in terms of APM, NWG, HPHT, and spot.

Management: The APM is close to 1.61 MMSCMD. New well gas is close to 0.8 MMSCMD. And the rest is basically the pooled gas which we are taking from the gas trading business.

Tanay Kotecha: Okay. Thank you.

Moderator: Thank you, sir. The next question is from the line of CA Khushboo R. Balani from Equirus Securities Private Limited. Please proceed with your question.

Khushboo R. Balani: Sir, regarding this new 10-year contract with ADNOC, can you please provide the details on expected landed cost structure on DES basis, plus the additional volume which you are looking, that also you are looking from outside Qatar, or how are you going for that?

Management: The DES price would be close to $7 to $9 on a DES basis.

Khushboo R. Balani: Okay. And the additional volume which you are looking?

Management: The additional volumes, obviously our effort is to diversify the sourcing location. So, it could be, I mean, we will try and get it other than Middle East sources. That's what we are trying.

Khushboo R. Balani: Okay. I do not know if this question is already answered, but what was the spot LNG sourcing composition in Q2?

Management: It was close to 50%.

Khushboo R. Balani: Okay.

Moderator: Is your question answered, ma'am?

Khushboo R. Balani: Yes, ma'am.

Moderator: Yes. Thank you, ma'am. The next question is from the line of Hardik from ICICI Securities. Please proceed with your question.

Hardik: Thanks for the opportunity, sir. I want to know, want the breakup, if you can just help me with that. What was the BG contract volume for the quarter, and what was the spot LNG?

Management: You are talking of British Gas contract, you are talking about?

Hardik: Shell.

Management: Shell one, okay.

Moderator: Hello, Hardik sir?

Hardik: Yes, British Gas. Hello?

Moderator: Yes.

Management: Yes, we will get back to you on this. Can we get back to you on this, please?

Moderator: Sir, should we take the next question?

Management: Yes, we can take.

Moderator: Okay, sir. Thank you, sir. The next question is from the line of Deepak Malhotra from CapGrow Capital. Please proceed with your question.

Deepak Malhotra: Yes. Hi. Thank you for taking my question. My first question is, if we see on the CNG front, on quarter-on-quarter basis, we have seen a partial drop. What is the reason for the same? Part B of the question is regarding to the Morbi. What is the differential which we had vis-a-vis propane in quarter two, and what is the current differential, please?

Management: Yes. With respect to your CNG question, I think if you look at the comparable is Q2 of the previous financial year, because when monsoons are there, basically you always have a slight dip in the volumes with respect to the CNG, though there is a growth in the CNG. So, that's your answer with respect to the CNG volume, not little bit lower growth with respect to the Q1. With respect to your second question?

Deepak Malhotra: Morbi.

Management: Morbi price, I think the present differential is close to INR7-INR8. And during the quarter, I think only for the month of September, it was different. It was close to INR10 – INR12.

Deepak Malhotra: Okay, fine. My second question is regarding when we look at the numbers for the standalone statement, in terms of the inventories, trade receivables, and trade payables, there is significant change. If you will see, inventories are up almost to INR2,500 crores from INR990 crores. Receivables are up to INR2,420 crores from INR1,685 crores. And trade payables have also gone up massively to INR3,561 crores from about INR1,640 crores. If you could kindly throw some light on the same. Thank you.

Management: Yes, it's because we had inventories with respect to the cargoes coming in the last week of September. That's the reason we have a higher payable. Close to five cargoes were there on inventory.

Deepak Malhotra: Okay.

Management: In September.

Deepak Malhotra: Okay. One final question is in terms of your trading business, which you already hinted upon. I mean, if we look over the last five, six-year history, then we have always been able to maintain a 6% to 7% margin, with an outlier in FY 2023. Do you think we have already done very well for the first half, but for the second half, you think we should be able to do better than that in terms of what you have indicated on the trading business, please?

Management: Yes, I think we stick by the guidance we have given, 5% to 6%. There are many uncertainties with respect to the geopolitical things which are going on. That's the reason we have kept this guideline.

Deepak Malhotra: Okay. That's more like a conservative one. Fair enough. Okay. Thank you so much and wish you all the very best.

Management: Yes, thank you.

Moderator: Thank you, sir. The next question is from the line of Somaiah V. from Avendus Spark. Please proceed with your question. Somaiah, your line has been unmuted. Please proceed with your question. As there is no response, we will move to the next question. The next question is from the line of Hardik from ICICI Securities. Please proceed with your question.

Hardik: Yes. Thanks for the opportunity, sir, once again. What would be your volume to external customers, and the total volume of trading for Q2 FY 2026? And even, the last question which I have asked regarding what was the BG contract volumes that it shows for current quarter?

Management: I think, Hardik, if you can go to our investor presentation, which we have just uploaded today, I think we have all the details with respect to that.

Hardik: About the trading volume for last quarter as well?

Management: Yes, Trading as well.

Hardik: Okay, sure. Thank you.

Moderator: Thank you, sir. The next question is from the line of Siddharth Garg from InCred Equities. Please proceed with your question.

Siddharth Garg: Hello, sir. Thank you for this opportunity. My question is on the CNG pricing side. When the crisis will cool off, the OMCs will definitely try to reverse their petrol diesel price hike. To keep the CNG differentials viable, can we see a CNG price drop from your side as well?

Management: Yes, we will take a call at the appropriate time. I think presently everything is elevated. The oil price is elevated and the gas prices are also elevated.

Siddharth Garg: How are you going to manage your EBITDA per SCM guidance? Can we get a comment on that?

Management: I think we have been doing pretty well on that. With the gas trading being part of this company now, we have been efficiently doing that.

Siddharth Garg: Okay. My second question would be on what was your HPHT volumes for the quarter two?

Management: HPHT volumes?

Siddharth Garg: I am talking about the sourcing, yes.

Management: 1.3 MMSCMD

Siddharth Garg: 1.3 MMSCMD.

Management: Yes.

Siddharth Garg: Okay, that's it.

Moderator: Thank you, sir. The next question is from the line of Somaiah V from Avendus Spark. Please proceed with your question.

Somaiah V: Thanks for the opportunity, sir. Hope I'm audible.

Moderator: Yes, sir.

Management: You are audible, sir.

Somaiah V: Thanks. Sir, this $7 to $9 gas cost that you are referring to in terms of the new contract, so this is Henry Hub linked, and what is the underlying Henry Hub price assumption for the $7 to $9?

Management: What is the?

Somaiah V: The Henry Hub price. This is a Henry Hub contract, so what is the underlying assumption of Henry Hub when you say $7-$9?

Management: $3-$ 3.5.

Somaiah V: Okay. Also, this is on delivered basis, so the freight and insurance is the normal day freight and insurance, not anything related to where things are today.

Management: Yes. It is ultimately the seller's responsibility to bring it to the Indian port. It is all including freight and insurance and all the stuff.

Somaiah V: Understood, sir. Sir, I mean, in terms of contract, would a Brent-based contract is something that you would have evaluated also, given that it is going to compete with propane? We would have had a basis risk covered.

Management: We already have signed two Brent. We have actually four Brent-linked contracts, one with Shell, two with Qatar, and one with Uniper. So, we already have that in the portfolio.

Somaiah V: Okay, sir. Sir, in terms of our spot mix, we were earlier, with respect to the industrial segment, we had a meaningful spot exposure. How do you want to kind of look at it, let us say, two years out, in terms of spot versus long term, and within long term, how much of Brent and Henry Hub you want to have in the portfolio, when it comes to catering to the Morbi demand?

Management: Basically, out of the total sales that we want to do, we would like to have at least 60% to 70% covered through long-term contracts. Within those long-term contracts, I think 40% to 60% would be probably the split between Brent and HH.

Somaiah V: This is helpful, sir. Which means as a strategy, you will still want to continue with some amount of spot in your overall portfolio?

Management: Yes, that is always there.

Somaiah V: Understood, sir. Thank you.

Moderator: Thank you, sir. The next question is from the line of Bineet Banka from Nomura. Please proceed with your question.

Bineet Banka: Thanks again, sir. Just a small one. On CGD margin guidance, I think you said INR5 to INR6 per SCM. Is this inclusive of other income? What is the realized margin for this quarter?

Management: It is not including other. It is excluding other income.

Bineet Banka: What is the margin for this quarter according to your calculation?

Management: This quarter means Q2?

Bineet Banka: Yes.

Management: Q2 margin is 4.7.

Bineet Banka: Okay. Thank you.

Moderator: Thank you, sir. The next question is from the line of Mradul from Antique Stock Broking. Please proceed with your question.

Mradul: Thanks for the opportunity, sir. I have a couple of questions. First one is, with regards to CGD realization, we see there is a Q-o-Q dip. Can you please tell us the reason for that? Second one is, what is the current Morbi run rate, and what is the industrial realization currently? Thank you, sir.

Management: I think there is only a marginal dip from 465, we have come down to 463. That is not a major dip which is there in the CGD EBITDA margins. Morbi, you are talking Morbi volumes you are talking about?

Mradul: Yes, sir. Current Morbi volumes.

Management: Current Morbi is around 1 MMSCMD.

Mradul: Okay, sir. With regards to the realization which you mentioned of marginal dip, but there was a rise in the industrial prices. Why is still there is a Q-o-Q dip?

Management: The volume also came down.

Mradul: But sir, I'm talking about, sir, per unit realization.

Management: Okay. Yes.

Mradul: Rupees per SCM. Yes.

Management: Yes, but the sources, the sourcing costs also increased during this period for the industrial customers.

Mradul: Okay. Thank you, sir.

Moderator: Thank you, sir. The next question is from the line of Deepak Malhotra from CapGrow Capital Advisors LLP. Please proceed with your question.

Deepak Malhotra: Hello. My question is just again on the Morbi run rate. I mean, if we look pre-crisis in February, the number was around 2.5, then it goes up almost to 8. Then on the last call, you mentioned about 3, and now just now you referred to 1. So, what is really the outlook on the same, and your plan to relook at setting up the propane infrastructure which you referred to in the call? How do you really wish to basically deal with the Morbi demand going forward, your plans for the same? Thank you.

Management: Yes, you are right. Before the war, it was like 2.5, and then we went up to 8.5. Now we are at one. The overall market in Morbi has also come down because of so many issues. For example, freight cost has gone up substantially. Notwithstanding all that, our efforts are to secure more competitive long-term volume and be competitive vis-à-vis propane.

That is what we are trying to do. Our efforts are to secure competitive volumes as we have done recently with signing up to contract aggregate into 0.8 MTPA. We are basically strengthening our long-term LNG books, which we can utilize to compete with propane. As far as setting up infrastructure of propane is concerned, we are still evaluating as to how we can do that, and what is the best way to, and what is the best location to do that.

We had a couple of locations in mind, and we are still evaluating that. But efforts are on basically to secure more competitive volumes that we can compete with propane. There are issues in the short term, but I think from 2028, we are confident of achieving good volumes in Morbi.

Deepak Malhotra: Okay, thank you. My other question is regarding the profit after tax when you look on standalone versus consolidated basis. There is a drop of almost INR150 crores, INR149 crores something to be precise. That is really on account of, I think, the losses which you are incurring on the power and regasification businesses which you have, apart from the other dividend and interest income, I think,

which you will get accounted for. Would you like to comment on and throw some more light on how we basically are trying to look at those two businesses? Thank you.

Management: I think with respect to the power sector, the two power plants which are there, basically they have been running because of the energy shortage which is there now. Yes, with respect to the losses which we are looking at, we are in the process of talking to the utility entities with respect to how to reduce the losses. We basically will come up with a concrete plan of basically to turn around these two companies going forward. With respect to GSPC LNG, I think they have been achieving close to 24% to 25% of capacity utilization, and they are into cash profits now.

Deepak Malhotra: Okay, great. Thank you so much. Thanks.

Moderator: Thank you, sir. The next question is from the line of Achal Shah from Axis Capital. Please proceed with your question.

Achal Shah Sir, delving into the question one of the previous participant asked on the INR3,000 crores debt on GSPC LNG. In case of any non-payment or default, GEL would not be liable to pay that amount. Is the understanding correct?

Management: Yes, the understanding is correct. I think we have not given any guarantees to any of our subsidiaries with respect to any debt.

Achal Shah Got it, sir.

Moderator: Thank you, sir. As there are no further questions from the participants, I now hand the conference over to Mr. Sandeep Dave for closing comments. Thank you, and over to you, sir.

Sandeep Dave: Thank you, everyone, for joining today and for your active participation. On behalf of GEL management, we wish you all and your families a very happy, prosperous, and safe Diwali. We look forward to connect with you again for Q3 result somewhere in the first week of February 2027. Thank you all.

Moderator: Thank you, sir. On behalf of Gujarat Energy Limited, that concludes this conference call. Thank you all for joining us, and you may now disconnect your lines. Thank you.