concall

Gujarat Energy Ltd

Q1 FY27 Earnings

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CALL PARTICIPANTS

Operator — Operator

Sandeep Dave — Company Secretary

Avantika Singh Aulakh — Managing Director

Probal Sen — ICICI Securities

Amit Morarka — Axis Capital

Hardik — ICICI Securities

Vineet Bunkar — Nomura Holdings

Yogesh Patil — Dolat Capital Markets

Ajay Sharma — Individual Investor

Nitin Tiwari — PhillipCapital India

Mayank Maheshwari — Morgan Stanley

Indra Kumar Gupta — PL Capital

Somaya — Avendus Spark

Deepak Malhotra — Capgrow Capital Advisors LLP

Pushpendu Chand — Individual Investor

Vipul Kumar Shah — Sumangal Investments

Operator (Operator)

Ladies and gentlemen, good day and welcome to the Gujarat Energy Limited Q1 FY27 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sandeep Dave, Company Secretary, for the opening remarks. Thank you, and over to you, sir.

Sandeep Dave (Company Secretary)

Thank you, Ali. Good afternoon everyone. We have with us Avantika Singh Aulakh Madam, Managing Director, Gujarat Energy Limited, as well as senior management team from Gujarat Energy. I request Managing Director Madam to take us through details of operating and financial performance. Over to you, Madam, please.

Avantika Singh Aulakh (Managing Director)

Good afternoon everyone, respected shareholders, distinguished analysts, members of the investor community, ladies and gentlemen. On behalf of Gujarat Energy Limited, I extend a warm welcome to all of you to the company's earnings call for the first quarter of FY26-27. Thank you for taking the time to join us today. We are pleased to present the operational and financial performance of GEL for the quarter ended 30th June.

This quarter is significant for the company as, apart from delivering excellent performance across our key business segments, we also completed the listing and trading of our additional equity shares allotted pursuant to the scheme. Our post-merger performance reflects the strength of our integrated business model bringing together scale, sourcing strength, operational synergies, and broader capabilities across the energy value chain.

We are today positioned as one of India's leading integrated energy companies with a presence across gas trading, city gas distribution, exploration and production, and renewable energy. This integrated business model enables us to navigate evolving energy markets, support sustainable growth, and create long-term value for stakeholders.

Let me begin with our gas trading business. During the quarter, global energy markets witnessed significant disruption due to geopolitical developments and supply side constraints. Despite these challenges, we were able to leverage our robust sourcing capabilities, extensive supplier network, and deep market expertise to secure critical LNG volumes for our customers. During the quarter, the company sourced 10 LNG cargoes despite unprecedented circumstances, demonstrating the resilience of our procurement network and our commitment to uninterrupted customer service.

The gas trading segment delivered strong profitability with earnings before tax increasing to 726 crores in this quarter as against 237 crore in the previous year same quarter, reflecting a growth of 206%. I will now move to our city gas distribution business which continues to demonstrate healthy momentum across customer categories.

In the CNG segment, we achieved a new benchmark with CNG volume of 3.76 MMSCMD during this quarter compared to 3.33 MMSCMD the previous quarter, registering a growth of 13%. CNG volumes in Gujarat recorded a 12% increase, while areas outside Gujarat delivered a notable 19% growth, highlighting our success in deepening our presence across geographies.

Our CNG infrastructure has expanded to 844 stations. During the quarter, the company added six new CNG stations and upgraded nine CNG stations. I would like to draw your attention to the fact that the company is now planning to add more than 75 new CNG stations and upgrade approximately 70 CNG stations during the current financial year.

CNG continues to remain an attractive fuel option for customers, offering a compelling economic advantage being approximately 46% cheaper than petrol and 25% cheaper than diesel based on current pricing. In the PNG domestic segment, we continued to witness healthy customer additions. During the current quarter, the company added approximately 59,000 new domestic PNG customers, taking our cumulative domestic PNG customer base to more than 24.77 lakh households.

The PNG penetration drive has also gained strong momentum. In the wake of constrained LPG supplies caused by the conflict in the Middle East, the Government of India took policy measures to boost PNG connections for domestic usage. In support of this initiative, GEL has undertaken focused actions including aggressive marketing campaigns across various digital and print medium, mobilization of additional contractors for execution of new connections, and prioritized outreach to essential category customers such as hospitals, community kitchens, etc.

These efforts have translated into visible results. From January to June 2026, GEL connected approximately 91,000 PNG connections and more than 1,000 commercial PNG connections under the PNG drive.

In the PNG commercial segment, the company registered a volume of 0.17 MMSCMD in Q1. As of now, we serve more than 16,600 commissioned commercial customers across our network. We expect additions in both domestic and commercial categories to remain robust as our newer geographical areas in Punjab, Haryana, MP, Rajasthan, Maharashtra continue to mature and deepen customer penetration.

The PNG industrial segment delivered a strong performance during the quarter. Industrial sales volumes increased to 7.17 MMSCMD in Q1 FY27 from 4.71 MMSCMD in Q1 FY26, registering a growth of 64%.

The Morbi ceramic cluster continues to remain our largest partner in the PNG industrial segment. Our successful supply strategy provided significant support to the Morbi ceramic industry during the crisis period. The average volume in the Morbi ceramic cluster during the quarter was 5.67 MMSCMD, while volume outside the Morbi cluster was 2.04 MMSCMD. Morbi cluster volume registered an increase of 181% in Q1 FY27 compared to Q4 FY26.

It is especially noteworthy that during the quarter, the availability of alternate fuels such as propane remained adversely impacted, and the fact that we could source and ensure continued supply of gas even against an increased demand from Morbi cluster is in itself a testament to our gas trading capabilities. During the crisis period, our efforts in ensuring continuous gas supply to Morbi cluster has resulted into increase in gas volumes rising from approximately 0.4 MMSCMD in April 2026 to around 8 MMSCMD during May-June 2026.

We will continue to closely monitor key market dynamics, including spot RLNG prices, availability of alternate fuels, and end consumer demand trends across industries in our operating areas. Our focus remains clear, to maintain the right balance between volume growth and sustainable margins while continuing to serve our customers reliably and efficiently.

I will now present the financial highlights for the quarter. For Q1 FY27, we reported revenue from operations of 9,670 crores compared to 5,924 crores in Q1 FY26, representing a year-on-year growth of 63%. EBITDA stood at 1482 crores compared to 896 crores in Q1 FY26, reflecting a growth of 65%.

Profit after tax stood at 998 crores compared to 561 crores in Q1 FY26, registering a growth of 78%. On the volume front, our overall sales volume stood at 15.66 MMSCMD. Notably, the gas trading segment continued to witness strong traction with sales volumes reaching 12.22 MMSCMD, reflecting the company's growing presence and capabilities in the gas marketing and trading business. Out of this volume, 8.9 MMSCMD volumes were allocated for our CGD segment. Further, the CGD segment contributed 12.34 MMSCMD, underpinned by a balanced volume mix across customer segments.

Our infrastructure base also continues to expand. The company's total pipeline network spans approximately 45,900 kilometers across six states and one union territory. During the quarter, the company invested 127 crores in CGD infrastructure. Sustainability and safety remain central to our operations.

Through average Q1 PNG sales to industrial customers, the company helped reduce carbon dioxide emissions by approximately 1.07 crore kilograms per day due to customers using PNG instead of coal. Similarly, through average Q1 CNG sales, the company helped reduce CO2 emissions by approximately 21 lakh kilograms per day due to the use of CNG for transport instead of petrol or diesel.

In conclusion, Q1 FY27 has been a strong quarter for Gujarat Energy Limited. Our performance reflects the strength of our integrated business model, the resilience of our supply chain, the quality of our execution, and the dedication of our teamwork.

Looking ahead, global energy markets are likely to remain uncertain due to continuing geopolitical developments. However, we remain confident in our strategy. Our diversified sourcing portfolio, strong infrastructure, disciplined capital allocation, and customer-centric approach positions us well to navigate challenges and capture growth opportunities arising from India's transition towards cleaner energy solutions.

We remain committed to delivering sustainable growth, supporting India's cleaner energy transition, and creating long-term value for all our stakeholders.

With this, I now request the moderator to open the floor for questions and answers, and my leadership team and I will be happy to respond to your queries. Thank you.

Operator (Operator)

Thank you. We will now begin with the question and answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question comes from the line of Probal Sen with ICICI Securities. Please go ahead.

Probal Sen (ICICI Securities)

Thanks for the opportunity and congratulations on a strong set of numbers. A couple of questions. Firstly, just to understand the math a bit, you mentioned that overall sales volume is 15.66 whereas gas trading sales is 12.2 and of course CGD sales is 12.3. Apologies if I'm not understanding, where is the balance 3.4 MMSCMD coming from? That is upstream sales, is it?

Sandeep Dave (Company Secretary)

No, that is the gas trading which we have done for the other than the CGD business.

Probal Sen (ICICI Securities)

So, but you just mentioned that 8.9 MMSCMD was internal out of 12.2. So then that balance would be the external sales, right?

Sandeep Dave (Company Secretary)

Yeah, that will be the external sales. Yeah, you're right.

Probal Sen (ICICI Securities)

So then that would be 8.9 plus whatever it is. How are we arriving at the 15.6?

Sandeep Dave (Company Secretary)

No, I will just tell you the numbers. 15.6 is the overall company number. The CGD segment number is 12.34. And after removing the inter-company sale of 8.9, that's close to 3.32.

Probal Sen (ICICI Securities)

Okay, okay. Got it. So essentially 12.34 plus whatever has been sold externally. That is the overall sales volume. Is that a fair way to look at it?

Sandeep Dave (Company Secretary)

Yes. Yeah, that's fair enough.

Probal Sen (ICICI Securities)

Got it, sir. The second question was more about Morbi, if I understood correctly, ma'am mentioned 8 MMSCMD is the sales volume in the Morbi cluster for May and June. Just wanted to understand what is the run rate prevailing now? And what we are hearing is that propane availability is starting to become a bit easier. Just wanted to understand if that is having an impact on the business right now, and what is the respective pricing for, on even a rough average, of what our industrial retail sales price is versus the propane equivalent price as of now.

Sandeep Dave (Company Secretary)

So, yeah, that. So in the last quarter, we have sold close to more than 8 million volume in Morbi. But post July, the availability of propane has gradually improved because it has started sourcing from non-Middle East countries like USA and Venezuela and all.

As far as the current run rate is concerned, I think we are delivering close to 3 million gas in Morbi and close to 5.3, 5.4 million equivalent gas is being delivered as propane.

Probal Sen (ICICI Securities)

Got it. Got it. And what would be the pricing, sir, if I can understand, in terms of rupees per SCM terms, roughly ours as well as propane?

Sandeep Dave (Company Secretary)

Ours is close to 78 and propane is close to 65.

Probal Sen (ICICI Securities)

Got it, sir. And the other question was with respect to CNG. What kind of growth rate should one be looking at for the rest of the year? How confident are we of maintaining this 12-13% kind of volume growth rate that we have seen in Q1?

Sandeep Dave (Company Secretary)

Yeah, I think we have been growing at close to 12 percentage and this growth has continued, and this quarter actually we are growing at 13 percentage now. Basically, we are expecting that and with the MD told that we are going to add on more stations now, so that growth is expected to we can we'll be able to sustain that growth for the next couple of years at least.

Probal Sen (ICICI Securities)

Understood, sir. I will come back in the queue. Thank you so much and all the best.

Operator (Operator)

Thank you. A reminder to all participants, you may press star and one to ask a question. The next question comes from the line of Amit Morarka with Axis Capital. Please go ahead.

Amit Morarka (Axis Capital)

Hi, thanks for the opportunity. So with regards to the Morbi supply coming off to 3 MMSCMD now, what is the visibility now you have of let's say going higher again, or now that propane is coming from US, it's fair to say that the price gap will stay a bit elevated between propane and PNG and therefore it will be tough to basically gain volumes back in the Morbi market.

Sandeep Dave (Company Secretary)

Well currently that is what it seems to be the case, because spot price is being close to $20 and propane pricing being what it is right now. I think there will be... there will be good amount... there will be good... there will be... I mean, gas prices would be at a premium to propane and our expectation is that we will continue to do close to 3 MMSCMD of gas at least in this quarter.

Amit Morarka (Axis Capital)

Understood. And if you could also then highlight what is the margin that you would be making at this price of 78, which is the Morbi price which you just mentioned, like in Q1 obviously you had the operating leverage benefit which I am guessing you will be missing in Q2 now. So what really is the gross margin you're making here?

Sandeep Dave (Company Secretary)

I think we are giving the margin at a company level and the segment level, and I think the segment results are there in the investor presentation.

Amit Morarka (Axis Capital)

Okay, sure. And also with regards to the propane plans then, now that propane is getting available from other suppliers beyond Middle East, are you also looking to make more progress on your propane business plans?

Sandeep Dave (Company Secretary)

So yes, we have, we have plans to have our own propane import facilities. So we have, we have basically shortlisted few sites in Gujarat where we can put up our own terminal. Those studies are going on. We will be coming to you with some details shortly. But we have plans to set up our own import and storage facilities of propane near the Morbi market.

Amit Morarka (Axis Capital)

So just a last question if I can. Like, the third-party trading, gas trading volume has dropped to 3.3 MMSCMD as you mentioned, which I think was close to 5 earlier. So again, what was the reason? Was it the high pricing or was it the sourcing issues which were there?

Sandeep Dave (Company Secretary)

So, yes, because of the volume which got cut off from the Middle East, and because of the high prices, volume has come off a bit. And this time power volumes are also not there. So that has also impacted.

Amit Morarka (Axis Capital)

And any outlook you could give there? For second quarter or later half of the year?

Sandeep Dave (Company Secretary)

I think in a long term, we do expect good third-party volumes, specially in the year 28, 29 where we expect pricing to be much more reasonable.

Amit Morarka (Axis Capital)

So the long term volume you're saying will still be 4.5, 5 range?

Sandeep Dave (Company Secretary)

Yeah, I think it should be in that range, 4.5 to 5 million.

Amit Morarka (Axis Capital)

Okay. Okay. Thank you. That's it from my side.

Operator (Operator)

The next question comes from the line of Hardik with ICICI Securities. Please go ahead.

Hardik (ICICI Securities)

Thank you for the opportunity, sir. Sir, there are two questions over here. Can you please share the gas closing names during the current quarter, and what was the CAPEX we spent for Q1 and what would be for the FY27-28?

Sandeep Dave (Company Secretary)

Can you repeat the question? We could not get you right.

Hardik (ICICI Securities)

What was the gas sourcing for Q1 and what is our CAPEX guidance for FY27 and 28, and any incremental CAPEX are we doing on the gas trading segment?

Sandeep Dave (Company Secretary)

So there is no CAPEX on the gas trading segment, but there will be CAPEX on the CGD segment, which practically we are giving a guidance to 1000 crores. We still stick with that. And with respect to you needed sourcing split of the CGD business or the entire thing?

Hardik (ICICI Securities)

CGD and plus, you know, even on the gas trading part.

Sandeep Dave (Company Secretary)

So, sir, on an overall level, we are doing close to 20% on term contract basis, domestic gas is close to 12.5%, and the rest is spot.

Hardik (ICICI Securities)

Okay, okay, that is fairly helpful. Thank you.

Operator (Operator)

The next question comes from the line of Vineet Bunkar with Nomura Holdings. Please go ahead.

Vineet Bunkar (Nomura Holdings)

Hi, sir. Thanks for the opportunity. A couple of questions on gas trading side. So can you highlight how gas trading offtake contracts with your customers are structured? As in what proportion are back-to-back with a fixed margin and any trading volume that is exposed to pricing risk like similar to GAIL where you have some bit of pricing risk in terms of sourcing on nine-month JCC average whereas your offtake is on three-month JCC or there is another contract with GAIL where they have Henry Hub Brent LNG pricing. Is there anything like that in your case, and what explains very high marketing trading margin in this quarter?

Sandeep Dave (Company Secretary)

So we do have term contracts, let's say for example in fertilizer we have term contracts which are on Brent on a three-month pricing basis. Same is the case with the CGD, most of the power consumers are on spot. As far as sourcing is concerned, it's a mix of Brent and Henry Hub. And obviously in CGD we have the APM gas as well.

Vineet Bunkar (Nomura Holdings)

Any, any margin we can share? Per unit margins, say for LNG as well as for domestic gas on the trading side?

Sandeep Dave (Company Secretary)

So domestic gas, which is basically HPHT gas, the margins are fixed. Same is the case in fertilizer where we can't charge more, we can charge only a fixed marketing margin which is close to 20 cents. In other segments, industrial and all, the margin, marketing margin depends on the market right point of time.

Vineet Bunkar (Nomura Holdings)

Okay. And sir, why was the margins so high during this quarter? Because I think fertilizer and CGD will be largely very nominal margin. So what is the upside coming from?

Sandeep Dave (Company Secretary)

I think we have sourced the gas at appropriate time with respect to the margins which we have earned, and we had long-term agreements which were there linked on Brent, essentially you have a dated Brent which comes in on a matching basis. So based on that basically we had a slight advantage to with respect to the the product which we were offering into the market.

Vineet Bunkar (Nomura Holdings)

And sir, next quarter, is there a chance for reversal of some of these gains when the prices, say reversed, when your nine-month, three-month spread, it gets reversed, is there a chance of second quarter trading gain, some of it getting reversed?

Sandeep Dave (Company Secretary)

No, there will not not be any negative numbers. I think we stick to our guidance. Last time we gave around 1100 crores of profit from the gas trading business. That still remains. Yeah, on a conservative basis, we are keeping it at 1100. We stick to the earlier guidance which we had given.

Vineet Bunkar (Nomura Holdings)

Okay. And sir, lastly, with the upcoming new LNG contracts from Uniper, Qatar, and even Total, will you have lower proportion of spot volume in the trading side and will that impact your trading business margin because from what I understand, spot you can earn more margin and when you have a longer-term fixed contract, you'll probably have a more back-to-back contract. So yeah, your thought on that.

Sandeep Dave (Company Secretary)

So generally we try and sell the long-term contract that we sign on a back-to-back basis. So similarly on the Henry Hub side we have contracted some of the volumes on back-to-back basis. We don't keep all the volumes exposed. So we do sign contracts whenever we do a long-term contract, but yes, it is expected to improve the profitability and we will also be able to expand the business with these long term volumes.

Vineet Bunkar (Nomura Holdings)

And will this also help the CGD business in terms of lower proportion of spot and then you have higher contract LNG which is much cheaper and more stable pricing?

Sandeep Dave (Company Secretary)

Absolutely. It will.

Operator (Operator)

Okay, sir. Thank you. I'll go back to the queue.

The next question comes from the line of Yogesh Patil with Dolat Capital Markets. Please go ahead.

Yogesh Patil (Dolat Capital Markets)

Thanks, sir. Thanks for taking my question and congratulations for a good set of numbers. A question related to gas sourcing breakup for CGD business, that would be helpful. If you could provide that is total MMCMD in terms of the how much was APM, NWG, exchange and LNG for the gas.

Sandeep Dave (Company Secretary)

Yeah, I think we have always told that 12.44 was the volumes which we did in the CGD segment. Of that, close to 14% was APM and 6% was the new well gas, and the GAIL pool gas was close to 2%, and long-term contracts we had close to 9%, and rest close to 69% was on a short term or a inter-segment sale basis.

Operator (Operator)

Thank you. The next question comes from the line of Ajay Sharma, an individual investor. Please go ahead.

Ajay Sharma (Individual Investor)

Yeah, can you hear me?

Sandeep Dave (Company Secretary)

Yeah, please go ahead.

Ajay Sharma (Individual Investor)

Okay, so I wanted to ask on the gas trading right in terms of rupees per SCM, is there a margin you target? Like I see notice that it is like 6 rupees per SCM in first quarter, last year was 3.5, and you give some numbers for fertilizer and CGD as to show can you just quantify how much is the number in terms of per SCM for fertilizer, CGD and for other categories which you target?

Sandeep Dave (Company Secretary)

No, I think what we had told as a guidance earlier also, basically we make a margin of close to 4 to 5% in the gas trading business. Yeah, there will be exceptional quarters which should be there, but we stick to that guidance again.

Ajay Sharma (Individual Investor)

So it's not per SCM is it? You use it as a percentage margin you target?

Sandeep Dave (Company Secretary)

Yeah, it's a percentage margin which we target overall, on a basis.

Ajay Sharma (Individual Investor)

Okay, thank you.

Operator (Operator)

The next question comes from the line of Nitin Tiwari with PhillipCapital India. Please go ahead.

Nitin Tiwari (PhillipCapital India)

Hi, sir. Good evening. Thanks for the opportunity. Just had a clarificatory question on CNG sales. Is there any element of other than I mean, so after the amalgamation, I suppose Sabarmati Gas volume should also be included in the sales, right? Is that the right understanding or correct me if I'm wrong over there?

Sandeep Dave (Company Secretary)

No, it's a wrong understanding, it's a joint venture. So the profit is taken on a line by line basis.

Nitin Tiwari (PhillipCapital India)

So this volume of 3.76 is only erstwhile Gujarat Gas CNG volume?

Sandeep Dave (Company Secretary)

Yeah, you are right. You are right. Yeah.

Nitin Tiwari (PhillipCapital India)

Okay, great, sir. Thanks for that clarification. And secondly, sir, on the industrial sales, I mean like our non-Morbi industrial sales like continues to languish somewhat and even in this quarter, like, you know, we managed only about 2 MMSCMD. So what is the roadmap for growing this segment? If you can shed some light on that and also if any measures we are taking in other areas, other GAs where there is industrial consumer which is present and what we are doing about growing this segment?

Sandeep Dave (Company Secretary)

Yeah, currently we are doing close to more than 2, 2.2 MMSCMD in other than Morbi, but we have certain promising regions like DNH, then Ahmedabad Rural, Dahej, Kutch, and Thane, where we expect much more volumes. And as we expect LNG prices to become stable maybe in a year's time from now, we expect these volumes to be at least 3 MMSCMD in one and a half to two years from now.

Nitin Tiwari (PhillipCapital India)

Sorry, you mentioned 3 MMSCMD in one and a half to two years?

Sandeep Dave (Company Secretary)

Yes.

Nitin Tiwari (PhillipCapital India)

Okay, sir. Thanks. Thanks for the answers. I'll get back in the queue.

Operator (Operator)

The next question comes from the line of Probal Sen with ICICI Securities. Please go ahead.

Probal Sen (ICICI Securities)

Thanks for the opportunity again, sir. Sir, again coming back to the question that Nitin asked earlier, the development of Ahmedabad Rural, Thane, Kutch, Dahej, etc. has been ongoing for a while now. But just wanted to understand, is pricing the only constraint that we have been facing since volumes in these regions haven't really shown that much traction for the past let's say 2-3 years where if we look at industrial sales other than Morbi, they have broadly stayed in an fairly narrow range for a period of time. So what LNG price would actually incentivize people to convert, if you can give us a sense of what is holding it back and is there any other reason why volumes have not picked up in these regions?

Sandeep Dave (Company Secretary)

See, while we are discussing on the non-Morbi areas, the main reason is not only price, we are in the process of developing the infrastructure also. In Ahmedabad Rural, Thane etc., our pipeline network is in advanced stages and we are reaching the industrial areas. So that is, we will be connecting the new industrial units and then the volumes will start increasing. Just to share that in the non-Morbi section we have added almost 86 new industries in the past from April to June and this will result in handy growth in the volumes from these areas. So it is not only the pricing differential which is the constraint, it is the infrastructure which we are developing. So that is why we are saying that gradually it will start resulting in the volumes.

Probal Sen (ICICI Securities)

Got it, sir. That is useful. And if I can ask a small follow-up. Similar to Morbi, where let's say propane is the main alternate fuel, can we get a sense of what are the key alternate industrial fuels that we are competing with in some of these new regions?

Sandeep Dave (Company Secretary)

See, there are multiple alternate fuels, like steam house is there in the Ankleshwar and South Gujarat area, then briquettes and solid fuels are there in other regions. So we are facing competitions from all these alternate fuels, but definitely we will try to market and get customers on board for a long term.

Probal Sen (ICICI Securities)

Got it. And the second question I had, sir, if I may, is is there any regulatory push that we are seeing or advocating for more mandatory usage of gas, whether it's industrial or commercial units or basically for the CNG segment in the Gujarat region over the next let's say year or two, because that is something that can probably drive much stronger growth. So just your outlook on that.

Sandeep Dave (Company Secretary)

See, right now the mandatory push is more on the domestic segment, domestic as well as the commercial. But not on the industrial. Industrial, it is open competition is there from alternate fuels, propane is coming so customers have a choice to switch to propane. But yes, in the domestic segment the mandate is there from the government to switch from LPG to domestic, and also in the commercial segment. But not in industry.

Probal Sen (ICICI Securities)

Understood, sir. That is very useful. Thank you very much.

Operator (Operator)

The next question comes from the line of Mayank Maheshwari with Morgan Stanley. Please go ahead.

Mayank Maheshwari (Morgan Stanley)

Thank you for doing the call, team. I had a follow-up on the question around sourcing for gas. I think if we look at for the last three to five years, we have gone through three shocks now. And I think we have heard for a couple of times in terms of the management looking to source long-term gas, but it's been a bit of a struggle there. Is it the bottleneck of confidence on demand that's keeping you away on long-term sourcing of gas and now that you have become an integrated energy company, you can now clearly go forward and be more aggressive in signing long term supply of gas. What's kind of keeping it a bit off on a back burner in terms of sourcing long term supply?

Sandeep Dave (Company Secretary)

So it's not because of no confidence in demand. It is basically whenever, and you talked about the three shocks that we have witnessed, starting with the Russia-Ukraine thing and then now this Middle East. So whenever we, so we have signed few contracts, you must be aware that we have signed with Total, we have signed with Uniper, we have signed with Qatar, and we are already in the market for a few more contracts. So it's only that whenever we, so because of the shocks, the timeline for reasonable price gas keeps on shifting. So earlier we were beginning the new wave of LNG supply which was to hit the market was 26, 27 maybe, but now because of this Iran thing which has happened, it has slightly shifted. So right now what we are trying to do is to source our gas starting 2028, and we are in the market for sourcing these additional volumes. It's not because of the demand issue that we are not sourcing gas and nor it was because we were separate companies. Obviously having one company gives us much more confidence, that's true, but we are in the market for sourcing new additional volumes on long term basis.

Mayank Maheshwari (Morgan Stanley)

Okay, so sir, is it a fair kind of assessment that what percentage of your volumes, maybe in a couple of years, you think will be now on long-term sourcing basis because APM is obviously coming down, but if you can give us a bit of a sense of what percentage of your volumes could kind of come in which will be on long-term supply versus spot?

Sandeep Dave (Company Secretary)

So basically, as of today, we around 28, we would be like 2 million ton on top... 2 million ton LNG equivalent on term contract basis, we expect to do close to at least 4 million ton in 2030.

Mayank Maheshwari (Morgan Stanley)

Got it. It's clear. And the final question I had was on the power business. Can you give us a bit more details around the power business and how the PLFs have been and what is your kind of a pace at which you think power PLFs could kind of come for you going forward?

Sandeep Dave (Company Secretary)

I think the PLFs have been lower because of the, because these are all gas-based power plants. So practically they have been operating at close to 1 percentage for both the plants. And for the last quarter if you look at GSEG the 351 megawatts was around 6 percentage and for Pipavav it was close to 1 percentage. So basically only thing is when the, when there is a shortage of electricity, especially in the summers, basically there is any, there is a peak demand which comes from this gas-based power plants. Other than that basically we don't have much of utilization or the PLF coming up from there. Yeah, we are working on the strategy on how to revive it or how to do certain things. We will be coming back to the investors maybe in a few months down the line of what strategy we are using is to basically turn it around.

Mayank Maheshwari (Morgan Stanley)

Okay. And a lot of other power companies are basically tying it up back of the meter deals in terms of supplying power to data centers, is that something that's on the thinking process as well?

Sandeep Dave (Company Secretary)

Yeah, we are looking at multiple options. We are working on it.

Mayank Maheshwari (Morgan Stanley)

Okay, perfect. Thank you.

Operator (Operator)

Thank you. The next question comes from the line of Indra Kumar Gupta with PL Capital. Please go ahead.

Indra Kumar Gupta (PL Capital)

Thank you, sir, for the opportunity. My question was just more of on housekeeping. Can you please share the EBITDA for each segment for Q4 and Q1 FY26?

Sandeep Dave (Company Secretary)

I think we have shared it this time in the investor presentation which is uploaded.

Indra Kumar Gupta (PL Capital)

Sir, I think investor presentation only has Q1.

Sandeep Dave (Company Secretary)

Oh, you want the previous year?

Indra Kumar Gupta (PL Capital)

Yeah, yeah. Previous year, Q4 and Q1. Q1 FY26.

Sandeep Dave (Company Secretary)

Okay, just a minute. Just a minute. Yeah, we will just give it to you. Yeah, the gas trading was around 236 crores. CGD was around 544 crores, ENP was 7, and renewables was close to 14. Making a total of around 800 crores.

Indra Kumar Gupta (PL Capital)

This was for, sir, Q4 or Q1 FY26?

Sandeep Dave (Company Secretary)

Q1 of 26. Yeah, Q1 of 26.

Indra Kumar Gupta (PL Capital)

And sir, Q4?

Sandeep Dave (Company Secretary)

Q4 it was 409 for gas trading, CGD 465, ENP 14, and renewables 5. Making it 893.

Indra Kumar Gupta (PL Capital)

Okay, sir. Thanks a lot. That's all from my side. Thank you.

Operator (Operator)

The next question comes from the line of Somaya with Avendus Spark. Please go ahead.

Somaya (Avendus Spark)

Thanks for the opportunity, sir. Two questions. So first on the, you gave the Morbi pricing. So similarly...

Operator (Operator)

Sorry to interrupt Somaya, your voice is muffled. Could you please use your phone on the handset mode in case if you're using a handsfree mode.

Somaya (Avendus Spark)

Is it better now?

Operator (Operator)

Yes.

Somaya (Avendus Spark)

Yeah, thanks. Sir, you had given the pricing on Morbi, similarly if you could give the industrial pricing on the non-Morbi front, what was it in Q1 and what is it currently?

Sandeep Dave (Company Secretary)

Yeah, just give me a second. It's close to 70 rupees. 70 rupees for the non-Morbi segment.

Somaya (Avendus Spark)

Sir, this is Q1 average?

Sandeep Dave (Company Secretary)

Yeah, Q1.

Somaya (Avendus Spark)

And in Q4, the equal number would have been?

Sandeep Dave (Company Secretary)

Q4 it would be much lower. I think we will get back to you maybe. You can send us an email, we'll send the details.

Somaya (Avendus Spark)

Okay, sure. Sir, second question is on the gas trading and the sourcing. This 12 MMSCMD, if you could just give us a breakup in terms of sourcing, long-term Henry Hub Brent and spot.

Sandeep Dave (Company Secretary)

So, long term is 20%, domestic gas is 12.5%, and the rest is spot. Close to 67%. And out of this long term, almost 20% is Henry Hub.

Somaya (Avendus Spark)

Okay. Sir, also this sales that's outside of the CGD segment, roughly in normal base is around 5 MMSCMD, if you could just give a breakup between fertilizer, power and any other segments that are there. You're talking about the gas trading segment, you're talking about for the breakup?

Sandeep Dave (Company Secretary)

Yeah, fertilizer is close to 1.6, chemicals is close to 0.24, and steel is close to 0.2, and power is close to 0.2. And other CGD companies we are selling is close to 0.5. And other industrial segments which we sell is also 0.5.

Somaya (Avendus Spark)

Sir, last question is on this 3 MMSCMD current Morbi volumes. Despite having such a price gap, 78 and 65 rupees, is it because these are the units that don't have a propane infrastructure or is there any contractual obligation for them to still consume gas at a minimum level?

Sandeep Dave (Company Secretary)

Yeah, that is because these companies, they don't have infrastructure for propane, either because they are smaller in size or because they don't have the required space in their premises to install propane facilities.

Somaya (Avendus Spark)

Understood. So does that mean if there are no further propane infra additions, even if there is a meaningful pricing gap, so 2 to 2.5 MMSCMD of volumes can still go through. Is that the right way to think about it?

Sandeep Dave (Company Secretary)

I think so. I think 1.8 to 2 million would be a fair number to assume, because in the past it has reduced to 1.8 MMSCMD around, around that number.

Somaya (Avendus Spark)

Understood, sir. Thank you.

Operator (Operator)

The next question comes from the line of Vineet Bunkar with Nomura Holdings. Please go ahead.

Vineet Bunkar (Nomura Holdings)

Sir, thanks for the opportunity again. So this bottom of 1.8 MMSCMD in the Morbi which you think could be something which will hold for you. Are these contracts on a longer term or they are also one-month basis?

Sandeep Dave (Company Secretary)

They are one-month contracts.

Vineet Bunkar (Nomura Holdings)

Okay. And so basically because of no availability of infrastructure to probably use propane, they will be taking natural gas.

Sandeep Dave (Company Secretary)

Yes.

Vineet Bunkar (Nomura Holdings)

Okay. Secondly, on when is the listing for GSPL transmission? I think it was supposed to be listed by end of July and now we are in mid of August. Any timelines you can share?

Sandeep Dave (Company Secretary)

We are interacting and closely coordinating with BSE, NSE and SEBI on this, since it will require exemption for listing without going for public issue route. It is likely to take slightly longer time. We expect this to happen somewhere towards early September.

Vineet Bunkar (Nomura Holdings)

Okay, sir. Thank you.

Operator (Operator)

The next question comes from the line of Deepak Malhotra with Capgrow Capital Advisors LLP. Please go ahead.

Deepak Malhotra (Capgrow Capital Advisors LLP)

Hello. Thank you for taking my question. I had two questions, one on Morbi that has been answered just now. The second question is regarding the present cash on the balance sheet. You already mentioned about 1000 crore of CAPEX. So could you kindly highlight what is the current cash on the balance sheet and how do you plan to utilize it going forward?

Sandeep Dave (Company Secretary)

Yeah, we have a cash balance of around 7,200 crores. So we have a CAPEX plan of around 1,000 crores for the CGD business. And with respect to the rest of the cash to be utilized, basically we are working on certain programs with respect to the strengthening of the present business with respect to the CNG and the pipelines, as well as we are also looking at the diversification strategy in the energy business. So on a concrete plan, we will be coming in maybe in the Q3. By Q3 we will be having a concrete plan of how that deployment of the cash would happen.

Deepak Malhotra (Capgrow Capital Advisors LLP)

Uh, since you mentioned that the gas trading business doesn't really require any CAPEX as such. So, the 1000 crore CAPEX which you already outlined, I mean, does it include your proposed CAPEX on the propane infrastructure which you are trying to set up?

Sandeep Dave (Company Secretary)

No, it doesn't include that. Because that's in an early stage of DFR right now, the detailed project report in place, and then basically the CAPEX will happen in next two years. So that's a long-term plan.

Deepak Malhotra (Capgrow Capital Advisors LLP)

Okay. So we'll get to know the position only over the next two quarters, you know, once you have the detailed reports and...

Sandeep Dave (Company Secretary)

Yes. Yeah, absolutely.

Deepak Malhotra (Capgrow Capital Advisors LLP)

Fine. Thank you. That's all.

Operator (Operator)

The next question comes from the line of Amit Morarka with Axis Capital. Please go ahead.

Amit Morarka (Axis Capital)

Yeah, hi. Thanks for the opportunity again. So in this quarter the CGD EBITDA margin has come down. I think historically it used to be slightly higher, close to six rupees or so. Is it largely because of Morbi or is there any other reason in that number?

Sandeep Dave (Company Secretary)

I think it's around 5.18. And because we got a bigger volume now to be divided. So that's the reason it's 5.18. We have given a guidance of 5.5 to 6.5, we still stick to that guidance.

Amit Morarka (Axis Capital)

Right, no, but in Q1 it was below that guidance. So was it because let's say Morbi margins were a bit lower than the portfolio margins, was that the reason or is there any other reason?

Sandeep Dave (Company Secretary)

We can say the CGD margins where on... see, we look at the portfolio, we don't look at each segment when you look at the EBITDA margin of the segment.

Amit Morarka (Axis Capital)

Okay. Okay. So five and a half to six and a half remains the range.

Sandeep Dave (Company Secretary)

Yeah.

Amit Morarka (Axis Capital)

Okay. Sure. Yeah, that's all from me. Thanks.

Operator (Operator)

The next question comes from the line of Pushpendu Chand, an individual investor. Please go ahead.

Pushpendu Chand (Individual Investor)

Yeah, am I audible?

Sandeep Dave (Company Secretary)

Yeah, you're audible.

Pushpendu Chand (Individual Investor)

Yeah. So my question is regarding the dividend policy. Now we have merged three companies together and we have sufficient cash balance of 7000 CR. And also we are generating regular cash from our business. So will there be any re-look on the dividend policy of the company since the merger is now completed?

Sandeep Dave (Company Secretary)

I think we have been following the Government of Gujarat's guidelines with respect to dividends, which has been announced last quarter also. I think we have given a dividend of close to 800 crores, 835 crores. And with respect to the rest of the cash to be utilized, as we have told earlier also, basically we are looking at proper investment with a better returns to the investors itself. We are planning those things and basically we'll by the quarter three we will be coming up to the investors on which all areas we will be investing.

Pushpendu Chand (Individual Investor)

Okay. So the next question is regarding the earnings predictability. So in for the year, for this financial year 2027, what would be our revenue projection and margin projection if you can share something on this?

Sandeep Dave (Company Secretary)

Margin projection, I think as I told you earlier, basically we are looking for the gas trading business, we have projecting around 1100 to 1200 crores of margin, absolute number margins. And with respect to the CGD business also, basically we will be going with the same numbers which which were there earlier. Except only thing is by Q2 by the by the Q2 number Q2 we will be in a better position to tell you the numbers because we still have the volatility of the Middle East crisis which is going on.

Pushpendu Chand (Individual Investor)

Okay, right. Thank you. These were the only two questions from my side. Thank you.

Operator (Operator)

The next question comes from the line of Vipul Kumar Shah with Sumangal Investments. Please go ahead.

Vipul Kumar Shah (Sumangal Investments)

Thanks, sir. Is it possible to share any financials of the GTL which is yet to be listed?

Sandeep Dave (Company Secretary)

No, that's a separate company now, sir.

Vipul Kumar Shah (Sumangal Investments)

Yeah, but can you give any idea regarding the performance?

Sandeep Dave (Company Secretary)

GTL results are available on their website. You can access their website and get a hang of their performance. They have been doing it result on quarter on quarter basis. So those results are available.

Vipul Kumar Shah (Sumangal Investments)

And sir, what is our gross block as on 30th June?

Sandeep Dave (Company Secretary)

It's around 12,000, close to 12,000 crores.

Vipul Kumar Shah (Sumangal Investments)

12,000 crores. Okay. Thank you, sir.

Operator (Operator)

The next question comes from the line of Amit Morarka with Axis Capital. Please go ahead.

Amit Morarka (Axis Capital)

Yeah, hi. Thanks for the opportunity again. So you had mentioned in the last call that there are some refunds that you will be claiming from the department for FY26 for the merger unabsorbed losses tax adjustment basically. So where are we in that process and by when you expect the refunds to come in?

Sandeep Dave (Company Secretary)

I think presently we are in the process of filing the revised returns. And it will take time, in the sense at least a year to get the refunds. Because we need to refile the account, returns for the 24, 25, 25, 26. 26 will be the reverse one, but the 24, 25 we have to file the reverse return, revised returns, which we are at the process of filing it.

Amit Morarka (Axis Capital)

Right. And the expected quantum is about what, 900 odd crores if I'm right?

Sandeep Dave (Company Secretary)

Yeah, you're right.

Amit Morarka (Axis Capital)

Okay, sure. And just secondly, on on the transfer, internal transfer between gas trading to CGD, like are we still following the old methodology of the pricing, how it used to happen when there were two separate entities or has there been any change made to that in Q1 now?

Sandeep Dave (Company Secretary)

No, that was between two companies now. Internally we have the flexibility of changing it.

Amit Morarka (Axis Capital)

Sure. So is it now on a cost basis or how is it now being done?

Sandeep Dave (Company Secretary)

I think that is reflected in the results also.

Amit Morarka (Axis Capital)

No, the CGD margin is still low. So just wanted to understand that.

Sandeep Dave (Company Secretary)

Yeah, I think, see, there is a section which is making the, the segment which is there, so basically not on an arm's length. See, problem is, when you are two companies, you have to run the arm's length concept which is there, which is not typically applicable when you are having the same business internally. So you have the flexibility to basically, the sourcing can be different, the pricing can be different.

Amit Morarka (Axis Capital)

So other way to I mean maybe understand this is the external volume of 3.32 MMSCMD that you made in gas trading, so the EBIT which is reported in gas trading, is it only for this 3.32 MMSCMD or I mean, or would it also largely be for the transfer to the CGD?

Sandeep Dave (Company Secretary)

It is for the entire thing. The segment, if somebody sourcing the entire thing, basically the segment is for the entire thing. That's why we clearly told in the beginning, of the entire volume of 12.22 which the trading segment did, 8.9 was transferred to the CGD segment.

Amit Morarka (Axis Capital)

Sure. So there is still a mark up basically on the CGD transfer?

Sandeep Dave (Company Secretary)

Yeah, there is still, yeah, there is still a markup.

Amit Morarka (Axis Capital)

Okay. Okay. That's it. Thank you.

Operator (Operator)

The next question comes from the line of Nitin Tiwari with PhillipCapital. Please go ahead.

Nitin Tiwari (PhillipCapital India)

Thanks for the opportunity again. I suppose, sir, you've already partially answered the question, but I'll still ask. So the 1100 crore guidance that you have given, that is also on the entire trading volume, right? It's not on the external sales. That's the right understanding?

Sandeep Dave (Company Secretary)

Yeah, that's the right understanding.

Nitin Tiwari (PhillipCapital India)

Alright, sir. Thank you.

Operator (Operator)

A reminder to all participants, you may press star and one to ask a question. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Sandeep Dave for the closing remarks.

Sandeep Dave (Company Secretary)

Thank you all for sparing your valuable time and attending the call. We look forward to interact with you during our Q2 numbers somewhere towards middle of November. Thank you all.

Operator (Operator)

Thank you, sir. Ladies and gentlemen, on behalf of Gujarat Energy Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.