November 05, 2026

To,

National Stock Exchange of India Limited
"Exchange Plaza"
Bandra-Kurla Complex, Bandra (East)
Mumbai - 400051

Scrip Symbol: IRMENERGY

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400001

Scrip Code: 544004

Sub: Transcript of Earnings Conference Call for the quarter and half year ended September 30, 2026

Dear Sir/Madam,

In continuation to our previous intimations dated October 27, 2026 and November 02, 2026 and pursuant to Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Earnings Conference Call held on Monday, November 02, 2026 at 10:00 a.m. (IST) in respect of unaudited financial results and performance of the Company for the quarter and half year ended September 30, 2026

The same will also be made available on the Company's website at www.irmenergy.com.

This is for your information and records.

Thanking you.

Yours sincerely,

For, IRM Energy Limited

Akshit Nandkishor Soni
Digitally signed by Akshit Nandkishor Soni
Date: 2026.11.05 18:48:49 +05'30'

Akshit Soni
Company Secretary &
Compliance Officer

IRM Energy Limited

Q2 FY27 Earnings Conference Call

November 02, 2026

Mr. Amitabha Banerjee

Executive Director

Mr. M. K. Sharma

Chief Executive Officer

Mr. Brajesh Singh

Chief Operating Officer

Mr. Ashish Maheshwari

Chief Financial Officer

Mr. Abhinand Pandya

Chief Strategy Officer and IR Head

Mr. Arunkumar Saluru

Vice President (Finance & Accounts)

Moderator

Good morning, ladies and gentlemen. I`m Akash, moderator for the conference call. Welcome to IRM Energy Limited Q2 FY27 earnings conference call.

As a reminder, all participants will be in listen-only mode, and there'll be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touch-tone telephone. Please note this conference is being recorded.

I would now like to hand over the floor to Ms. Krishna Patel from EY. Thank you, and over to you, ma'am.

Krishna Patel

Thank you, Akash, and good morning, everyone. A warm welcome to all participants joining the Q2 FY27 earnings conference call of IRM Energy Limited. Joining with us today from the management team are Mr. Amitabh Banerjee, the Executive Director; Mr. M. K. Sharma, the Chief Executive Officer; Mr. Brajesh Singh, the Chief Operating Officer; Mr. Ashish Maheshwari, Director CFO; Mr. Abhinand Pandya, the Chief Corporate Strategy and IR Head; and Mr. Arun Kumar Saluru, who will discuss the company's operational and financial performance for the quarter and address your questions thereafter.

Before we begin, I would like to remind you that certain statements made during this call may constitute forward-looking statements. These statements are based on management's current expectations and subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied. Please also note that the audio recording and the transcript of this call are the property of IRM Energy Limited may not be copied, reproduced, rebroadcasted, redistributed in any form without the company's prior written consent.

With this, I would like to hand over the call to the CEO for his opening remarks. Thank you, and over to you, sir.

M. K. Sharma

Yeah. Thank you very much, Krishna, for the introduction. Good morning, everyone. On behalf of IRM Energy Limited, I welcome you all to our earnings conference call to discuss the company's performance for the second quarter and half year ended September 30th, 2026. Our board meeting was held on 30th October. I hope you have had an opportunity to review the financial results, investor presentation, and other disclosures submitted to the stock exchanges.

Dear investors, during H1FY27, the company delivered healthy volume growth, a substantial improvement in profitability, continued expansion of infrastructure, and further strengthening of the balance sheet. The improved sales mix rather, disciplined gas sourcing and operating leverage from our expanding network support have granted us a strong YoY improvement in the earnings.

For H1FY27, revenue from operations has increased by 26% YoY to INR 660 crore. EBITDA increased by 108% to INR 109 crore, while profit after tax increased by 124% to INR 59 crore. This is one of the best H1 we have had in our history. The EBITDA margin expanded by 646 basis points to 16.5%, while the PAT margin also improved by 391 basis points to 9%.

Our network expansion, continued during H1 FY27, with the CNG stations increasing 34% YoY to 156, and dispensing points increased by 36% to 576. CNG network has grown 6-year CAGR of 28%. The MDPE pipeline network increased by 20% to 7,313 kilometers. The steel pipeline network also increased by 17% to 3,441 Inch kilometer. The domestic, commercial, and industrial PNG connections also grew by 14%, 48%, and 8% respectively, strengthening our platform for future growth.

I'm happy to share that in H1FY27, Banaskantha GA accounted for approximately 47% of our total volume, Fatehgarh Sahib, 33%, and Diu & Gir Somnath, 9%, where the Namakkal & Trichy, 11%. This contribution from Namakkal & Trichy has increased from approximately 6% from the total volume in FY26 to 11% now in this H1 FY27.

This reflects the progressive monetization of the network which we are building there. During the quarter, we entered into an MoU with Tamil Nadu State Transport Corporation. For captive CNG dispensing facility in NT, we have created recurring supplies to them and also created a recurring institutional demand base there in NT.

We facilitated the conversion of 83 TNSTC buses to CNG, taking the CNG fleet to 183 buses in Namakkal and 55 buses in Tiruchirappalli. We have also strengthened the gas sourcing and connectivity arrangements through a strategic hookup with IOC in NT and GTN in Diu & Gir Somnath. These agreements have been made, and connectivity work has already started now. These arrangements are intended to improve supply reliability and support the long-term development of the respective geographical areas in the national grid.

During Q2 FY27, total sales volume reached all-time high to 61.23 MMSCM, up by 12% YoY, while the H1 FY27 volume grew by 10% to 120.16 MMSCM. Growth was primarily driven by CNG and commercial PNG, which grew 23% and 61% respectively, during H1FY27. CNG now accounts for approximately 66% of our total overall value, strengthening our sales mix. While industrial PNG volumes remained impacted by relative fuel economics, we saw sequential recovery during Q2 and remain focused on improving our competitiveness through optimizing gas sourcing and industrial customer engagement because the alternate fuel is also a challenge for us there.

On gas sourcing front, our position remained stable throughout Q2 FY27 with spot gas accounting for only around 0.5% of our total requirement. This speaks volumes about our strategic gas sourcing. However, the revised HPHT allocation methodology by the Government of India introduced in September resulted in a temporary reduction in gas availability towards the beginning of Q3. This has affected our volume for approximately a fortnight.

We responded by further diversifying our sourcing portfolio, including a long-term agreement with GAIL and asking calibrated pricing action to manage higher gas costs. Some Brent-link and HPHT, we have had the mix with them, and this will be able to make up our gas requirement to a great extent. Importantly, the government subsequently introduced a phased implementation of the revised HPHT methodology in October, rectifying the September circular and providing CGD company additional time to realign their sourcing strategies.

While the temporary disruption in the gas allocation, the higher gas costs were incurred slightly, and this will have only some impact in Q3FY27 going forward. We believe that our focus and strength in sourcing arrangements, position us better going forward in Q3 and Q4, hopefully.

Year-end guidance:

Looking ahead, given the evolving regulatory environment and continued geopolitical uncertainty in West Asia, we also can't remain fully immune, but we expect the operating environment to remain, a little uncertain during H2 FY27 also.

As mentioned earlier, we expect some impact going forward from the temporary gas supply disruption to be reflected in Q3 FY27. We hope that if the geopolitical situation smoothens, then may be made up. But as of now, we need to be cautious of the same.

As we move into H2FY27, our priorities remain, very clear that we need to have full focus on

- efficient and diversified gas sourcing,
- accelerating volume growth in all segments
- ramping up infrastructure in Namakkal & Trichy
- delivering our stated CapEx plan as per our IPO plan also and as per our initially stated strategic plans also.

We would like to also say the focus area remains on selectively evaluating acquisition and diversification opportunities across the energy landscape. We will pursue other key priorities, while maintaining capital discipline and balance sheet strength. Overall, we remain mindful of the management team of the near-term uncertainties. And we are also confident that IRM Energy's long-term growth prospects will remain fully focused, and we assure you for delivering sustainable growth and creating long-term value for all our stakeholders.

With this, I conclude my opening remarks and hand over the call to the CFO who will take you through the financial performance also. Thank you.

Ashish Maheshwari

Thank you, sir. So, Good morning, everyone. So let me briefly take you through the financial performance of IRM Energy for the second quarter and first half of FY27. During Q2FY27, our standalone revenue from operations, net of excise duty, has increased by 29% YoY to INR 334 crore. It is supported by the healthy volume growth and an improved sales mix. EBITDA, excluding other income grew by 77% to INR 47 crore,

while EBITDA margins also expanded by 388 basis points to 14.2%. Profit after tax more than doubled in this quarter to INR 26 crore, with a PAT margin is also improved to 7.7%.

On a sequential basis, EBITDA moderated from INR 62 crore in Q1FY27, primarily reflecting change in the gas sourcing cost and allocation, along with the impact of currency movement. Even with this moderation, Q2 profitability remained significantly stronger on a YoY basis, with EBITDA per SCM increased to 7.73 from 4.89 in Q2 FY26. For H1FY27, our revenue from operations grew by 26% to INR 660 crore, whereas EBITDA more than double to INR 109 crores, and EBITDA margin has also expanded by approximately 648 basis points to 16.5%.

PAT is also increased in H1FY27 by 111% to INR 60 crores with a PAT margin improved to 9%. Our balance sheet remains strong. As of September, '26, the total debt stood at approximately only INR 45 crore against cash bank balance and mutual fund investment of available fund of INR 253 crore, which is resulting in the IRM Energy net debt-free position as of today.

Our net worth has been increased to approximately INR 1,050 crore, providing sufficient financial flexibility to support our ongoing network expansion, while our strong credit profile is reflected in rating of AA-/Stable and IND A1+, along with the CRISIL AA-/Stable.

With respect to the IPO proceeds, INR 496 crore was received against the stated object of the issue. As of September 30, 2026, INR 358.68 crore had been utilized, including INR 170.18 crore towards the development of the city gas distribution network in the NT area, INR 135 crore towards the repayment of the borrowing, and INR 53.50 crore towards general corporate purpose.

An amount of approximately INR 137.08 crores remains to be utilized towards the development of the Namakkal and Tiruchirappalli network. As the CEO sir, said, going forward, our focus will remain on disciplined gas sourcing, cost management, improving infrastructure utilization, and maintaining a prudent balance between growth investment and returns.

With this, I conclude my remarks and hand the call back to the moderator for the question-and-answer session.

Moderator

The first question comes from the line of Mr. Moksh Ranka from Aurum Edge. Please go ahead, sir.

Moksh Ranka

Yes, sir. Sir, I wanted to ask if there is any rethink on the royalty being paid to the promoters. Are we comfortable with the current arrangement?

Ashish Maheshwari

Yes, we are comfortable with the current arrangement. So, as of now, the royalty will continue till the settlement. As per the prospectus, we had already declared into this IPO prospectus as well, that will remain continuing.

Moksh Ranka

Got it.

Moderator

The next question comes from Mr. Kiran Gadge from Knightstone Capital. Please go ahead, sir.

Kiran Gadge

Hi. Good morning. So, I have a bunch of questions. For the sourcing mix of the company, could you provide mix in percentage between APM, new well gas, HPHT, long-term RLNG and spot? Spot you have mentioned 0.5%, but the rest of the mix?

Ashish Maheshwari

Yeah. So, in Q2, approximately, APM on the portfolio basis is around 21%. The new well gas is around 13%. HPHT, we have taken around 33% on the overall portfolio basis. LNG, is around 30%, and remaining 1-2% is on the spot basis.

Kiran Gadge

And the cost per MMBtu for each one of them?

Ashish Maheshwari

So, the average would be around 9.5.

Kiran Gadge

If you could split it between APM, new well, HPHT, long-term RLNG, and spot?

Ashish Maheshwari

APM is capped at USD 7. So, we are availing on the same cap at the USD 7 MMBtu. There's new well gas, NWG also, again, linked to this APM. So, we have done at around USD 10.2. This HPHT is again, it is a subsidized cost available into the market, public data available. This is around USD 8.9. And LNG or RLNG is between USD 11-12 MMBtu.

Kiran Gadge

And if you could provide update on implementation of NGT order for particular site.

Abhinand Pandya

Yeah. So, if you look at the NGT order, it came in favour of us on 26th February, and the NGT has guided the Punjab Pollution Control Board to implement it effectively. So, we are in constant touch with the local Pollution Control Board for its implementation.

Kiran Gadge

And there has been increase in other expenses, excluding the royalty. So, can we take that as a run rate going forward, and what has led to the increase?

Ashish Maheshwari

So, other expense includes royalty as well. So, that will remain continued. It is 2% on the revenue from operations.

Kiran Gadge

Excluding the royalty, the other expenses have increased. So, what has led to this increase, and can we expect this run rate going forward?

Ashish Maheshwari

So, the expenses are coming on the way because most of the contract have been, in 1-2 years period on the run-rate basis, these expenses will remain continued on the same range at least for a year.

M. K. Sharma

We can add on to this other operating expense. See, some of the optimizations that I mentioned in Namakkal and Trichy. And see, you try getting late source and depreciation and other things will also, going forward will be higher. We are trying to commensurately tie in more customers in the investor segment also and CNG is a healthy growth through TNSTC and other skills. Also, promotional teams are going on.

So, some impact you are finding, but going forward, this will be more fruitful for us going forward. So that is not a point of much worry. I think this will be smoothened from the higher denominator effect. Based on the volume, will come up and compensate our per-SCM contribution of this site.

Abhinand Pandya

As sir has said, whenever GA is in the maturity phase and it's about to mature, the initial expenses OpEx are higher compared to a mature GA. And that's why when the Trichy and Namakkal, which is going to fire on all sites going forward, the initial OpEx is going to be higher till each of the CNG stations achieve its maturity stage. So, that's why you will see a higher OpEx upcoming GA, like Trichy and Namakkal.

Kiran Gadge

Got it. And in the last quarter, you mentioned CAGR of 20-25% for the next five years. So, how will the sourcing mix change during that time? Do we have enough long-term agreements?

M. K. Sharma

No, regards to concern for long-term sourcing arrangements are concerned, we are always in looking out for commensurate cheaper gas sourcing. See, this is a bad time for going for long-term because you see the volatility is so much so if you enter any long-term, it will be a kind of buying some sort of short-term sort of goods you will get. So, it is better to take a pause, wait for another three, four months, six months and then line up. Currently, we are already tied up upto 2030. Most of the arrangements we have done through Shell India and also with GSPC.

Currently, we have entered two more contracts with the Indian Oil Corporation and with GAIL. So, these are giving us sufficient visibility up to 2030. Our demands will not be dragged, will not be compensated through much of a spot purchase. But we are very hopeful, going forward, once more projects are completed in Henry Hub, Texas area, and the Qatar Energy's few projects are there and ADNOC is also coming up with the projects. These are all impacted because of the current geopolitical tensions.

So, once f legibility comes, we expect that the next six months it should come up. Then we will enter into more long-term contracts to provide stability for the consumer prices. Currently, whatever extra costs we have incurred, that is all getting passed on to the consumers and consumers are accepting it without much of issues, except the industrial area, the supply side, where we have very meticulously balance the demand and the supply. Also, there was a curtailment in the supply side from HPHT gas sources there. But that has also been passed on through more than the NGO quantity and all that pricing structure we did it. So, there is no impact on the company's profitability on that point.

Kiran Gadge

Thank you for answering all the questions patiently. All the best.

Moderator

Thank you, sir. The next question comes from the line of Mr. Nilesh Ghuge from HDFC Securities. Please go ahead, sir.

Nilesh Ghuge

Yes. Thanks a lot for the opportunity. Sir, my first question is on our CapEx plan. In our last call, you mentioned that about INR 2.5 billion CapEx in next three quarters. So, how much CapEx have we incurred in this quarter?

M. K. Sharma

Regards to our CapEx plan, overall company has taken up INR 250-260 crores to be spent in this financial year. And we are already progressing well as planned. We may even surpass this plan, but we assure you that this is on track and will be met through.

Nilesh Ghuge

And sir, for this quarter, how much you already spent? Or first half, how much CapEx you have done?

M. K. Sharma

So, Nilesh, you can understand. INR 111 crores, we have already spent. There are bills in line. And accordingly, things will be met. INR 250 crore will not be an issue for us.

Ashish Maheshwari

Since INR 54 crore, we have incurred in Q1, and INR 57 crore, we have incurred in Q2.

Nilesh Ghuge

Thanks. And sir, my second question is on the volume growth. So, earlier you mentioned that we are expecting about 12% volume growth this fiscal year. And on the margin side, you mentioned that EBITDA per SCM will be in the range of INR 7 to 8. So, looking at the current or the quarterly numbers, will you still maintain this volume growth? Or you may expect some increase in the volume growth because the industrial and commercial volumes start picking up?

M. K. Sharma

Nilesh, it's a very good question. We keep revising our plans for growth as well as depending upon the EBITDA concerns. So, what you see we are currently taking higher growth plans at lower margin, is not an optimized cost benefit currently. So, even if we have to revise it by a few basis points, like 50 to 100 basis points, we will not mind till such time it does not impact our overall EBITDA contribution, SCM contribution, or gross margin.

And currently, the volatility is to the extent that sometimes the spot prices spikes up to USD 29, USD 30, USD 32 per MMBtu also, it drops down to USD 19, USD 20, USD 24. So, in such volatility, whatever spot on the very short-term sort of or material-balancing purposes, whatever deficit quantity we are buying on the spot, we see that is impacting our overall sourcing cost also.

So, if you just think of growth only without bothering for the EBITDA contribution, it is not good for the company. So, from that angle, we keep on tuning it. As of now, we don't expect this to surpass what we said to you earlier. There may be some slight moderation in the volume, but profit side, it will be a good contribution beyond your expectation. Q3 will not be as good as you can expect the sequential performance to go.. But, again, in Q4, we will match up. So, H1 and H2 taken together should give you a reasonably good scenario going forward.

Abhinand Pandya

Promoter's focus mainly remain on securing sustainable volumes rather than pursuing growth at the expense of sustainability. And for us, growth must be profitable, cost-efficient, and sustainable. And that's what the guidance for the near future is there.

Nilesh Ghuge

Yeah. And, sir, in this quarter, our spot is around less than 1%, but our raw material cost has gone up about INR 1.2 per SCM. Any specific sourcing item that has led to such a kind of raw material increase?

M. K. Sharma

You see, in spite of the government's notification that there should not be any such element to CNG and PNG in sector, the government themselves reduced the HPHT allocation formula. See, whatever we were getting, that was benefiting to smaller companies like IRM or those who are H 4-5 GA companies or less than 10 GA companies. But that new notification which came in September is skewed towards the benefit of larger companies like IGL and GGL and all that.

Government subsequently rectified this and brought it to 30% level, 80:20 percent level of that impact of the notification. So ONGC and Reliance gas allocation on the free market has impacted slightly. Secondly, you can see Brent is skyrocketing. So, Brent has also had an adverse impact. And even till such time, the RBI did not intervene for ONGC dollar allocation. I mean, dollar was also unfavorable to us. This has had some impact, but still, I can tell you, situation is not out of control. We are trying to meticulously address all these volatilities in the favour of shareholders.

Nilesh Ghuge

Sir, why do you say that Q3 will not be that much, I mean, one of sequential business good, what are the reasons?

M. K. Sharma

See, you can understand that Brent formulation, the billing of GAIL, Shell, IOC, sometimes the average of three years' spread dated Brent. So, that impact is spilled over to the subsequent quarters also. That can be one reason, you can say. Secondly, when demand is growing in the sectors of Namakkal and Trichy, so gas connectivity is not there, so we have to heavily depend upon Indian Oil Corporations because GAIL projects is getting delayed. So, there is an IOC allocation.

Secondly, from Trichy also, BPCL and GAIL is giving some allocation to us. So, all that allocation is coming at a little higher cost because they also want to make money in the things. But they are all short-term. We are not entering at volatile and high prices, any long-term engagement with them. So, we are also cautiously breathing low and let them also assess the situation, then come forward.

Nilesh Ghuge

Sir, just last question. Have you taken any price hike till date in Q3?

M. K. Sharma

Wonderfully. All positions, wherever our margins are to be protected, we have passed it on to the consumers, as I said in the beginning also. So, consumers have absorbed it willfully because LPG prices have not stabilized. That is on a higher trend only, spiking every one month, two months.

Secondly, even other alternative fuel, FO and all that, is also not in favor of alternate fuel. So, people have trust that natural gas will be addressed positively. So, I can say that things will be better. This is a temporary phase we are breathing. If we are proven wrong and this whole thing continues for another six months, the war-like situation, then only things will be worse. And if it may worse, it will be worse for all the CGD sector, not IRM alone.

Nilesh Ghuge

Thank you, sir, for answering all my questions patiently, and all the best. And wish you a happy Diwali to all of you. Thank you.

Moderator

The next question is from Mr. Prashant Shah. Please go ahead with your question, sir.

Prashant Shah

So, I have just one question. Your average debt 30th September is around INR 70 crores. And so, I presume your annual debt will also be around that level, but your interest cost annualized works out to around INR 14 to 15 crores.

So, the interest rate percentage-wise is, I mean, the number looks high. Can you explain what will be normalized cost of funds and what other line items would be there in this borrowing cost?

Ashish Maheshwari

Right. As of today, our debt position in our books is only INR 45 crores. The gross debt would be around INR 45 crore. And this, if you can see the original first six months, the interest finance cost is around INR 6 crore. So, if you can just double it out, then it will be around INR 12 crore. So, there are two or three

elements in this. The one is the INR 45 crore interest cost, which is around 7-8%, and another one is the bank guarantee.

So, we are also having multiple bank guarantees, which we had given for the PNGRB. We are also going to taking permission and all for the local authority. So, that bank guarantee is within the range of 0.5-0.6%. That also impacted on the P&L. So, if you can just see the breakup of the whole thing for this March '26 as per the annual report, you can identify it. So, what is the actual interest for it, what is the bank and the other finance charges. Otherwise, our interest cost is in between 7-8% only.

Prashant Shah

And is there any Ind AS 115 impact in the interest cost?

Ashish Maheshwari

No, there is no such impact. Only the effective interest rate, we have taken an impact on the amortization basis.

Prashant Shah

That's all from my side, wish you all the best.

Moderator

The next question comes from the line of Mr. Abhir Pandit from Old Bridge Mutual Fund. Please go ahead, sir.

Abhir Pandit

Hi, sir. Thank you for this opportunity. Sir, first of all, wanted to congratulate you on the scaling up of operations in Namakkal and Trichy. And I believe that you might be able to grow this into the next Banaskantha, so that is quite admirable.

So, just a question linked to your current market valuation, sir. Currently, the market is valuing your operations below your gross block. So, I just wanted to understand if you would be evaluating, let's say, a buyback as a way of capital allocation along with your CapEx that you intend to spend over the medium term. So just wanted to get a feedback on this.

M. K. Sharma

Thank you for the prudent question. I can only say, maybe the market is not in the control of anybody. Market sees the EPS and performance . If you see our peer group valuation, Gujarat Energy having such a big cash pile with them, still market is not giving them such valuation. So, market is wiser than us. What we can comment as a management on our part is that maybe it is lower than the gross block the market capitalization reflecting.

But we are sure of providing a higher EPS going forward, being a lean company, smaller company in the terms of better performance. We are currently two GAs are in the formative stage. Diu & Gir Somnath, along with Namakkal. So, we will focus more on our performance, and we don't have any impacting mechanism in the market players' domain. So, we can only say that whatever market is reflecting, we will salute that, and we take a lesson, and we will try to improve that.

Abhir Pandit

No, sir. I understand that aspect. My point is that, sir, as a capital allocation method, right, wouldn't a buyback also make a better decision along with your CapEx operations in order to scale up, ? I understand your CapEx focus is based on scaling up operations in the other GAs, but at the same time, since the market is giving an opportunity for buying back shares competitively at a much cheaper valuation and seeing your business prospects going ahead, wouldn't it make sense to look at this? So, just a thought here, not a perspective.

M. K. Sharma

That really makes sense. You very rightly said. That really makes sense. And I cannot comment upon the promoters' thought process, but I can tell you these questions keep coming in the mind of promoters also, in the mind of board members, as well as stakeholders also. Suggestions also keep pouring in.

At the right point of time, if they collectively decide so, they would like to increase their promotors' stake also and also offer a buyback position. That is not out of question. But we can say as of now, there is no such thing to happen.

Abhinand Pandya

Our contribution to Trichy and Namakkal has been the focus area because that's where we raised the funding. And we have seen a healthy rise in our volume from 6-11% in Namakkal and Trichy. And as you rightly said, I perceive that, we will be able to make it the next Banaskantha, more than that, because of the sheer volume of Namakkal and Trichy being there.

Nonetheless, when you are looking at the healthy prudence of capital restructuring and everything, the concern of the importance of India's changing landscape environment in the way the global environment is also changing. So, we are looking at opportunities in cleaner fuel and alternate energy in our diversification strategy also, where the capital allocations will help us give long-term shareholder value. So, expansion is also on the state as well as upcoming the state. And promoter to last quarter has done by buying out the stake. So, that is just for your information.

Abhir Pandit

Done. Thank you, sir. Thank you very much.

Abhinand Pandya

Yeah. Just to add, our net debt position, with healthy cash generation, exerting opportunity for any preserving financial stability. In this turbulent phase, very few companies are preserving financial stability, and that's what we are doing, sir.

Abhir Pandit

Perfect. Thank you, sir.

Moderator

The next question comes from the line of Mr. Saket Kapoor from Kapoor & Company. Please go ahead, sir.

Saket Kapoor

Sir, firstly, as you alluded to the fact about some government notification impacted the pricing and the availability of gas. So, just for the sake of repetition and for the benefit of all of us, if you could explain what exactly has happened and what kind of dent in the EBITDA margin averages are we expecting because of this action,

M. K. Sharma

We are very mindful of our pricing policy because there is a limit to how much of a price increase consumers can absorb. At times, our sourcing costs may fluctuate significantly due to factors such as Brent prices, the dollar exchange rate and HPHT gas allocation, as we have explained earlier.

Therefore, while deciding our pricing, we remain conscious that CNG prices should ideally not go higher than petrol prices. If that happens in any particular state, there could be a psychological impact on consumers, which may affect new CNG conversions and further market expansion. We do not want that situation to arise. Hence, if required, we may absorb some of the cost increase for a certain period until the situation normalizes. Our objective is to maintain the attractiveness of CNG compared with petrol and continue supporting conversions.

On the industrial side, NGT orders are already in place, although their implementation through the respective pollution control boards is taking some time. The positive aspect is that for new industries, consent to establish and consent to operate are increasingly being linked to the use of natural gas and other cleaner fuels.

At the same time, some existing industries, particularly steel rolling plants, are facing challenges from imported steel as well as their own quantity and quality requirements. In such circumstances, they may be tempted to switch back to coal or other alternative fuels. Coal gasification is also emerging as an alternative. Therefore, we have to remain very cautious while determining the retail selling price for our industrial as well as CNG customers.

To manage this, we need to continuously focus on our sourcing portfolio, cost optimization, operating cost efficiencies and better utilization of our existing pipelines and other assets. For example, we are already providing compression services to BPCL in Namakkal and Trichy. We have LCNG stations in these areas, and wherever spare compression capacity can be utilized by another company or another geographical area at an attractive margin, we are open to such opportunities. We are evaluating the business from all these angles to improve overall asset utilization and profitability.

We believe that as the situation evolves over the next six months, conditions should gradually improve for the natural gas sector. Whether natural gas ultimately reaches 15%, 14%, 13% or 12% of India's overall energy mix, its share has to increase from the current level. Therefore, we believe that all participants across the natural gas value chain, whether in CNG, CGD, transmission or other gas-related businesses, should see better opportunities going forward.

Saket Kapoor

Sir, I have not understood the answer in total context. What have been the notification from the government and its impact on the EBITDA margin? Or rather, sir, if you could just give us an understanding that our H1 EBITDA margin averages were at 16.5%. So, going ahead, especially for Q3 and also for the H2 part, what should be the EBITDA margin trajectory?

And in terms of the volume part, we did, I think, so the highest for the quarter, and also H1 was very good. So, what should be the trajectory, keeping into account the current realm of things and the caution that you have already explained to us? How do these two line items behave for H2?

M. K. Sharma

As I mentioned earlier regarding H2, my immediate concern was primarily around Q3. We are only one month into the quarter, and the Government has, to a large extent, rectified its notification regarding the allocation of HPHT domestic gas from Reliance and ONGC. However, the issue has not been fully resolved. We would say that around 80% of the correction has taken place.

The earlier allocation mechanism was relatively more favourable for smaller players who used to bid higher in the auctions and consequently receive higher allocations at a relatively lower price of around USD 9. In comparison, spot gas prices remain volatile and continue to move depending on market conditions.

Given this volatility, it is difficult for us to provide a precise outlook for Q3 or the subsequent quarters. The situation remains dynamic, and our focus is on managing it through the agility of our management and sourcing team.

Therefore, at this stage, we would not like to provide an exact guidance in rupee-per-SCM terms or specify a particular margin percentage. We will continue to closely manage our sourcing portfolio and respond to market conditions as they evolve.

Ashish Maheshwari

Let me explain the change in the HPHT allocation methodology. On 3rd September, MoPNG issued a notification revising the methodology for HPHT gas allocation across companies. Since we are relatively smaller compared to some of the other players, the change had some impact on our HPHT gas allocation.

Subsequently, on 19th October, MoPNG provided certain relaxations, under which the revised allocation methodology will now be implemented in a phased manner. Based on this development, our sourcing team has worked on a longer-term arrangement with suppliers to balance the shortfall in HPHT gas allocation.

However, during this transition period of around 20 days to one month, there has been some impact on our sourcing cost. That is why, as mentioned earlier, we expect Q3 to be impacted to some extent.

Having said that, we remain confident of maintaining an **EBITDA margin of around 15% for H2**.

Saket Kapoor

Sir, when we look at our P&L for this quarter, we have booked lower depreciation and amortization expenses to be tune of INR 13.8 crores on a QoQ basis. First quarter, it was INR 16.4 crores. So, can you please explain the rationale?

Ashish Maheshwari

So, there were some exceptional depreciation we have booked in this Q1 because of that. So, we have done our physical verification and everything in this Q1, and we have identified some of the assets where the depreciation was not charged in the previous quarter. So that was impacting this Q1. Otherwise, the certain point to go, which we are showing this Q2, will r continue in the longer period with this capitalization.

Saket Kapoor

And lastly, on the taxation part, we are taxed at 25%. We are 25% tax company

Ashish Maheshwari

Yes

So, when we look at our advance tax number not the advance tax number, our cash flow, income tax paid net of refund is only to the tune of INR 4.5 crore. Correct me here, as mentioned in the cash flow. So, can you give us some understanding of the same?

Ashish Maheshwari

No. So, we have paid around INR 12.5 crore in this quarter. So, this INR 4.5 crore is a net of the refund only, because we also got some refund from the previous year as well. So, this is the net.

Saket Kapoor

But, sir, can you give me, as on date, what have been the total income tax rate? INR 12.5 crores is for the September quarter. What was for the June quarter?

Ashish Maheshwari

Yes, till H1, we had paid INR 12.5 crore.

Saket Kapoor

. And one more basic understanding and a suggestion, sir, when we report our results to the exchanges, crores are given in the millions, whereas our press release and investor presentation are in crores. So, if

we can use this one uniformity and in crores only, that would suffice, giving us conclusion number and denomination of first in millions and then in crores. Just a humble suggestion if that could be.

Ashish Maheshwari

Thank you very much. We will do this in the upcoming quarter. Thank you for your suggestion.

Saket Kapoor

Yes, sir. The team has answered all our questions quite comprehensively. Considering the current volatility, we believe it may be too early to take a two- to three-year view. We will wait for the Q3 performance to get better clarity and look forward to interacting with the management again. All the best to the entire team. Thank you.

Ashish Maheshwari

Thank you. Same to you.

Moderator

Thank you, sir. That was the last question for the day. Now I hand over the floor to the management for the closing comments.

M. K. Sharma

On the closing remarks, I, M. K. Sharma, CEO, would like to thank each and every participant for making this a very engaging session. Thank you all for joining us today and for your active participation in this conference call.

On behalf of the entire IRM team, I would like to express my sincere gratitude to all our shareholders, investors, analysts and business partners for their continued trust and support. We hope that we have been able to address all the key questions and provide a clear perspective on IRM's performance and outlook.

Should you have any further questions, please feel free to reach out to us through our Investor Relations Advisor, EY. They will be more than happy to assist you.

I would also like to thank Akash and Krishna for convening the call seamlessly and ensuring that the entire arrangement was managed smoothly.

Once again, thank you everyone for joining us, and we look forward to interacting with you again. Thank you.

The IRM team, along with me, also deserves extended thanks for their wholehearted contribution to the performance of the company. And going forward, also, their commitment will give us much, much better as well. So, on behalf of the entire company, all the shareholders, Board of Director's, Chairman, I extend my thanks to all of you. Thank you very much for the evening.

Moderator

Thank you so much, sir. Ladies and gentlemen, this concludes your conference for today. On behalf of EY, we thank you for your participation. You may disconnect your lines now. Thank you, and have a pleasant day.

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