



Petronet LNG Limited

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PAN: AAACP8148D

GST: 07AAACP8148D1ZI

CS/PLL/LISTING/Reg-30/2023

Date: 07.08.2023

The Manager
BSE Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001

The Manager
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex
Bandra East, Mumbai – 400 051

Subject: Transcript of post-results Conference Call held on 31.07.2023

Dear Sirs/Madam,

This is with reference to our intimation dated 26th July 2023 and 31st July 2023 intimating holding Conference Call of the Company scheduled on Monday, 31st July 2023 at 6:30 PM (IST) for unaudited Financial Results of the Company for the quarter ended 30th June 2023 and uploading audio recording post Conference Call respectively.

In terms of provisions of Regulations 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of above conference call as Annex-1.

This is for your kind information and record please.

Yours faithfully,

(Rajan Kapur)
Company Secretary

Encl: as above

Dahej LNG Terminal:

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Taluka Vagra, Distt. Bharuch - 392130 (Gujarat)
Tel.: 02641-257249 Fax: 02641-257252

Kochi LNG Terminal:

Survey No. 347, Puthuvypu
P.O. 682508, Kochi
Tel. · 0484-2502268



“Petronet LNG Limited
Q1 FY 2024 Results Conference Call”

July 31, 2023



MANAGEMENT: **MR. VINOD KUMAR MISHRA – DIRECTOR, FINANCE – PETRONET LNG LIMITED**
MR. RAKESH CHAWLA – GROUP GENERAL MANAGER AND PRESIDENT, FINANCE AND ACCOUNTS – PETRONET LNG LIMITED
MR. GYANENDRA KUMAR SHARMA – CHIEF GENERAL MANAGER AND VICE PRESIDENT, MARKETING – PETRONET LNG LIMITED
MR. VIVEK MITTAL – CHIEF GENERAL MANAGER AND VICE PRESIDENT, MARKETING – PETRONET LNG LIMITED
MR. DEBABRATA SATPATHY – GENERAL MANAGER, FINANCE AND ACCOUNTS – PETRONET LNG LIMITED

MODERATOR: **MR. SABRI HAZARIKA – EMKAY GLOBAL FINANCIAL SERVICES**



Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '24 Results Conference Call of Petronet LNG Limited, hosted by Emkay Global Financial Services.

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, 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. Sabri Hazarika from Emkay Global Financial Services. Thank you, and over to you, sir.

Sabri Hazarika: Yes. Thank you. Good evening, ladies and gentlemen. On behalf of Emkay Global, I'm pleased to welcome you to the Q1 FY '24 post earnings conference call of Petronet LNG Limited. The company will be represented by the senior management led by Mr. Vinod Kumar Mishra, Director Finance, Mr. Rakesh Chawla, GGM and President, Finance and Accounts, Mr. Gyanendra Kumar Sharma, CGM and VP Marketing, Mr. Vivek Mittal, CGM and VP Marketing, and Mr. Debabrata Satpathy, General Manager, Finance and Accounts.

So, today's session would be a brief on the results and the performance of the company, followed by the question-and-answer round. So, without any further delay now I request, Mr. Vinod Mishra for the opening remarks. Over to you, sir.

Vinod Mishra: Thank you, Sabri. Thank you very much. I welcome all of you. A very good evening to all of you. So, if you look at the financial results of Q1 2024. It's during this quarter ended on the 30, June 2023.

The Dahej Terminal has processed 217 TBTU, as compared to 172 TBTU in the previous quarter and 196 TBTU in the corresponding quarter. There is a growth of around 26% as compared to previous quarter and 11% as compared to corresponding quarter. If you look at the overall utilization of Dahej Terminal, it is at the level of 96%, as compared to 76% in the previous quarter and 87% in the corresponding quarter.

Overall throughput in both the terminals, Dahej and Kochi is to the extent of 230 TBTU as compared to 185 TBTU in the previous quarter and 208 TBTU in the corresponding quarter. So, this is the total utilization level. And overall utilization has increased by 24% and 11% as compared to previous quarter and corresponding quarter.

And if you go to the financial results, the PBT has been INR 1,062 crores, as compared to INR 818 crores in the previous quarter, and INR 937 crores in the corresponding quarter, with a growth of around 30% and 13%, respectively, as compared to previous quarter and corresponding quarter. And PAT has been to the extent of INR790 crores as compared to INR614 crores in the previous quarter and total INR701 in the corresponding quarter. Here also growth is around 29% and 13% as compared to previous quarter and corresponding quarter. And if you look at the PAT and PBT, this is the highest ever PAT and PBT in the first quarter of any previous financial year as compared to those quarters.

So, this is how the company has fared and now, if you look at the total throughput, we have been able to achieve is due to better capacity utilization and efficiency in operations. Thank you.

Moderator: Thank you very much. The first question is from the line of Probal Sen from ICICI Securities. Please go ahead.

Probal Sen: Two questions from my side. One was that GAIL in its own analyst meeting a couple of hours ago mentioned that the Dabhol breakwater facility is making progress. Once it is actually completed in the next financial year, they would look to probably divert about 12 cargos to 14 cargos that they now route to the Dahej Terminal. So which translates to somewhere around 1 million tons or so. Do you realistically see this as a threat to your utilization in FY '25, if GAIL actually manages to follow through on this guidance. That was my first question.

Vinod Mishra: You are referring to this press conference or whatever investor meet you must have had with GAIL. Actually, this I cannot comment if they have something in their mind, and they have stated to you. But the only thing I can say that whatever capacity is booked to the extent 2.5 MMTPA and to the extent of long-term contract, they have with us to the extent of the share of around 4.5 MMTPA out of 7.5 MMTPA of RasGas. So that will continue. So, I think there should not be too much of impact because GAIL is already having more cargos in their hand, they can bring more cargos to India.

So as far as our commitment is concerned, it will remain so and perhaps -- maybe that they are taking right now some cargos to Hazira. So, they may switch over to Dabhol because here, the commitment is firm. We cannot say that they will take cargo from here to Dabhol because they have already committed to the extent of 2.5 MMTPA. So that will continue. So, we don't foresee any threat to us. Maybe whatever cargos, they are taking to Hazira or any other terminal, they may divert them to Dabhol.

Probal Sen: Sir, just to be clear, this 2.5 MMTPA you are mentioning is the long-term cargo that they announced on back-to-back with you, correct?

Vinod Mishra: Yeah.

Probal Sen: And what about the regas contracts, sir, how much do they have tied-up in the regas...

Vinod Mishra: No, I'm telling you about this long-term contract is 4.5 MMTPA out of 7.5 MMTPA RasGas and 2.5 MMTPA, regas contracts with us. So almost, you can say that 40 cargos, they have to bring to our terminal in a year.

Probal Sen: 40 cargos in total, long-term....

Vinod Mishra: Equivalent to 2.5 MMTPA.

Probal Sen: Understood. Right. Thank you for that. Sir, the second question, if I may, was with respect to the petrochemical expansion that you have. Any further updates you can share in terms of where the project is right now, whether we have moved in terms of any milestones finalizing any license or things like that. Can you share any updates on that project?



- Vinod Mishra:** Right now, it has not gone to the Board for approval. So now the consultant is already preparing DFR and other things. So as and when it will come to the Board, then only will initiate the proceeding. But right now, you are right that we are doing some pre-project activities. So that is there. And as and when this license selection is finalized, we'll put up to the Board along with DFR. So that part is may be completed in the next four months, five months, six months maximum.
- Probal Sen:** So realistically speaking, sir, we can think about going to the board sometime by the end of this financial year or maybe in the fourth quarter, is that a fair way to look at it?
- Vinod Mishra:** I cannot predict it. It will be too early to say anything, but maybe in three months also it may happen two months, three months or maybe four months. I'm not sure about it, but it will go definitely because EIL is finalizing the licensor selection and if they give the recommendation, then we will start the process for recommendation to the Board through our PAC Committee. So that is there. But exact timeline, I cannot predict right now, but I've told you the maximum time limit is four months to six months, five months to six months, maximum.
- Probal Sen:** Understood. Thank you, sir. I'll come back, if I have any questions. Thank you for your time.
- Vinod Mishra:** Thank you Probal. Thank you.
- Moderator:** Thank you. The next question is from the line of Kirtan Mehta from BOB Capital Markets. Please go ahead.
- Kirtan Mehta:** Thank you for this opportunity. I wanted to understand the progress on the take-or-pay revenue that we charge to the customer. I believe, we were pursuing the FY '22 take-or-pay revenues for this realization. So, is there any progress where the clients have recognized and made any payment or commitments?
- Vinod Mishra:** See, we are trying our level best. We are still making efforts to realize the payments. And we are following-up with them and some of the customers have even directed and provided deducted TDS on that. So, we are hopeful that as per contract, it is stable. So, we are pursuing it. As such, there is no other proposal in hand. So as per contract, we are following it up and rigorously pursuing it, so that we can get the realization of entire use or pay charges.
- Kirtan Mehta:** Sir, in terms of the revenue, you mentioned that some of the customers have deducted TDS, would you be able to give a proportion on which the TDS has been deducted?
- Vinod Mishra:** I cannot give the names here right now, but...
- Kirtan Mehta:** Only the proportion or a percentage of the total that we have charged without revealing the names?
- Vinod Mishra:** Percentagewise, I cannot discuss. But I'm telling you that this is a good sign that somebody has recognized that there is a liability in their books. So, it's a good thing for us that they are in the process of recognizing the liability and that's why they have deducted the TDS.

Kirtan Mehta:

Right, sir. The second question, I just wanted to clarify my understanding of your previous answer to Probal. So, what we are saying is that GAIL has a 2.5 million tons contract with us which includes both service as well as the long-term value and this translates to around 40 cargos that GAIL is bringing.

Vinod Mishra:

No. I am just interrupting you, there are two contracts. One is long-term contract against the Ras Gas volumes, which is to the extent of 60% of 7.5 MMTPA that works out to 4.5 MMTPA. So that is a part in which we sale LNG. We are doing back-to-back to that extent of 4.5 MMTPA, which translates equivalent to almost 72 cargos. So that is apart from this 2.5 MMTPA, which is equivalent to 40 cargos. Total 112 cargos, if you look at from these two contracts. And this does not include this ExxonMobil volume, which is also to the extent of 30% of 1.425 MMTPA. So, I'm just telling you in totality, how much is the commitment of GAIL. So, these are all firm commitments.

Kirtan Mehta:

Understood, sir. Thanks for the clarification.

Moderator:

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

Maulik Patel:

Thanks for the opportunity. Sir a couple of questions. First is that on this project expansion of the capacities, can you just give the updates the status of Jetty, tanks, where are we right now? And there has been some talks in the market that you are not getting the support from the Government of Gujarat, particularly from the Gujarat Maritime Board in your proposed expansion because you require to get that approval. And Government of Gujarat is not giving because there has been a due from GSPC against this take-or-pay contract. Can you just please give any update on the same?

Vinod Mishra:

See, all these things, you are just mentioning, I am not aware of those. But what I can say is that progress is well. As far as our capex is concerned, we are going ahead well. And this tank's construction is almost more than 50% complete, maybe by end of this '24, we shall be completing for the tank. So, I think that's not an issue, capex wise. And the second part is Dahej expansion part. For that also, we are just going to award the contract so that we can just finalize all the case, and it is going on.

In fact, some work we have already started. And of course, these will be awarded, more packages will be awarded. In fact, our consultants EIL is there, who is an EPCM contractor. So, he's doing all the jobs. So, I think there is no hurdle in that, and it will come in time. That part is also to be completed by March 2025, almost. So, it is all well in time. All these, stories are coming up that this is happening, that is happening. It's all not correct. And in fact, whatever is happening is correct and that we are following-up and maybe some delay might be there on one part or another, but it's not because of any other reason.

Maulik Patel:

Sure, sir. Got it. Sir, another thing is that particularly on various capex, which you have lined up for the Dahej, this Dahej expansion, which you mentioned is about the jetty, right? and the regas facilities which you need to set up?

- Vinod Mishra:** Yes. In fact, this is the debottlenecking of Dahej plant to the extent of capacity expansion of 5 MMTPA from 17.5% to 22.5%, is one part. Jetty is another part, which is going on separately. That capex, also we are doing which is in the tendering process. We have yet to award that contract. So that is going on. So, these are two different contracts, expansion and this Dahej third jetty construction.
- Maulik Patel:** Sure. Sir, just one more question. On the outlook side, if you look at the domestic gas production has increased in the last couple of months because of the Reliance started producing the gas from the MJ field. And the price of the international spot LNG is also lower side, there has been an incremental demand. Where do you see the demand for the country? And this one GAIL, in today's call was very optimistic that they may finish the year within a 123 MMSCMD volume compared to the 115 MMSCMD and 116 MMSCMD they have done it for this quarter. So, what is your outlook on the gas consumption and particularly for your volume?
- Vinod Mishra:** Gas consumption level, I will request our marketing team to say in it.
- Gyanendra Sharma:** See, gas consumption level is now slowly increasing in the country. And you would see from our result itself, the spot market has become quite affordable and comparable to the long-term contracts. And that is what India has established I think now. And the trends are expected to be in the similar line, and this year, we expect the volume to grow up. Have I answered your question?
- Maulik Patel:** Partly, sir. Sir, in case of -- just want to do sir, another way. Let's say, there have been some take-or-pay demands which you've asked from your off-taker side, right, GSPC, Torrent, BPCL and others, if the gas demand -- gas price substantially roll over this year, the spot LNG comes down. Do we have the provision that they buy additional cargos – bring additional cargos and that can be offset against the previous year's demand?
- Vivek Mittal:** There is no provision in the contract. So as of now, there is nothing of that sort.
- Maulik Patel:** Okay. Got it. Thank you.
- Vinod Mishra:** One more, just I am supplementing what Mr. Sharma has just explained. The volume, if you look at last year, you are seeing 120 MMSCMD; it is not correct. In fact, you see the last year actual net consumption, it's 160 MMSCMD. And this month itself, June end, it was 179 MMSCMD. So, the gas consumption is increasing, not decreasing. April, it has been 167 MMSCMD.
- Gyanendra Sharma:** That number which is spoken was only for the GAIL, the GAIL transmission volume, which was 116 MMSCMD for this quarter of Q1. And it was 180 MMSCMD for the previous quarter of Q4 FY '23. So, it was only for the GAIL and not overall India consumption.
- Maulik Patel:** Okay. Fine. Then it's fine.
- Moderator:** Thank you. The next question is from the line of Varatharajan Sivasankaran from Antique Limited. Please go ahead.

- Varatharajan S.:** Thanks for the opportunity, sir. You're referring to the contract, so if you can complete the loop by giving us what are the other contracts and the remaining tenure of some of the contracts, because the long-term contract we are aware of, but like Torrent and even GSPC for that matter, what is the remaining term of that contract and the quantum, please?
- Vinod Mishra:** See, are you talking about regasification contracts with the customers?
- Varatharajan S.:** That's right, yes.
- Vinod Mishra:** So, if you look at the contracts are up to 2035, '36 rather. So, if you look at the regas contracts we have, it is total 8.25 MMTPA. If you look at the division, different companies are there, mainly by GAIL, IOCL, BPCL, GSPC, Torrent; and Adani for one year or two years maximum. But other contracts are up to 2036. So that means it's a long-term contract for regasification and that is going, it will continue. It has been a difficult time. If we see the last year, whatever prices have gone to that extent, exorbitant level. This is because of various unprecedented market situations where Russia, Ukraine war has happened. And then before that, there was some crisis also COVID and other things have affected all these things.
- So, I think it will not continue forever. So certainly, the situation has started improving. If you see the LNG prices in the market, they have come down to almost USD10 to USD11. So, this is showing that, prices have softened and perhaps this is the reason that, our throughput has increased in this quarter. You see the growth is around 26% as compared to previous quarter. So, this is only because more cargoes have come, because prices have declined. And because of that, the cargoes are coming to India. So, this is something, which we hope will continue and maybe prices will further come down. So, more cargoes will come.
- V Sivasankaran:** Just wanted to check, so specific to Torrent and Adani, we were under the impression, this is more like, relatively short-term contract with remaining terms of around like one year, two years. So, is that correct? Or these are also long-term contract?
- Vinod Mishra:** No. I'm telling you; you are partially correct. Adani contract is for maximum one year or two years, you are right. But Torrent is up to 2036 for 1 MMTPA. Adani is 0.75 MMTPA.
- V Sivasankaran:** Sure. And my second question was about this East Coast terminal. The FSRU market seems to be extremely tight. So, are you having a rethink on the proposal, or would you like to see go ahead with the FSRU proposal?
- V Sivasankaran:** Yes East Coast terminal will continue; we are firm on that. And right now, we are proposing only for FSRU's base terminal. So, it will continue, but demand will continue. You see India is a country where demand potential is very high. You cannot say the demand is not there.
- V Sivasankaran:** Fair enough, sir. Yes, I was just wondering because FSRU market is so tight. Are you really in a position to convert it into land-based terminal?
- Vinod Mishra:** Right absolutely, we are trying to explore it. If we are able to do it in the form of FSRU based terminal, then it's fine. Otherwise, we'll go for land-based terminal. So, both options are open there.

- V Sivasankaran:** Would there be a big difference in the capex costs in terms of their estimate?
- Vinod Mishra:** Capex cost is different, no doubt. It's hardly INR2,300 crores for FSRU and for land based, it is almost INR5,000 crores. So, there's capex difference, but then opex will be more in FSRU. So, in a period of five years, six years, it will be almost same both FSRU as well as land based.
- So that's not an issue, but we have to see the feasibility because you are right, if market for FSRU is very tight because of European shifting to LNG, and they have taken many FSRUs. So maybe that we may not get a reasonably priced FSRU. Then we will certainly have a backup plan for a land-based terminal.
- V Sivasankaran:** Sure, sir. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of S Ramesh from Nirmal Bang Equities. Please go ahead.
- S Ramesh:** Hello. Thank you, and good evening. Your other expenses had almost doubled in the first quarter last year. So, can you explain why that has happened? And second, if you can give us the regas margins and the trading and inventory led adjustments?
- D Satpathy:** Yes, Mr. Ramesh, the other expenses, this time is in line with the last quarter. What are the numbers you are referring to?
- S Ramesh:** Well, if you look at first quarter of last year, it is INR253 crores and this year it's INR123 crores. So, there's a sharp difference, down more than INR100 crores?
- D Satpathy:** Yes, the corresponding quarter, there was a forex loss of INR124 crores. So, if you take that out, then the other expenses are in line. And this quarter, there is a forex gain of about INR4 crores. So that is not coming here.
- S Ramesh:** Okay. So, this quarter, and what about the regas and inventory and trading-related adjustments?
- D Satpathy:** See, since we had told you in the past that once the prices stabilize and the throughputs start increasing, the trading will definitely be also stalled at certain level. So, this time around, the trading gains are about INR13 crores, and the inventory gains are about INR15 crores.
- S Ramesh:** And what about regas margin?
- D Satpathy:** The regas margins are the same. I mean the throughput, if you see, it is 230 TBTUs. And the Dahej Terminal has bounced back again at 96% utilization. So that's what we had told that once the prices stabilize in any case, the throughput will come in. We don't -- we would -- we might not need the trading margins and the inventory valuation gains. That was there during the times of distress, when the throughput was lower, and the price was volatile.
- S Ramesh:** We Understand. You usually give us a regas gross margin. What is the gross contribution, give us that figure for the regas gross contribution?
- D Satpathy:** So, the regas contribution this time is INR717 crores.



- S Ramesh:** INR717 crores?
- Vinod Mishra:** Yes, this is tolling contribution.
- S Ramesh:** Okay. So, if you were to look at the full year, like last year, you had some adjustments on the take-or-pay. So, this year, if you look at the next four quarters, the overall gross contribution, are we expecting normalized tariff receipts, and we don't expect any use or pay tariffs are already at normal volumes?
- D Satpathy:** Yes. As of now, it looks like that.
- S Ramesh:** Okay. Thank you very much, sir. I will get back in the queue.
- Moderator:** Thank you. The next question is from the line of Sanat Kumar from Value Research. Please go ahead.
- Sanat Kumar:** Yes. Thank you for providing this opportunity to ask the questions. I have two small questions. One is related to the fact that what percentage of price -- LNG price increase, basically, it can pass through to the customers. And the second question is related to the regasification tariff. So ballpark figure -- average figure for the regasification tariffs?
- Vinod Mishra:** See, you are talking about long-term contract, then the prices, whatever we get from suppliers that is the entire cost is passed through, including exchange rate variation, everything.
- Sanat Kumar:** So, everything is passed through?
- Vinod Mishra:** There is no risk at all, which we are undertaking. So that one part is there. And your next question is the regasification tariff.
- Sanat Kumar:** Yes. So, the question is related to the regasification tariff, the regas tariff, that average regas tariff that you charge?
- Vinod Mishra:** So, as regas tariff is there -- whether you wanted to know the rate or entire amount?
- Sanat Kumar:** Not the amount. USD per MMBTU average regas tariff.
- Vinod Mishra:** In terms of rupees, so, we are charging INR59.0 and The Kochi is INR85.
- Sanat Kumar:** So, Kochi is INR85, and the Dahej is...
- Vinod Mishra:** And Dahej is around INR59.
- Sanat Kumar:** Rupees per MMBTU?
- Vinod Mishra:** Rupees.
- Sanat Kumar:** Okay. And another question, which is related to LNG prices. So, given the additional capacities that are coming up internationally on the production side, the LNG production side, do you see LNG prices by the end of this year, will further go down by 50% or on an average? So, I'm not

talking -- looking at an exact number, but just a ballpark figure as to how much do you think they may go down?

Vinod Mishra: We cannot predict the LNG market, it's a very difficult thing. So many people predicted last year also, but all predictions have gone wrong. But as of now, it doesn't look as if prices will increase, but they are likely to remain stable at this USD10 to USD12. So, I cannot predict it will down 50% again. So, this -- I don't have any data, but one thing I can assure you that maybe after '26, '27, when more LNG liquefaction capacities are coming maybe to the extent of 150 MMTPA and even more.

So, there is likelihood that this LNG prices will decline after that. But in this market, when the demand supply dynamics are changing day-to-day, I don't know what will happen. But as of now, in the near term, in two months, three months, four months looks like, it will be in the range of USD10 to USD12.

Sanat Kumar: Okay. So that's what I'm looking at. So, I'm not looking at a great number obviously, nobody can predict that it will roughly remain stable or may go down by some numbers?

Vinod Mishra: Likely to be stable. Yes.

Sanat Kumar: Thank you so much,

Vinod Mishra: Thank you

Moderator: Thank you. The next question is from the line of Niharika from Aequitas Investment. Please go ahead.

Niharika: Hi. Thank you for the opportunity. Can you just brief me on the Dabhol volumes, which we have booked this quarter's yields?

Vinod Mishra: Dabhol, we don't deal, you ask this question from GAIL, we are in Dahej.

Niharika: No. So, because they stopped it and kind of shut down for the monsoons, right, we get their volumes?

Vinod Mishra: We know, nothing like that. There is the only thing that in this monsoon season, they divert the cargoes from Dabhol to Dahej or any other place. So that is happening, but we don't have any data that how much it was diverted. But definitely, they have done because their terminal is closed for the next six months almost until September month.

Niharika: September yes. And my other question would be Government is very aggressive for this connection of Northeast grid to gas grid. So, do we have any workout data that what kind of potential volume can come from Northeastern part because they are very gung-ho on it and the work is going very fast to connect the whole Northeast?

Vivek Mittal: The Northeastern pipeline connectivity is yet to take place. This is Indradhanush pipeline. But Petronet is not in pipeline business, so for us, it is not possible. Definitely, if the new demand comes in, of course, is good from a terminal operator perspective at Dahej.

- Niharika:** Right. I was asking for like overall demand should go up because of the connectivity?
- Vivek Mittal:** It should go up. Of course, it will.
- Niharika:** Okay. We do not have any potential worked out basically to the kind of volumes which might come?
- Vinod Mishra:** As of now, we don't data on that because these are different type of gas, domestic segment and LNG. So, all those things are to be seen. And if you see for the domestic segment, you see most of the allocation are from this domestic gas, which is available. So, it's not a right question to a person like us because we are into LNG regasification terminals.
- So not much of gas is used in domestic segment as far as LNG is concerned. Most of the gas is used in domestic in that segment. So Indradhanush gas grid is definitely a different venture. And then we don't have any idea of that.
- Niharika:** Okay. And your outlook on the Europe scenario, what are the reserves there? And because last year, it created a lot of volatility. So, do you have any idea, if you can share something on it?
- Vinod Mishra:** Volatility cannot be ruled out at any moment of time, but one thing I can say is that looking at the international situation, even Russia, Ukraine war has become almost an accepted thing across the globe and people have taken it as usual. After discounting that also, prices are stable. And because European countries have enough inventory.
- So, they are also not doing any panic buying. And that is solace to us also that they are not doing it because they have a storage of almost 84% of inventory. So that is good enough to cater to the winter season, which will be there in the month of October, December and January, February.
- So that way, it looks like that prices are likely to remain stable at USD10 to USD12, which is going right now. So, this is a good thing for us, because we have seen that our terminal has also got further volumes because of this stable prices of USD10 to USD12. So, we hope that it is continuing.
- Moderator:** Thank you. We have the next question from the line of Yogesh Patil from Dolat Capital. Please go ahead.
- Yogesh Patil:** Thanks for taking my question, sir. I have two questions. If possible, can you provide a volume breakup at the Dahej terminal in terms of a long-term, spot and tolling?
- D Satpathy:** The volume breakup for at Dahej Terminal long term is 90 TBTU, spot short term is 4 TBTU and tolling is 123 TBTU.
- Yogesh Patil:** Okay, second question, as you indicated in earlier calls about the timeline of extension of Qatar LNG contract beyond 2028. You indicated you will finalize the decision before the end of 2023. What is the update on that side, sir?
- Vinod Mishra:** Yes, yes. This is very much on time, and we are already engaged with QatarEnergy for the discussion on this subject. And that before December '23, we should finalize it.



- Yogesh Patil:** So as you say to extend this contract finalization stage is getting very near, can we expect this soon?
- Vinod Mishra:** These things cannot be this is very near or how far it is, that is going on. And target is very clear before December 2023, we will finalize and sign this contract.
- Yogesh Patil:** Okay. Okay. So next one, considering the upcoming huge LNG export capacity additions in the next three years to four years? Are you planning to enter with a separate LNG purchase contract with other global suppliers?
- Vinod Mishra:** We are definitely exploring all the possibilities. So, we have some volume -- throw some volume from international market. But at the same time, we are cautious because if you see the market, it has been tight and in such tight market, you will not get the right price. So, this is one of the deterrents which is there, and that's why we are very cautious, because nowadays, if you see the contract, we are at a very high flow in the international market.
- So, because the availabilities demand supplies back to back and that's why the suppliers are now looking forward to have some higher scope for the LNG pricing. So, that way, we are very cautious. So, we will definitely look for it, but at the right price, so that is always going on and our current concern is only with the extension over RasGas contracts, which we hope will be done by the end of the year.
- Yogesh Patil:** Okay. And last one from my side, sir. In the next two years to three years, our regas capacity will touch 22.5 MMTPA. Any update on new capacity tie-up with the off takers for the long term?
- Vinod Mishra:** Expansion, we are looking forward. We are open and we are in talks with the off takers, they should book some more capacity in our terminal because we are putting up this terminal.
- Yogesh Patil:** So, are you in discussions with any off takers?
- Vinod Mishra:** We are discussing, but we cannot discuss all those things, which we have not finalized. We are in discussion. And certainly, this is open to others also who want to book the capacity in terminal. Certainly, this will happen, but this is going on and it's a process maybe we will find customers very soon.
- Yogesh Patil:** Okay. And lastly, sir, if possible, can you share what is the June -- sorry, July '23 utilization rates for Dahej, if possible?
- Vinod Mishra:** Right now, we cannot discuss all those things. Next quarter, we will discuss July, August, September, all three months. Right now, we cannot discuss. It's all taken together, we take it.
- Yogesh Patil:** So, is it higher than 96% what it reported in the quarter first FY '24? or is it lower? Can you indicate something?
- D Satpathy:** Yogesh, actually we will not be able to discuss it. You might take the PPAC data and look at it.
- Yogesh Patil:** Okay. Thanks a lot, sir.



- Moderator:** Thank you. The next question is from the line of Darshan Gandhi, an INDIVIDUAL investor. Please go ahead.
- Darshan Gandhi:** Thank you so much for this opportunity. Just wanted to ask the management with respect to the dividend policy because the last two years I have been observing the total dividend outflow was INR11.5 per share. But this year, the cumulative outflow is INR10. So, is there any change in the dividend policy or is the management looking for some other growth opportunities on account of which the dividend is being reduced?
- Vinod Mishra:** No, this is not the case. 100% to 115% is fine because it's a good dividend if you are giving 100% to the paid-up capital. So, it should not be conceived that this should not be seen as if we are trying to reduce the dividend to the shareholder. There is no change in the policy, which is very much there, and we'll try to continue to pay at least 100% dividend on the paid-up capital in future as well. This is our endeavor, and there is no change in the policy.
- Darshan Gandhi:** Okay fair enough sir. Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Megh Shah from Prospero Tree. Please go ahead.
- Megh Shah:** Yes, sir. Am I audible?
- Moderator:** Yes, you are audible. Please go ahead.
- Megh Shah:** Yes. Can you give us the breakup of the trade receivables, like the pending user pay charges like which party is pending like what amount?
- D Satpathy:** You are asking about the use or pay charges only, right?
- Megh Shah:** Yes. Yes, user pay charges.
- Vinod Mishra:** Yes, for contracted year 2022 GSPC INR285 crores.
- Megh Shah:** Okay.
- D Satpathy:** The total of INR843 crores basically the outstanding. Do you need to breakup, right or you need only total figure?
- Megh Shah:** No, no, for the calendar year '22, each party breakup?
- Vinod Mishra:** Yes, GSPC INR285 crores, BPCL INR26 crores. Torrent Power Limited INR179 crores. IOCL INR227 crores and ATPL that is Adani Total INR125 crores.
- Megh Shah:** Okay. So basically, the promoters are supposed to pay to the company itself, right like most of the user pay changes, like IOCL are all promoters as well and they are the clients as well, customers as well. So, why are the promoters not paying to the company itself, like if we see the funds are pending from calendar year '20, '21, '22, so three years, and we are in calendar year

2023. So, from three years the funds are pending. So, it's very like -- it gives a very negative signal to other customers and to the market generally?

Vinod Mishra:

It's not like this. You are wrongly saying that it is pending for the three years. If you look at the use or pay charges for calendar year 2021. It is charged only in the month of January 2022; means for the entire calendar year of first time we charge it in '22. If you see it is on 1.5 years. And if you look at this 2022 calendar year, they have been booked in January 2023. So, like that, it is going on. It's hardly four months, five months, six months delay is there, but we are definitely on discussion with them. And this is going on. It's a process that we will try to recover as early as possible. But only thing that there has been some difficult situations in the past, which nobody can rule out. But still, we are hopeful because as per contract, these are payables, so it should be paid by them. So, it is only 1.5 years since first time we have booked the use or pay charges.

Megh Shah:

Okay. Got it. Any expected timeline till when the funds will be received?

Vinod Mishra:

See, we expect it as early as possible within this financial year, at least we expect it.

Megh Shah:

In this financial year, so what are the chances that they will be received in this financial year itself, if you can give an idea.

Vinod Mishra:

Chances, nobody can predict. You see, I cannot predict it when I will get it because it is the discussion, it is a mutual discussion going on. So, once this settled, it will be known to you, there is no timelines as such to that when it will be received.

Moderator:

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

S Ramesh:

So, in Kochi, last year, the high gas prices was reducing the uptake from your end customers. Now with the prices coming down, do you see any increase in the consumption in the LNG from the Kochi terminal and what is restricting the increase in the utilization rate because the volume is flat. So, if you can give us some sense in terms of what is the kind of demand you are seeing for gas for Kochi terminal. How do you see it increasing once the Kochi-Bangalore pipeline is ready?

Vinod Mishra:

Yes. first question is regarding the utilization of your Kochi terminal, because last year, as you very well know that some customers stopped taking gas because gas was very costly. But now they are returning to utilization of gas. And perhaps we hope in next 5 to 6 months, they will start taking in full volume. And another part you have asked is regarding connectivity from Kochi to Bangalore. So, that is going on and we have been given assurance by CMD GAIL that it will be completed by November 2024.

So, then there will be more utilization of the terminal because many industrial markets will be there between Kochi, Bangalore, like Coimbatore, Salem they will be having some demand and apart from that more CGD business pipelines are being laid as CGD entities are coming up in that area. So, perhaps that will further enhance the consumption level of Kochi Terminal. So,

this is how it is taking shape, and we hope that further softening of prices of natural gas to further promote the usage of our Kochi Terminal.

S Ramesh: Can I squeeze in one more thought. What is the latest thinking on biogas and LNG in heavy truck segment, any progress on that?

Vinod Mishra: So that part, I think we are already constructing 4 LNG dispensing stations, and that are ready. And I hope that very shortly, they will be starting, but only thing is that because of high LNG prices in the recent past, this progress was a little bit delayed, but now prices are coming down. So, we hope that this segment can further take shape and perhaps more and more people will come, in this segment more conversion will happen, because we have started constructing 4 LNG dispensing stations in Southern India and they are almost completed.

The only thing we need is the approvals and other formalities are to be completed and with one of the OMC's we have installed these 4 locations. So, let us see how people take it, because we have to experiment it first there, and if it is found useful then perhaps it will be replicated at other places also, and we will install more LNG stations. And further oil marketing companies are also doing same thing. They are also installing some stations. So, I think this is how it is going ahead, but, of course, because of LNG prices in the past one year and this segment was not going as fast as it should have gone.

S Ramesh: Okay. Thank you very much.

D Satpathy: Okay, operator can we close the call.

Moderator: Yes, sir we can go ahead. We have one last question in queue. Sir, would you like to take that?

D Satpathy: Yes, yes please continue.

Moderator: The next question is from the line of Sabri Hazarika from Emkay Global Financial Services. Please go ahead.

Sabri Hazarika: Yes, sir, we're just ending that call only. So, I think thank you so much for this for the call and the insights on the results. And congratulations on a good set of numbers for the quarter. Sir, I just have this bookkeeping question regarding, I think, the IndAS numbers and also the Gorgon volumes in Dahej. So, can you please give me that and then we'll end it?

D Satpathy: Yes. So Sabri, the Gorgon volumes at Dahej is 4.5 TBTU.

Sabri Hazarika: 4.5, right?

Vinod Mishra: Yes.

Sabri Hazarika: And what would be the IndAS numbers for the quarter in terms of gross profit?

D Satpathy: INR159 crores positive at gross margin level. Then forex gain is INR4 crores.

Sabri Hazarika: Forex gain of INR4 crores okay.



- D Satpathy:** And INR8 crores positive at other expenses level.
- Sabri Hazarika:** Okay and depreciation interest?
- D satpathy:** Then depreciation INR83 crores and interest INR71 crores
- Sabri Hazarika:** Okay, sir. Thank you so much and all the best on behalf of Emkay.
- Vinod Mishra:** Thank you Sabri, without your question, this conference was not complete. As you have rightly asked the question, now it is complete.
- Sabri Hazarika:** No, so I think better questions asked before. Thank you so much. So, any closing comments?
- Vinod Mishra:** Yes, the closing comment is that what we are doing now, we're seeing that we have done well this quarter. And we hope that this second quarter will also be very good because as you know that whatever we are doing, we are doing our best to enhance the utilization level of our terminal, but it is further supported by the declining LNG prices. So, we hope that if these prices will continue, we certainly will again raise the level in second quarter and will show good results in the second quarter also.
- So, this is how quarter-on-quarter, we are taking up this business. We don't predict for the entire year. We see first quarter and with the second quarter like that, we are doing all the efforts how to enhance the profitability. So, your trust and shareholders trust in us, that is very primary, and we make all efforts to increase the profitability of the company as far as possible. That's all from my side.
- Sabri Hazarika:** Thank you.
- Vinod Mishra:** Thank you very much.
- Moderator:** Thank you. On behalf of Emkay Global Financial Services, that concludes this conference. Thank you for joining us. You may now disconnect your lines.