



Petronet LNG Limited

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PAN: AAACP8148D

GST: 07AAACP8148D1ZI

CS/PLL/LISTING/Reg-30/2024

Date: 30th October 2024

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 24.10.2024

Dear Sirs/Madam,

This is with reference to our intimation dated 21st October 2024 and 24th October 2024 intimating holding Conference Call of the Company scheduled on Thursday, 24th October 2024 at 5:45 PM (IST) for unaudited Financial Results of the Company for the quarter and half-year ended 30th September 2024 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:

GIDC Industrial Estate, Plot No. 7/A, Dahej
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 Q2FY25 Earnings Conference Call”

October 24, 2024



MANAGEMENT: **MR. VINOD MISHRA - DIRECTOR (FINANCE)**
MR. RAKESH CHAWLA - GROUP GENERAL MANAGER & PRESIDENT (FINANCE & ACCOUNTS)
MR. GYANENDRA SHARMA – GROUP GENERAL MANAGER & PRESIDENT (MARKETING)
MR. VIVEK MITTAL – CHIEF GENERAL MANAGER & VICE PRESIDENT (MARKETING)
MR. DEBABRATA SATPATHY – GENERAL MANAGER (FINANCE & ACCOUNT)
MR. VIKASH MAHESWARI – DEPUTY GENERAL MANAGER (FINANCE & ACCOUNTS)

MODERATORS: **MR. KISHAN GOPAL MUNDRA - DAM CAPITAL ADVISORS LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to the Petronet LNG Q2FY25 Earnings Conference Call hosted by DAM Capital Advisors Limited.

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

Now I hand the conference over to Mr. Kishan Gopal Mundhra from DAM Capital Advisors Limited. Thank you and over to you, sir.

Kishan Gopal Mundhra: Thank you, Riddhi, and good evening to everyone. On behalf of DAM Capital, I welcome all of you to Petronet LNG's 2nd Quarter FY25 Earnings Call.

At the outset, I would first like to congratulate the management on the good set of results. And to discuss the same, we have with us the Director (Finance) - Mr. Vinod Mishra; Mr. Rakesh Chawla - Group General Manager & President (Finance &Accounts); Mr. Gyanendra Sharma – Group General Manager & President (Marketing); Mr. Vivek Mittal – Chief General Manager & Vice President (Marketing); Mr. Debabrata Satpathy – General Manager (Finance & Account); Mr. Vikash Maheswari – Deputy General Manager (Finance & Accounts).

With that, I would now like to hand over the call to the management for their opening remarks, and then we will follow it up with a question-and-answer. Over to you, sir.

Vinod Kumar Mishra: Thank you very much. Good evening to all of you. First of all, I would like to find out that Dahej throughput has been 225 TBTU as against 210 TBTU in the corresponding quarter and 248 TBTU in the previous quarter. If you look at the performance of the company this time, it has been better in first half, also it is better than the corresponding quarter. And the overall throughput if you see, of Dahej and Kochi together, it's 239 TBTU as against 223 TBTU in the corresponding quarter and 262 TBTU in the previous quarter. And if you look at the half-yearly performance, it has been 473 TBTU as against 428 TBTU in the last half-year, H1 period. And overall throughput in six months has been 501 TBTU as against 453 TBTU in the first half of last year. So, this is the physical performance.

As far as the financial performance is concerned, this quarter the PBT has been Rs. 1,140 crores as against PBT of Rs. 1,102 crores in the corresponding quarter and PBT of Rs. 1,520 crores in the previous quarter. And the PAT has been Rs. 848 crores in the current quarter as compared to Rs. 818 crores in the corresponding quarter and Rs. 1,142 crores in the previous quarter. So, this is the quarterly result which has been there.



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And if you look at the half yearly performance, it is Rs. 2,660 crores in this first half of the current year as compared to Rs. 2,164 crores in the H1 of last year. And PAT has been Rs. 1989 crores in this current half year as compared to Rs. 1608 crores in the corresponding half year of the previous year. So, this is the financial performance. The growth profit from H1 of this year as compared to previous year H1. It is 23% growth is there in PBT and 24% growth is there in PAT. And as far as the quarterly performance as compared to the corresponding quarter is concerned, PAT is higher by 4% and PBT is by 3%. So, this is all fiscal performance. And if you look at the utilization of the Dahej terminal, it is at the level of 98%. And Kochi terminal is at the rate of 22%. And 98% is of course less than last quarter, which is around 109%. And it is more than the corresponding quarter, which was around 92%. So, it is better this time, as compared to the corresponding quarter. So, this is how it is there.

If you look at the dividend payout, we have declared Rs. 7 per share as dividend, interim dividend to the shareholders and which is the same as it was in the last year. I think this is all from my side, and now, house is open for the questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Probal Sen from ICICI Securities. Please go ahead.

Probal Sen: Sir, two questions from my side. One is, of course, the QoQ decline was perhaps to be expected given the reduction in power demand what we have seen in overall consumption. But just looking ahead for the second half, what sort of utilization should we be sort of factoring in and what sort of spot LNG pricing environment are we actually looking at this point of time.

Vinod Kumar Mishra: Of course, I am optimistic about it. And the second half, I expect it will be good also because demand is growing because prices are moderate at present. And it is likely to remain moderate, but I can't predict for the winter season. It may be slightly higher, but if winter is not that harsh, certainly the prices will also be lower. And if crude also remains at this level, which is now \$75, \$74, then long term prices will be even down. So, I think at present if you look at the spot LNG prices, they are almost neck-to-neck with the long-term prices. There is not much difference in the prices of long term and spot LNG. So, we hope that prices will remain moderate in future, and we hope that it will be even lower than what is now. And hopefully, and I am sure that the consumption will not be reduced, it will remain at a higher level because you know that Indian market is price sensitive and if prices are moderate, then consumption doesn't come down. And we are hopeful that consumption will increase in the second half also. And accordingly, we are getting sentiments that it should be almost the same range. We are expecting that it should be in the range of 95% to 100% capacity utilization at Dahej. So, this should continue. We don't foresee any challenge.

Probal Sen: The other question was more about sort of capital deployment. If you can just give us a bit of an update on what is the effective capacity that we expect the Dahej to be at by the end of this



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financial year? What is the update on the last mile connectivity of the Kochi-Bangalore, the second offtake pipeline? And thirdly, the status of the petrochemical project in terms of CAPEX and investment? If I can have some color on that.

Vinod Kumar Mishra:

So, first is the CAPEX you are asking. And as I think we have already declared on the website and also on the stock exchanges, that we have commissioned two tanks in Dahej on 1st of October. So, that means that we are getting more flexibility to operate now. And we can now store more cargoes. That means it will definitely be adding to our bottom line. So, this is a great thing to happen because we are now able to have more cargoes, and this will give us flexibility to process more gas. So, this is one good news for the shareholders that we have capitalized these two tanks and started storing LNG in these two additional tanks. Now, total number of tanks has gone up to 8 (eight) from 6 (six). So, this is one CAPEX which has been there, which has been completed now. Another project which is going on in Dahej is our Regasification project, this expansion of our capacity by 5 MMTPA and this is likely to be completed by March 2025 as per the scheduled completion time. So, if this happens, this will give us flexibility and also will enhance the revenue of the company. And accordingly, it will add to the bottom line, but it will be in the next financial year. This because it's still going on, by March it will be complete. It is a low hanging fruit if you look at it, because it's the CAPEX of Rs. 570 crores which is only 10% of the greenfield terminal if at all it is envisaged today. So, even if we are putting up this CAPEX of Rs. 570 crores, maybe in a year or two we will recover it. The payback period is very short. So, it's a low-hanging fruit and the capacity will be 22.5 MMTPA. We are making all efforts to book the capacity. The off-takers and anyone else if the off-takers are not taking full capacity. So, that effort is going on. This is one of the agenda we have. And other CAPEX part if you look at, Kochi pipeline. Third jetty has been awarded, so it is going on. Now third jetty will take three years' time to complete, Topside facilities and marine facilities, both the contracts have been awarded. So, now it's a period of three years by which it will be completed. And it will be able to handle both, all three kind of liquid hydrocarbons, propane, ethane and LNG. So, it's a unique jetty in the country, which nobody has. So, we are hopeful that this will be complete by 2027. This is one part at Dahej. And then you are talking about Kochi. Kochi, basically pipeline connectivity was an issue and as I have reiterated in our earlier conferences also that it is likely to be completed by March or maybe April next year as has been communicated by GAIL India Limited because that is the company which is laying the pipeline for that section. And as I said earlier also that Coimbatore to Krishnagiri section is going on and half of that is around 250 kilometers, half of that has been already completed but I think 120, 125 kilometers is still remaining. So, hopefully that will be completed by year end. So, after that, it will be connected to the national gas grid. That is a major thing which is going to happen, because after that, it can utilize the gas to any place, and gas can be fed for any other area. And if somebody wants gas at Punjab or Haryana, they can be supplied from Kochi, because physical movement of the gas is not required if pipeline connectivity is there and it is connected with a gas grid. So, this is how it happens. So, this will automatically increase the consumption level



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of Kochi and more and more city gas distribution projects are going to be completed in the next two, three years or four years maximum. So, there also the demand will be increasing because domestic gas is allocated to city gas distribution companies, and it can be fed with our LNG and it supplied from Kochi because again there is a benefit of unified tariff pipeline. So, zone 1 tariff is there, then certainly in southern Indian cities anybody would like to have gas from Kochi terminal because that will be within the range of 300 kilometers. So, zone 1 tariff will be charged. So, I swapping will happen once this Kochi terminal will be connected to the national gas grid. So, this we are expecting, and this will automatically raise the consumption or utilization level of Kochi terminal. So, this is your second question. The third question is regarding the petrochemical project and that I just want to update that we have already awarded a contract for PMC. And licensor contract have already been awarded. And now since the PMC contract has been awarded. So, PMC is undertaking all the activities to make packages for different sections and packages will be then awarded in separate fee and perhaps it has already started in fact making the packages. And then, tendering will be started and the contract will be awarded to the vendors. I think this year it will be taking place. But CAPEX on this will not be too high this year, but maybe next year it will be high. This year only this processing will continue because awarding the contract also sometimes takes more time. So, that is there and progress I have told you. And as you know we are also lining up our lenders for this project. And we have already declared that the debt equity ratio will be 70-30. And accordingly, they will be lining up with bankers and lenders. And we have started the process. And probably in the next 2-3 months, it will be lined up. And thereafter, we will be ready for making the payments and utilizing the loans from the bankers and also putting to equity of around 30% from our side. So, this is how progress is there in the Petchem project.

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

Yogesh Patil: Two quick questions. Sir, recently GAIL is seeking a long-term imposed deal of closer to 5.5 MMTPA. And GAIL has also closed some LNG supply contracts of 1.5 MMTPA. So, in this case, can we connect the dots that our Dahej expansion would be ready by March 2025? And so, is there any chance that the GAIL will book some capacity or any talks going on this side? This is my first question.

Vinod Kumar Mishra: Agreed. And you know that capacity will be available by March 2025. And we are already in talks with our off takers. But if something concrete will be there, we will let you know. But at the same time, I can say that whatever new contracts are being signed by GAIL, IOCL, all have signed it. Definitely, much more and more volume will come to Dahej. This is quite sure because the Dahej connectivity with the demand center is so good that anybody whosoever is bringing volume to India cannot ignore Dahej because it has a capacity of around 35 million tons of evacuation and it is connected by five pipelines. So, no other terminal has got this kind of unique



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advantage. So, I am hopeful whatever volumes are coming, maximum volume will come to the Dahej terminal also. And at the same time, we are also seeking our off takers to book capacity under this expansion. And hopefully, we'll succeed. And if that happens, then to some extent, it will be booked. Maybe 5 million tons may not be booked, but we want to keep some capacity with ourselves also. Because as you know, even 17.5 MMTPA is sometimes falling short. Last quarter we had to run almost 20 MMTPA of capacity. We have run to that extent. So, what I am saying that whatever capacity we create, it doesn't mean if entire capacity is not booked it will not be utilised. When we were only 17.5 million tons and at that point of time also the book is only 15.75 MMTPA, yet we still to utilize the entire 17.5 MMTPA. So, it's not that unless and until some long-term capacity is built, then only utilization will be assured. It's a spot and short-term gas is also there in the country coming. Because prices are moderate, so we will be able to utilize that 5 million tons. So, it is going to enhance our bottom line. So, let's be assured that we will try to book at least some capacity with off-takers or any other consumers or any other LNG trader or supplier. But at the same time, we have the capability to utilize this capacity with other volumes coming in, like short-term, spot. That is also there. So, hopefully, we will be utilizing next year this 5 MMTPA additional. So, this will automatically add to our bottom line, and profitability will increase next year.

Yogesh Patil:

So, sir, second question is related to the Dahej Regas tariff. Every year we increase the tariff by 5%. And as per the agreement with the promoters, who are mostly the off takers at Dahej. How long we can continue to increase the Dahej tariff every year by 5%? That's one thing. Is there any clause which can pause or it can change the tariff increase in the long run? That's the second. And sir, we also wanted to understand the formula, if any, to calculate the Dahej terminal Regas tariff. Is it based on some percentage of return on equity or the return on capital of the Dahej assets?

Vinod Kumar Mishra:

So, first question is that how long will continue to increase 5%? This is as per contract. See, it's not there that they have a choice because it has been agreed to and it's not in Dahej only. If you go any other terminal also, you go to Dhamra, you go other terminals, they are also charging 5% every year. So, it's not a question that how long they will afford. This is a contractual obligation, and contract is there for the capacity booking till 2036. So, till 2036 it will continue. So, it's not a question of any clause which is there, which they can negotiate it, it's not there. As per contract, we are charging. This is the answer to the first question. On the second question also, that there is no clause as such. The only thing we can review every 3 years that how much inflation is there. So, it is only upward revision which is happening. It is never the downward revision which is going to happen. So, this is my understanding of the contract. And we are going ahead as per the contract. So, this is how it is there. And the third question is regarding?

Yogesh Patil:

So, the third question was regarding wanted to understand the formula if any to calculate the Dahej terminal Regas...?



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- Vinod Kumar Mishra:** It cannot be discussed. This is something which we have to because these things are contractual and confidential things. We cannot give you the formula how we calculate it. But it is market driven and if you compare it with any other terminal, it is the lowest tariff which we are charging.
- Yogesh Patil:** Sir, as you just mentioned that every three years tariffs can be reviewed, if there is any adjustment regarding inflation. So, any shortfall to the inflation, suppose the inflation is not going at 5% every year.....
- Vinod Kumar Mishra:** It has not happened so far.
- Yogesh Patil:** Considering the last 10 months Regas volumes at Dahej terminal, do you expect any shortfalls from the off takers for the current calendar year?
- Vinod Kumar Mishra:** I don't think we don't expect these things to happen. These are contractual obligations. They will fulfill it. Prices are moderate. So, they will fulfill the obligations. We are quite hopeful.
- Yogesh Patil:** Lastly, what was the CAPEX during the first half of FY25 and the planned CAPEX numbers if you could share for the FY25 and FY26?
- Vinod Kumar Mishra:** CAPEX, I have told you that it's going on, details can be given, but I don't want to. So, I think we are going well on CAPEX side and projects will be coming up, but certainly we have handsome CAPEX which is going to happen in this year and we will let you know later how much is that. At the same time, I can give you the CAPEX on which item we are going to incur. Financial yearwise if you say, then it has become fiscal, because it is still 6 months remaining for this financial year. Let it happen and we will tell you.
- Moderator:** Thank you very much. The next question is from the line of Hemang Khanna from Nomura. Please go ahead.
- Hemang Nomura:** I have a few of them. So, firstly, margins for this quarter were a tad weak. Could you help us with some details on what led to this and what was the hit if any on the inventory and trading side? ...(Interrupted)
- Vinod Kumar Mishra:** We have already declared that utilization is lower than the previous quarter because last quarter there has been power demand and that was very significant. Otherwise, it's a normal means of operation because we are operating. So, I don't see any volume wise it is lower and margin you know that tariff is already fixed so it is as per that coming. And as far as the trading is concerned, trading margin has (Inaudible)...and there has been inventory gain of around Rs. 70 crores this quarter as again Rs. 261 crores in the previous quarter.
- Hemang Nomura:** So, inventory was Rs. 70 crores and what was it on the trading side?



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- Vinod Kumar Mishra:** Trading side I told you Rs. 39 crores this quarter.
- Hemang Nomura:** And secondly, if you could help us understand on the Dahej side, how are utilizations currently panning out for the month of October? Definitely you have indicated 95%-100% for the second half. But how is October currently trending?
- Vinod Kumar Mishra:** 98% is going on, so this should be done. So, it will be in this range only. But the exact data, October, we cannot give. I will send it separately. So, we cannot declare on this phone call. It is declared in the result. But we will make an effort. It will be continuing in the same fashion, which is happening in this quarter, 2nd Quarter, in the range of 98%.
- Hemang Nomura:** And lastly on the tariff negotiation side, can you just share with us when is the tariff negotiation expected to be concluded? A rough timeline on that. And what are the typical hindrances, if any on the new volumes that you signed?
- Vinod Kumar Mishra:** New volume is going on. It's already we are, these things cannot be disclosed because we are confident, this will happen. There is no challenge as such. We will be doing it and it will be in a manner that will be good for the shareholders and I don't foresee any kind of these lower tariff from their side. It will be a good tariff. And we will let you whenever we sign the contract. But already this all things are going on. It cannot be discussed on this call.
- Moderator:** Thank you very much. The next question is from the line of Maulik Patel from Equirus. Please go ahead.
- Maulik Patel:** Just two questions. Can you just give some update on your Petchem expansion? I mean, work has started or the appointment of the consultant, so any update on this will be really helpful.
- Vinod Kumar Mishra:** Just as I mentioned, Petchem we have awarded the work of PMC. The second contract, we have awarded the contract for licensors also. So, both PDH and PP contracts have been awarded. These are in place. And now PMC has been awarded. So, now PMC is now undertaking all the activities for tendering the various packages and then it will award the work to the contractors and then the work will start in Dahej. So, this is how it is going on. So, the major thing award of work to PMC contractor which has taken place and now everything will start. Slowly the packages will come and because this is a Petchem project, so multiple packages are there and the contract will be huge. So, it takes time to award jobs. It's not one contract. It's many, many contracts will be there for different, different work, utilities will be different and other units will be different. Likewise, it will be there, but it has started. So, we hope that this year many contracts will be awarded, but CAPEX may take some time because if work will start in the second half of the year, I think the payments will not be too high, but next year the CAPEX will be. And before that, we have been already engaging with our lenders. And so, probably in a



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three, four month's period, we'll be able to line up the lenders for taking debt. As I said earlier, the debt equity ratio is 70-30. So, accordingly, we are going ahead.

Maulik Patel: Just one more question. In an earlier question you spoke at length about the renegotiation of the Ras Gas volume and the contract which you want to with an off takers right? So, is it fair to assume that before 2027, what kind of timeline you're looking to complete the negotiation with off-takers for this new contract of Ras Gas, because you signed a contract with Qatar, but you had to do with off-takers. So, when is that likely to get complete?

Vinod Kumar Mishra: It will be completed very shortly, going on, anytime, it can be completed, but the only thing is, still there is 3 years, 4 years period left for implementation of this contract. So, don't worry about that. It will be done before that, but only one thing I can assure you that they have already undertaken to take the quantities in this contract. This guarantee they have taken. So, it is going to happen, but this period is long. So, we are taking time, but it will be happening shortly. Maybe in 6 months' time, it may happen like that. So, there is no issue as such because there is no urgency of that contract. So, it may be taking place, but since the time is still left, three and half year more than half year. So, I don't foresee any challenge. As I said, this volume is guaranteed by off takers, they will off take this volume. That means our revenues are guaranteed and it will be reasonable revenue. It will be good revenue and perhaps shareholders have always appreciated us in terms of this kind of contract and in future also it will be like that. So, I assure all the shareholders that this deal will be good and there is no reason to obtain anything that what is going on this because if the long time is left, so it is taking time.

Maulik Patel: I think that is what the investors worried about. And let me tell you, we all know that the off takers will agree with the volume. So, volume obviously and the price at which the volume is going to get come from the Qatar to you, it is also being in consideration within off takers, what worried could investors and others, is the Regas tariff and we are not concerned about revenues which you get it, so consider the gross profit?

Vinod Kumar Mishra: It will be a very handsome number this much I can assure you, but I cannot give you the number.

Maulik Patel: Will there be any decline in the Regas tariff which you are charging the customers? Let us say this today?

Vinod Kumar Mishra: I cannot comment all these things because nothing has materialized, so I cannot give, but certainly when it is finalized, then we will come back to you and discuss this.

Maulik Patel: Sir, just one more question and related to this expansion of the Dahej, are you in a discussion or are you looking to find more volume to be placed on a long term Regas capacity which you have done in the past and currently you have around 8 million ton of Regas?



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Vinod Kumar Mishra: We are making all efforts to have the capacity book in our terminal because new volumes are coming up and if you look at the total long-term contract which India has today where from supplies are coming is 20.2 million tons, but by the time 2027, you will find that it is around 28 million tons. So, definitely, volume will be coming to Dahej, maximum volume. What I am saying is 1.2 million will be starting from around 2026-27 from Exxon Mobil (**Inaudible**) 33.17. So, what I am saying is that the future is very optimistic because gas utilization is bound to increase. And as the government of India's focus is also to increase the share of natural gases by 10% to 15% that is why there is a huge potential for growth of LNG business. And, if you look at different segments also, in transportation sector, it is also coming up in a big way, so this alone has the potential of consuming almost 10 to 12 million tons if it comes in the way the China has already implemented this ecosystem. So, I think in India there is huge potential for LNG consumption. And even existing sectors and more new sectors will come up, CGD entities will come up. So, I hope that our LNG consumption will further increase because domestic gas availability is a hindrance. It cannot be increased substantially. So, there is a limitation of domestic gas. And consumption is growing, so growth is only likely in the LNG sector. So, this is what is a good thing for the persons like us or companies like us because we have hope that in future because prices will not be high in future, reason being that more and more capacities are coming in 2026 onward. So, almost up to 150 to 200 million tons of liquefaction plants are coming up across the globe. So, the supplies are likely to be more than demand, but definitely, the prices will not be too high and if prices are not high then LNG consumption in India is bound to increase. So, this is an optimistic view which I have.

Maulik Patel: For the Regas revenue, which you charge to the regas volumes service contract, how much is it?

Vinod Kumar Mishra: This quarter?

Maulik Patel: Yes, this quarter?

Vinod Kumar Mishra: This quarter, Rs. 1,508 crores total trading and Regas volume.

Maulik Patel: No, I am talking about Regas service revenue?

Vinod Kumar Mishra: Service is Rs. 731 crores.

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

Kirtan Mehta: We have mentioned in the notes that we have reversed the Rs. 71 crores of the previously booked revenue, so what would be the quantum of the volume that customer has brought against this? Would you be able to give us it in TBTU terms as well?



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- Vinod Kumar Mishra:** Quantum you can just imagine this will be around, we can give you the estimated amount, the exact amount you will work out, but estimated amount will be around 11-12 TBTU will be the volume.
- Kirtan Mehta:** And in terms of the September quarter, December quarter is the last quarter when buyers can bring in their cargoes for the 2023 backlog, do we have any indication from any of the Customers ?
- Vinod Kumar Mishra:** 2020-2021 backlog.
- Kirtan Mehta:** 2021 backlog, yes, do we have indications from customers what volumes they are planning to bring during the next quarter or are there customers who have completed their contracted quota and or have flexibility?
- Vinod Kumar Mishra:** We cannot tell you right now. We will discuss it with you afterwards.
- Kirtan Mehta:** And in terms of the Kochi volume, are we seeing any uptake in the volume because of basically the start of consumption at the MRPL? Is that sustainable?
- Vinod Kumar Mishra:** See, I have told you that Kochi terminal utilization will enhance after this pipeline is connected to natural gas grid. But at present it is operating almost at the same level around 22% capacity.
- Moderator:** Thank you very much. The next question is from the line of S. Ramesh from Nirmal Bang Equities. Please go ahead.
- S. Ramesh:** Sir, in terms of the balance sheet to look at the provisions and receivables and the net provisions as of September, you have made provisions worth Rs. 599 crores, right?
- Vinod Kumar Mishra:** Till date.
- S. Ramesh:** Yes, so what is the likelihood of this? How much of this would you think you will be able to write back and when would that happen? And secondly, when you look at the receivables, net of provisions, when do you think you will be able to make progress in receiving these outstandings of Rs. 1715 which is the net receivable on take or pay?
- Vinod Kumar Mishra:** Yes, I have told you that as also mentioned in our disclosures, that we have entered into an arrangement with the off takers thereby, who will have defaulted in 2021 and 2022. For those who have defaulted for the volume of 2021, they can bring volume till December 2024. And for those who have defaulted in 2022, they can bring their volume till December 2025. So, let this period happen, thereafter, we will work it out, but also one thing I could say is that we have



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taken the bank guarantees from these off takers. And it is ensured that the recovery is made either to make the payment or we should encash- the bank guarantee.

S. Ramesh: So, basically, this is just a bookkeeping entry. There is no need to worry about either the receivables not being actually received in cash or these provisions increasing further in terms of any write-off. So, is that possibly something we can

Vinod Kumar Mishra: We made it just as a prudent accounting practice. It is not that it has any impact on the recovery part. It is such that there is no need to make a provision also because we have got the bank guarantee there is assurance that payment will come. This is how we perceive it, and perhaps from that point of view it doesn't look like it will not be recovered.

S. Ramesh: So, just the next couple of questions, one is, if you look at the recent statement made by the head of Total in the Singapore Conference, while he agrees that there is a lot of Liquefaction capacity, he was quoting that there could be some delays in some of the new LNG liquefaction projects expected in CY25. So, if you have any thoughts on that, do you think that is something which you are concerned about while the 26-27 numbers look very favorable for importers like India. The next thought is on the recent government decision to allocate additional gas to ONGC petrol additions from the plan to increase production from the nomination block. So, to what extent would additional gas being supplied from the nomination block to OPaL will reduce the potential sale of ethane you are planning to do with OPaL, we can just address these two thoughts?

Vinod Kumar Mishra: So, I think Vivek is there, he will answer your question, but I would like to point it out that it is not related to our area of work. In fact, whatever decision has been taken by the government of domestic allocation to OPaL is a government decision and whether they will take ethane from us or not. This is again we have to discuss with them. We have a discussion with them, but it has nothing to do with ethane import which we are creating now. Those discussions will continue, but further my answer will be fortified by Mr. Vivek Mittal.

Vivek Mittal: I think two questions you had, one is the Total, your statement that some of the liquefaction project could get delayed. As you may be aware, there is 200 million of capacity which is being added across US, Mozambique and Qatar mainly, so slight delay of few projects will not make much of a difference as far as total availability is concerned. In fact, Petronet has signed volume from Qatar, so we are not expecting any delay in Qatar. US projects might get delayed, but Qatar is very clear, they are on track. Secondly, ethane tie-up so as you will be aware, firstly our contract with ONGC is only for supply till April 2028 when our existing Qatar deal ends. So, the government can allocate gas till 2028. . So, post 2028, there is no commitment from Petronet side and of course we are discussing for supply of Ethane from ONGC-, by importing directly at our Dahej terminal, those discussions are on this.



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- S. Ramesh:** No, the reason why research is since we were banking on ONGC Petro Addition as one of the customers in ethane retail tolling business, so wouldn't that to some extent reduce the potential need profile to buy ethane from you. That was a broad thought I had?
- Vivek Mittal:** No. They are extracting ethane from Rich LNG which we are getting from Qatar And in view of that government has given domestic gas towards of swap quantity. It is not everything supplied by ONGC. It is only the extraction which is taking place from Rich LNG supplied from the Dahej Terminals is being imported by Petronet (. So, once that contract ends in April 2028, there is no commitment from Petronet's side to ONGC and accordingly they cannot expect the question of swap gas does not arrive post this....
- S. Ramesh:** So, you are saying that even if there is additional gas on the nomination block, can you still expect to do some business with OPaL? Is that the way to understand that?
- Vivek Mittal:** Yes, of course, OPaL will need ethane, but there will be no commitment to get Rich LNG from 2028. So, we cannot guarantee supply of Rich LNG to ONGC. Consequently the only option left is to import ethane.
- Moderator:** Thank you very much. The next question is from the line of Sabri Hazarika from Emkay Global. Please go ahead.
- Sabri Hazarika:** Just a small question regarding this Gorgon volumes, the second phase, so that will be like 1.2 million, Kochi tariffs that will start coming from 2026-27, right?
- Vinod Kumar Mishra:** Right.
- Sabri Hazarika:** And that will be, I think 0.6 will come in at FY26 and it will ramp up to 1.2 by FY27, is that right?
- Vinod Kumar Mishra:** Right, correct.
- Sabri Hazarika:** Then this has been, I think you had adjusted the Kochi tariff I think few years back. So, this was because of this adjustment only, right?
- Vinod Kumar Mishra:** This was done as a part of this settlement that they will bring the gas. We have renegotiated that Kochi tariff.
- Sabri Hazarika:** So, in case the demand is not there in Kochi, then it can be bought in this current arrangement in the Dahej itself and we charge Kochi tariff?



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Vinod Kumar Mishra: Demand will be there, I am telling you, it will be connected to gas grid, the demand will be there. We are always optimistic. We never talk pessimistic. So, it will still be there. I have told you swapping will be done; we will not do it. It will be done by IOCL, GAIL. Because even if they will have to supply the CGD entities, they can swap the gas from our terminal. So, either way this will be utilized, either we utilize or it is the other off take of utilization because it will be falling in zone one tariff for the Southern Indian city.

Sabri Hazarika: And there will be no further downward adjustment in Kochi tariff from these volumes, right, or could there be?

Vinod Kumar Mishra: Right now, it is not envisaged.

Sabri Hazarika: And just small question regarding your CAPEX, you didn't tell us the number, but your cash flow statement is showing around Rs. 660 crores for H1. So, that is the broader number, right?

Vinod Kumar Mishra: That is you can take it. That is okay.

Moderator: Thank you very much. The next question is from the line of Vishnu Kumar from Avendus Park. Please go ahead.

Vishnu Kumar: Many questions you have answered, but wanted to understand, sir, next year, what is your internal estimate of volume that we can expect from the new terminal, new addition that Regas that we are adding?

Vinod Kumar Mishra: Next year estimate is 22.5 MMTPA from Dahej and 5 MMTPA from Kochi. We have the capacity, we can utilize it, but at least Dahej, we are hopeful that we will be able to utilize maximum capacity because it takes time to utilize, but hopefully we will be trying to utilize maximum possible of the expanded capacity. But it will be around 22.5, you can see more than 20 million tons.

Vishnu Kumar: So, even irrespective, however, we signed the contract spot, medium term whatever we bring in, you are still expecting that next year you can do 100% utilization there?

Vinod Kumar Mishra: Because reason why I told you that we have capacity of 17.5 million tons and we are operating at almost last quarter, we have operated around 20 million tons, although we have contracts for 15.75 million tons for Regas capacity and other trading volume. So, you can see that we are able to utilize more than what we have on a long-term basis, capacity booking. So, it is not a challenge because once the prices are moderate then more volumes are coming in terms of spot and short term LNG. So, there is no damage. We hope that we will be able to utilize the entire capacity which is being expanded.



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- Vishnu Kumar:** And sir, Kochi, let us say, the pipeline comes through and if we head closer to about 4.5-5-million-ton utilization at that time will our average tariff drop from where we are today?
- Vinod Kumar Mishra:** Average?
- Vishnu Kumar:** The realization that we are getting in Kochi if our utilizations in Kochi improves both the pipeline will our tariffs at Kochi further go down?
- Vinod Kumar Mishra:** This we cannot discuss. Right now, Kochi tariff is fix. There is no reason to revise it and we are not thinking about that. Whatever be the capacity utilization, it will continue like this only. This issue has not been considered so far, so I cannot future what will happen, nobody knows, but as of now there is no discussion on this issue.
- Vishnu Kumar:** Because a couple of years ago, I remember, sir, we were discussing that because utilization was slow we had?
- Vinod Kumar Mishra:** Yes, we had discussed. You are right and we had also revised this downward and thereafter it has gone up to level of 89.33 now also. So, it is there.
- Vishnu Kumar:** The next question is, sir, we have seen some new contracts by Shell getting signed even at 11% on oil and also we also understand, as you are also highlights, a lot of new liquefaction terminals are coming. So, we have signed at about 12% with Qatar, so do you see a scenario that a couple of years down the line where we might get further new contract getting signed at much lower than what we have signed with Qatar and how will that impact our current as you said our Qatar contract is getting, still in talks with our off takers to sign it. Here do you see a chance that this is a possibility? And how do we mitigate in the contract itself that this kind of problem will not arise for us where we don't, we are not able to place the volume?
- Vinod Kumar Mishra:** Price part we cannot discuss because it is confidential matter-, but whosoever is signing the contract at whatever rate be, but we cannot discuss how much we have done and how much others are doing. And other things are that who has signed 11%, I don't know, but whatever we have signed is a good contract and it is back-to-back. And there is no reason for revision in that contract in future also. Because it is a fine price, it is good price. And what others are doing that is not going to impact us, but we can assure you that there is no challenge to PLL as such. It has been already tied up back-to-back, we won't don't foresee any reason to revision of prices in future in LNG prices of Qatar.
- Vishnu Kumar:** And the receivable for short volumes for calendar year 2021 fee understand was about Rs. 420 crores, just for bookkeeping, how much was provided out of this 420, sir?
- Vinod Kumar Mishra:** You are talking about use or pay charges?



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- Vishnu Kumar:** Yes, sir.
- Vinod Kumar Mishra:** It was around Rs. 420 crores, whatever it may be, but now it has come down slightly because some of the capacities have been brought. So, it has come down to almost Rs. 378 crores.
- Vishnu Kumar:** So, my question was whether we have already provided this in P&L fully or was there something that was pending? I mean in 4th Quarter trying to understand that whether we will have a positive or a negative impact on P&L?
- Vinod Kumar Mishra:** We are saying that whosoever will bring the volume in excess of the annual commitment, annual ADP, they will that to that extent, volume, the use or pay charges will be reversed because that part of volume has been booked as sales revenue. So, there is no challenge in that, but only thing we will be able to do this only after the 4th Quarter, which is after December, who was able to bring it and who was not able to bring it. Then we will see what action to be taken and as you know we have the bank guarantees of all our off takers, and this is the arrangement they have agreed. So, we hope that it will be recovered. For 2021, it should be recovered by December 2024.
- Vishnu Kumar:** Sir, my question actually was this Rs. 420 crores, which you just mentioned, it has already been provided fully in the P&L till date that was the only question I asked?
- Vinod Kumar Mishra:** No, it would have been provided by this year end, but there is no need because by that time almost settlement will happen. It is almost 75% we have provided, and balance is to be provided, but perhaps it will not be required because by that time settlement is to be done by December.
- Moderator:** Thank you very much. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to the management for the closing comments. Thank you and over to you.
- Vinod Kumar Mishra:** Thank you very much. I first of all wish all of you Happy Diwali. And as you know that we have been doing our best to perform in terms of physical performance of Dahej and Kochi and this endeavor will continue even in future. And as I told you, that company is doing very well and after new upcoming projects being in place, perhaps the bottom line will further increase and the level of Company will be very high. So, I thank all of you for imposing confidence and faith in our company and we want to assure all the investors that we will continue to endeavor to increase the bottom line of the company and any decision taken will be on a commercial basis. It will not be any outside pressure or any influence. So, this is how we are proceeding. Thank you very much.
- Moderator:** On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.