



Petronet LNG Limited

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PAN: AAACP8148D

GST: 07AAACP8148D1ZI

CS/PLL/LISTING/Reg-30/2023

Date: 27.01.2023

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 20.01.2023

Dear Sirs/Madam,

This is with reference to our intimation dated 16th January 2023 and 21st January 2023 intimating holding Conference Call of the Company scheduled on Friday, 20th January 2023 at 6:30 PM (IST) for unaudited Financial Results of the Company for the quarter and nine-month ended 31st December 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:

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 Limited
Q3 FY 2023 Earnings Conference Call”

January 20, 2023



MANAGEMENT: **MR. VINOD KUMAR MISHRA – DIRECTOR, FINANCE – PETRONET LNG LIMITED**
MR. RAKESH CHAWLA – GGM AND PRESIDENT, F&A – PETRONET LNG LIMITED
MR. GYANENDRA KUMAR SHARMA – CGM AND VICE PRESIDENT, MARKETING – PETRONET LNG LIMITED
MR. VIVEK MITTAL – CGM AND VICE PRESIDENT, MARKETING – PETRONET LNG LIMITED
MR. DEBABRATA SATPATHY – GENERAL MANAGER, F&A – PETRONET LNG LIMITED
MR. ASHWANI AGARWAL – MANAGER, F&A – PETRONET LNG LIMITED

MODERATOR: **MR. PROBAL SEN – ICICI SECURITIES**



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Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY '23 Earnings Conference Call of Petronet LNG Limited hosted by ICICI Securities. 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Probal Sen from ICICI Securities. Thank you, and over to you, sir.

Probal Sen: Thank you so much. Good evening, everyone. Thank you for making the time to attend this post Q3 results con call of Petronet LNG Limited. We have the top management of Petronet LNG with us, including Mr. Vinod Kumar Mishra, Director Finance; Mr. Rakesh Chawla, GGM and President, F&A; Mr. G.K. Sharma, CGM and VP, Marketing; Mr. Vivek Mittal, CGM and VP, Marketing; Mr. Debabrata Satpathy, General Manager, F&A; and Mr. Ashwani Agarwal, Manager, F&A. I will now hand over to the management to give a briefing on the results. And after that, we'll have a Q&A on the same. Sir, over to you.

Vinod Mishra: Thank you. Thank you, Probal. A very good evening to all of you. And I'll start with the highlights of our results. So first is that highest ever turnover PBT and PAT of INR 46,025 crores, INR 3,517 crores and INR 2,626 crores, respectively, in the current nine months, as compared to the corresponding nine months of the previous year. And the highest ever PBT and PAT of INR 1,586 crores and INR 1,181 crores, respectively, in the current Q3 for financial year 2022, '23. And the growth in PBT and PAT has been to the extent of 60% and 59% as compared to the profit -- PBT and PAT of the previous quarter.

So this is the highlight. Now I'll begin with the throughput in our plants. So basically, Dahej has processed in this quarter, 154 TBTU as against 182 TBTU in the previous quarter and 196 TBTU in the corresponding quarters. As far as Kochi is concerned, it has processed 13 TBTU in the current quarter, 10 TBTU in the previous quarter and 12 TBTU in the corresponding quarter. So this is the throughput in the plant. And if you look at the nine-month period, during which how much TBTU has been processed.

So during these current nine months, Dahej terminal has processed 532 TBTU as against 615 TBTU in the corresponding nine months of the previous year. And the overall throughput of both the terminals for the current nine months has been 567 TBTU as against 657 TBTU in the corresponding period of the previous year.

And if you look at the profitability, I've just mentioned, the PBT has been INR 1,586 crores as against PBT of INR 994 crores in the previous quarter and INR 1,533 crores during the corresponding quarter. And PAT has been INR 1,118 crores in the current quarter as against INR 744 crore in the previous quarter and INR 1,144 crores in the corresponding quarter.



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So this is the PBT and PAT result. Apart from that, as I mentioned, the company has reported highest ever turnover of INR 46,025 crores in the current nine months as against INR 32,008 crores in the corresponding period of the previous year. So, there is a growth of around 44%.

But this is largely due to the price which has been higher in this period as compared to the corresponding period.

And if you look at PAT and PBT of this particular period of nine months, PBT has been INR 3,517 crores, as against PBT of INR 3,489 crores in the corresponding period of the previous year. PAT has been INR 2,626 crores, as against a PAT of INR 2,602 crores in the corresponding period of the previous year. So if you look at -- this is the result and if you see, there has been impact of Ind AS to the extent of INR 60 crores in Q3'22-23 due to foreign exchange volatility. And as per the provision of Ind AS, we have recognized that -- because you know that exchange rate of dollar versus rupee has gone upside. And therefore, there is a loss to us also because we're reporting in dollar terms. So we have to convert and we have recognized loss of INR 60 crores in this quarter.

So this is all, and perhaps these robust results have been due to optimization in our operations and hope we will continue to do it even in this period, which has been very difficult for us, but somehow we were able to manage it. And still, we have reported higher ever PAT and PBT in the current quarter. If you look at the total throughput, long-term contract and for short-term service, you'll find that in Q3, long-term contracts, which we have processed in Dahej is 104 TBTU and Kochi has been 13 TBTU, total 117. Short term, we have processed 3 TBTU in Dahej and then service part, we have processed 47 TBTU in Dahej. So total makes it to 167 TBTU in this quarter as compared to 192 TBTU the previous quarter and 208 TBTU in the corresponding quarter. So these are the results. Now you may ask the questions.

Moderator: The first question is from the line of Puneet from HSBC.

Puneet: My first question is with respect to the income that you've recorded this year for use and pay charges of almost INR 849 crores. And there was a similar number, INR 415 crores or rather half of it last year. What is the progress in terms of negotiation? Have they recognized or have they even acknowledged these outstanding deals so far or not?

Vinod Mishra: It has been our claim as per the contracts. And continuously, we are following up with the customers that they should pay it because this is payable as per the contracts. But as you know that so far, we have not received it, this is true. But still, we are focusing on getting the payments as early as possible. But if you look at the kind of situation which is prevailing, what's happening that volume itself is not coming too much to India. And that's why there's an issue and we have to book use or pay charge of INR 849 crores this year also.



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So situation is difficult, but still we are making all efforts to recover this and perhaps we are still negotiating. We're continuously talking to them and whenever there is a progress, we will certainly report to you that how much we have recovered. Follow-up is continuous, and it has been, in fact, followed at a very senior level and let us hope that positive results should come out.

Puneet: And is it fair to assume that there is no issue with respect to the other long-term volumes? That's so straightforward and you're getting paid for that?

Vinod Mishra: Long-term volume, is coming as usual. There is no issue as far as all the long-term contracts are concerned, Rasgas contract or the ExxonMobil are there. They are all coming, and they are being paid in time, there is no issue. The problem is the service volume, which basically is the capacity booked where they had to bring some cargoes and get them regasified at our terminals. So that part has not been supplied. That is the only part which is lacking.

Puneet: Okay. So in that context, can you give me the amount of receivables outstanding as of Q3 and net cash?

Vinod Mishra: You are asking how much is outstanding?

Puneet: Yes, total receivables end of Q3 and net cash end of Q3.

Vinod Mishra: Total receivable as on 31st December, Rs 3,513 Cr but this includes everything.

Puneet: It includes the 1,200 something number as well?

Vinod Mishra: Yes, yes, it includes Rs 1,200 Cr and apart from other long-term contracts, this is also there.

Puneet: And net cash?

Vinod Mishra: INR 6,900 crores is the cash available as of now.

Puneet: And if you can share the numbers for service income as well for the current quarter?

Vinod Mishra: Service volume?

Puneet: No, volume you shared, you also report the income from services. What is recorded?

Vinod Mishra: INR 1,112 crores as against INR 438 crores in the previous quarter and INR 755 crores in the corresponding quarter.

Puneet: And last one is an update on your capex plan. How is that going and where have you spent so far?



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Vinod Mishra:

Capex plan, as I've mentioned, our two tanks are under construction. Approximately 50% progress is there out of total tank cost of INR 1,246 crores. And we are going for Jetty also. So that will be a capex of INR 1,700 crores. And we have already got the approval of both and we are now going for tendering process for awarding that job.

And apart from that, we still have one terminal on the East Coast, Gopalpur terminal. So that part also is progressing. And in fact, it has been approved by the Board also. So now we are looking forward to having other agreements, implementation of agreements and other agreements with the Gopalpur Port Trust and perhaps if that is done; thereafter, we will go ahead with tendering process for that. So, all feasibility, environment clearance, all those things are required. That process is going up. So that is also a capex of around INR 2,300 crores.

And apart from that, as you know that we already have a plan to have one PDH-PP plant in Dahej. So that part is still going on, and that is a capex, huge capex, intensive capex item and involves around INR 13,000 crores-INR 14,000 crores investment. But that is an initial stage, because we are now looking forward to go for licensing selection process. And after selection of licensor, we will go ahead with this approval from the Board for the plant. So, that is how we are progressing.

And other capex plan, if you look at LNG stations which are there, but, as we have mentioned, four stations will be commissioned very soon. Currently they are under construction and more will come. But again, issue is the high price of LNG. So that is causing a worry, but now there is a silver lining that we are getting some price reduced. And in the current last two days, I've seen the price has been ranging between \$16 to \$20 .

So if that remains the price throughout the year, then we can think of some momentum and augmentation in the process of installation of LNG stations and conversion of trucks to LNG fuel trucks. So all those things are there.

Other things I have already mentioned, CBG part is also there, but that is, again, an issue because state government has to allot land to us, then we can think of it. But that is not working well right now because we are not getting the land. Once we get the land, then we can think of those plants also.

Moderator:

The next question is from the line of Nitin Tiwari from Yes Securities.

Nitin Tiwari:

The first question is about the bookkeeping one. How much of the Gorgon volume was at Dahej in this quarter?

Vinod Mishra:

5.44 TBTU at Dahej and 13 TBTU at Kochi



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Nitin Tiwari: The second question is regarding the regas service volume that we have in this quarter. So they are fairly low although like, there was a moderation in LNG prices which was seen progressively over the third quarter. So why this sudden drop? Is there any significant contractor who has backed out and related to that the use or pay that we have booked as of this quarter, does that also include non-usage of the regas service facility in this quarter and because the volumes are pretty low so, if you can just help me understand that?

Management: The regas service income is for the entire contract year, which is the calendar year. So it is for the entire 12 months and secondly, these situations keep on happening. There was not much softening in the prices. Anything above \$20 is not sustainable in Indian markets. So that's the reason the volumes were on the lower side. Just now as DF sir mentioned that the prices are now at the sub-20 level, so we expect some peak in the volumes.

Nitin Tiwari: The prices were above \$ 20 for most of the year, but we saw a sharp drop in the third quarter and actually the prices started cooling off. So I'm just trying to like ask if volume will increase?

Management: The volumes have reduced as Vivek has just told you. Also because domestic gas was available on IGX, so some of the customers have bought the volumes from there also. So the high pressure, high temperature gas is available in the market. Those volumes are being lifted by the customer. So the number of cargoes have not come, as far as our spot cargoes are concerned. So that is the basic reason, two, three reasons we can say that the volumes have been low. But the reason is obvious, prices are still high although. But we hope that now prices will come down because we see that there is less demand in the market, at least in the European market. And because of that, the prices are lower. And we hope that this continues in the fourth quarter, then more volumes will come. Because I'm sure that if prices remain at this level, \$16 to \$20, then certainly spot cargoes will come to India in this quarter. So we are hoping and in fact much hopes on this particular theory that prices are down so people will buy and more cargoes will come and we'll get the volume for regasification.

Nitin Tiwari: Lastly sir, just if I missed the trading gain and inventory gain if you have already shared then please?

Vinod Mishra: Trading gain, if you look at this quarter, has been only INR 25 crores. So trading gain has not been much in this quarter. But earlier, it has been substantial. But right now it is not there. Trading margin I am just telling you, in fact INR 25 crores. Inventory valuation is INR 95 crores. So this is how we have performed.

Nitin Tiwari: I did not get the last part. You said INR 35 crores is?

Vinod Mishra: INR 25 crores is the trading margin. And there is an inventory valuation also which is INR 95 crores. Again, inventory valuation. You can add both of these and you can find the figure.



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Moderator: The next question is from the line of Sabri Hazarika from Emkay Global.

Sabri Hazarika: So I have 2 questions. One is basically the India AS bookkeeping question from Debabrata

Vinod Mishra: Yes, Debabrata is here

Sabri Hazarika: So I have two questions. One is basically the Ind AS bookkeeping question from Debabrata. So what was the run rate for the quarter in terms of cost of goods sold, other expense, depreciation, interest and other income?

Debabrata Satpathy: Yes, Sabri. INR 161 crores at the gross margin level positive. Then INR 60 crores forex loss.

Sabri Hazarika: Forex loss of INR 60 crores, okay...

Debabrata Satpathy: And INR 8 crores at the expenses level positive. And the depreciation is INR 84 crores and interest is INR 79 crores.

Sabri Hazarika: So INR 54 crores negative is the amount.

Debabrata Satpathy: Yes, INR 54 crores negative.

Sabri Hazarika: So just a follow-up on this. So are we entering a level where I think this whole lease accounting is reversing now or...

Debabrata Satpathy: As we had explained to you, the lease accounting will start reversing from FY 25.

Sabri Hazarika: From FY 25. Sorry.

Debabrata Satpathy: For FY 24, it will come to a level of breakeven.

Sabri Hazarika: And 5.44 was the Gorgon volumes, right, in Dahej?

Debabrata Satpathy: That's right.

Sabri Hazarika: And second question is on the current scenario, I don't know whether you'll be able to share it or not. So, what is the current utilization level right now? So, we have seen the prices come down, but...

Debabrata Satpathy: Yes, utilization level is 81% as of now. It has increased as compared to this current quarter we have just mentioned, 68%. So now level has picked up. As you rightly said, I have said that prices are down and even long-term prices are also very less nowadays. It is between \$11-\$12 and even the spot prices have come down. Two days back it was \$16 something. So, I think if prices are at this range, volume will definitely come up. The utilization level is 81% as of now.



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- Moderator:** Thank you. The next question is from the line of Pinakin Parekh from JPMorgan.
- Pinakin Parekh:** Sir, my first question is you mentioned that utilization levels have gone up. So is it fair to say at this point of time, fourth quarter we can see volumes between 190 TBTU to 200 TBTU?
- Management:** Actually, this prediction cannot be given because as of now, it is looking good. But let some more time pass. It is only the beginning of the fourth quarter. So it is too early to predict any volume right now, but you can see that 81% is how much – I don't think it will not be fair to give the prediction right now.
- Pinakin Parekh:** My second question is given that the INR 800 crores-plus of revenue booked for this take or pay in this quarter, so if we take that out, then the profitability picture looks different. Sir, is there, now I understand that you mentioned that the company is in talks with the counter parties, but is there a time limit beyond which if it's not realized then the company Petronet would have to write-off this amount? What is the legal time limit where you can continue to show it as dues receivable?
- Management:** See, it's not a legal question of legal time limit, it's auditor's view. But in fact, we are confident that we will be able to sort it out. And we will try to do it in the next quarter itself, if possible, at least for the last year, INR 450 crores, which is outstanding. This year only (FY 2023) we have just raised the bill, and even date of payment is not due. So, it is still not due. We have raised the bill only for INR 849 crores. This have been shown as revenue, but there is enough time to see how they react.
- But last year we are following up for INR 450 crores and we will definitely try to recover entire amount and then of course there should not be any issue of provision. And this time we have not made a provision but we are going to aggressively follow it up in the fourth quarter.
- Moderator:** The next question is from the line of Mayank from Morgan Stanley.
- Mayank:** Sir, two questions from my side. First was in terms of the receivables, is there something that you will consider if you can't recover the entire amount by March in terms of the dividend? How will it impact your dividend payout? And the second question was related to long-term LNG sourcing. We have seen some peers in China and Thailand starting to kind of look at long-term gas supplies beyond 2026. What is the thinking process at your end? Sir, I'll repeat the questions. The first one was, sir, related to the dividends. This was regarding the receivables, the entire amount, you are not able to recover, especially for fiscal '23. How are you thinking about that impacting your dividend payout?
- Vinod Mishra:** There is no link here. Two things are entirely different. Because for making payment of dividend, you need cash, and cash surplus we have. So it will not impact the dividend, just be assured.



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This is something else because we are fighting for it and we will try to get it also. But at the same time, there is no cash shortage. So I don't think there is any impact on the dividend part.

Management:

Mayank, just to add to your answer, basically after the last year, I mean FY '22, we had booked some use or pay. But after that also, two dividends have been paid. And this year, whatever has been booked, the due date has not yet also come. We have just recently done the billing also, couple of days back as per the contract. So as DF sir has told that there is no link between these two.

Mayank Maheshwari:

Very clear, Thanks for that. The second question was more related to a long-term view. Now we have seen your peers starting to tie up long-term supplies beyond 2026, especially in countries outside India. So what has been your view or you still think it's too early to kind of go into the market?

Vinod Mishra:

No, no, it's not. We are already in the market. And in fact, we are already negotiating for our RasGas contract. That negotiation is already going on for renewal. And apart from that, we are also looking for some additional volumes to be taken. So that part is going on. And perhaps we have to finalize by this year only for the renewal of the contract and additional volume if at all. We are looking forward to that. So there is no reason why we shouldn't, but at the same time, we would not like to enter into the contract where we are, in fact supposed to make payment, which is at little bit higher slope of the brent or a higher priced gas.

So we are trying to get a reasonably priced gas. So that's why there might be some delay because the market is very hard. And in such a hard market, if you go, certainly, prices will be higher. It's not fair to go for higher prices because this will pinch in the long term. So it's better to delay for some time till the time the prices are reasonable. And now we see that prices are coming down. Hopefully, this will remain in this range of \$16 to \$20. So if this remains in that range, then we'll get a better slope in the market, apart from renewal of our RasGas volume. So that is there, but none of the Indian parties have entered any contract profile, but outside parties have done it, maybe China and other countries have done it. But we are trading with extreme care, and we are trying to go for a contract, which is reasonably priced so that in long term, that should not pinch.

Moderator:

The next question is from the line of Vikash Jain from CLSA.

Vikash Jain:

Just one question on this use or pay income that we have booked. Now when I look at the third-party volumes that have been booked for this calendar year versus last calendar year, roughly, there's about 100 TBTU difference, 90 to 100 or whatever, around that benchmark. But if we were to look at what you had booked in 3Q and 4Q of last year, assuming that all of that was for calendar year 2021. Then from that perspective, should we expect you to book more in the first quarter as clearly, this number is similar to what you had booked during the last year, including the two quarters. So this number should be higher, right?



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- Vinod Mishra:** No. Actually, this year, we have booked for the entire year, for calendar year 2022. Last year, what happened that in 2021, we had booked INR 347 crores around of use or pay in the third quarter and INR 83 crores in the fourth quarter. So this was the segregation. So both of them were for the calendar year 2021. So both of these will make it around INR 430 crores of use or pay. So I think this is the right number if you compare from number to number because this year, it has been INR 849 crores. Last year, it has been INR 430 crores.
- Vikash Jain:** So Mishraji that's what I'm comparing. So I mean from so INR 430 crores versus this year being sorry, 849. Okay. Sorry. Okay, understood.
- Moderator:** The next question is from the line of Avinash Karumanchi from Equirus.
- Maulik Patel:** This is Maulik Patel. Sir, a couple of questions. One, have you taken the price hike at Dahej for this calendar year, 5% per annum?
- Vinod Mishra:** 5% per annum.
- Maulik Patel:** Yes, that has been taken, right?
- Vinod Mishra:** Yes, yes, it is taken as per contract.
- Maulik Patel:** Okay. So the revised price is about INR 59?
- Vinod Mishra:** It's around INR 59. Earlier, it was earlier 57-point something.
- Maulik Patel:** And sir, regarding the take-or-pay as you have clarified a lot, but what are the options we as the company have? And in case this continues for another year and the price of the global LNG market remain high, there can be another take-or-pay liability. How are we going to address this and what has the Board discussed about this matter? What are the options available to us apart from pursuing the pending dues which you're probably doing ? And are you going to charge interest rate on the pending lease of CY '21? Because it's more than a year and we have not received the amount from the customers.
- Maulik Patel:** This is Maulik Patel. You were telling me about the tariffs.
- Vinod Mishra:** We were telling about Dahej regas charges. So it is now INR 59.91.
- Maulik Patel:** INR 59.91, right? And what will be the charges at the Kochi, sir, it was around 80?
- Vinod Mishra:** It is around 81.04 is there. And it will be revised for FY 23-24 next time. But it is now INR 81.04.



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- Maulik Patel:** Sir, my second question is that on the take-or pay, if this amount doesn't get recovered, are you going to charge interest rate on the CY '21? That's number one, pending amount of around INR 3.2 billion? And secondly, sorry, INR 4.2 billion. And second is that what are the options available with the board to get the required amount. Are there any bank guarantees, which have been with us as a part of the contract or apart from pursuing the negotiation or any legal measures which we can deploy?
- Vinod Mishra:** So, if you look at the composition, the company's composition, it is that our promoters are our off takers also. But they are not regular defaulters. This is an unprecedented situation, which is causing this kind of problem. But certainly, we still are following up for making the payment because ultimately, this is the contract that they have to pay, if they are not able to use. And perhaps issue is that if you ask for security, we certainly from, as a promoter, we don't have it right now. But there has never been a need also for that.
- It has been a contract for the last almost 18, 19 years, and we have not seen any default. It is the first time ever this situation has come that they are not making payments. And perhaps we hope that this will be very shortly settled because we are following up. And we have taken a challenge that in this quarter, we will try to resolve it.
- Maulik Patel:** Sure, sir. Sir, this INR 1,300 crores of amount, is it pending from your promoters which is like GAIL and IOC and BPCL? Or is this largely from those other customers, which are not your promoters, which is like GSPC and Torrent?
- Vinod Mishra:** It is all. It is all. Except GAIL, all are there in this 849. So GAIL has not defaulted at all. Otherwise, IOCL, BPCL, GSPC, Torrent etc all are there
- Maulik Patel:** You mentioned about the capex for the Petchem is around INR 13,000 crores? That was the indication amount?
- Vinod Mishra:** INR 13,000 crores.
- Maulik Patel:** INR 13,000 crores. And that is likely to get approved by this -- the next quarter?
- Vinod Mishra:** Not next quarter, I cannot comment because still we are in the process of licensor selection. Maybe within six months, we can say.
- Maulik Patel:** And what kind of a time duration once you get an approval from the Board because you already have a land, right, in your possession. What kind of a time scale we are looking for to set up this project?



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Vinod Mishra: It's still almost four years, it will take almost, for approval and awarding the job for the project. So it will be in a staggered manner. capex will not be in a day. This is for the span of almost four years.

Moderator: The next question is from the line of Siddharth Chauhan from B&K Securities.

Siddharth Chauhan: My question has been answered.

Moderator: The next question is from the line of S Ramesh from Nirmal Bang Securities.

S. Ramesh: Good evening and thank you very much. So, if we have to understand the use-or-pay provision of INR 848 crores, that is entirely for April '22, March '23. So out of that, how much should we assume for the third quarter if we have to adjust those numbers?

Vinod Mishra: Actually, this use-or-pay charges is valid once in a year. We don't account for it in every quarter because we give an opportunity to all the off takers and all the customers that they should utilize within this calendar year. So it's basically calendar. As you said from 1st January 2022 to 31st December 2022. So if they are able to use their quantities booked in this period, then we don't levy anything. But after this date passes, means after 31st December, we levy the use-or-pay charges.

S. Ramesh: So in terms of the coming financial year, at what capacity utilization should we expect the company to be looking for?

Vinod Mishra: We are very bullish about it, and we are expecting more than 80% and we are going on at 81%. So now volume is coming. So we are hopeful that at least it will be in the range of 80% to 90%.

S. Ramesh: So the question I'm trying to drop in with is, in future if the capacity utilization decline, how do we account for this in terms of making the estimates because if you go by 60%, 70%, the earnings come lower than what you report. So at what level capacity utilization should we expect the use-or-pay charges to be booked on a calendar year basis?

Vinod Mishra: See, we don't expect any use-or-pay charges. In fact, we don't want it should happen at all. They should come and book their capacity and use the capacity. And this is the intent of all the customers. They don't want to get this bill unnecessarily again for use-or-pay charges. But this is compulsion because of the high prices of LNG. It has been there.

But now prices are also coming down. If you see it has been in the range of \$20, but yesterday I don't think it was more than \$17, before that it was \$16. So, if the prices are in that range, then perhaps you will find more cargos coming here and customers would use it. But at this level, when it is \$30, \$35, \$40, the consumption is very less, because of the high prices.



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And certainly, we are now very hopeful that if this kind of pricing of \$16 to \$20 persists, we can expect more volumes at least in the third quarter -- fourth quarter and the capacity utilization will be much, much higher.

S. Ramesh: And then what is the status of the two-phase expansion in Dahej. When do you see the complete closure of the projects and volumes contributing to your utilization, say in Dahej once the expansion is over?

Vinod Mishra: You are talking about Dahej expansion of five MMTPA? So we expect that by the end of 2024, we should be able to get at least 2.5 MMTPA and by March '25, we should be able to get at least next 2.5 MMTPA. So by March, you can say March 2025, we should be able to get this capacity. And we are hopeful that, that capacity again will give us flexibility so that we can book more capacity with the customers. And perhaps, we can also think of more volumes coming in for our own purpose also because you see we are, in fact, importing some cargoes on behalf of ONGC also. So, if we get some volume contracts, then we shall have that advantage and we can process it, we can store it in the two tanks that we are constructing.

So there are lot of business opportunities which are there because then we can also have some trading volumes with us in future, if at all, there is an opportunity. So that kind of flexibility will be there. And apart from that, we are also looking forward to having some capacity booking for the expansion we are going for Dahej. We are very optimistic about this.

Moderator: The next question is from the line of Somaiah V from Spark Institutional Equities.

Somaiah V: So, the first question in terms of the take or pay, the revenues that you have booked, what would be the equivalent volumes in both the years for calendar year '21. If you can give a number in TBTU for calendar year, 21 and 22?

Vinod Mishra: You are talking about 21-22?

Somaiah Valliyappan: For both the years. Sir, calendar year FY 21 and FY 22.

Vinod Mishra: For 2021 it was 80 TBTU. And for 2022, it is 155 TBTU.

Somaiah Valliyappan: And second question is with respect to the Petchem project. So what would be the IRR broadly that you'll be looking in for this project? And when do we expect capex to start for this project? And also, you mentioned that it will happen over a period of time. So any color on that, that will be helpful?

Vinod Mishra: So IRR, as you know that we have a policy here that whatever project we undertake, there is a project approval authority, which ensures that unless we get an equity IRR of 15%, we don't go for the project. So in this case, we are getting a handsome IRR, and we cannot mention right



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now. These are premature things. But it is above 16% equity IRR, so that is for sure. And as far as the capex plan is concerned, it will be in a staggered manner in the next four years after approval and awarding of the job.

So hopefully, we can say that INR 13,000 crores will be spent not equally than certainly initially, it may be less INR 2,000 crores and then INR 3,000 crores, INR 4,000 crores like that and INR 5,000 crores. So it will be like that only. For year 23 and 24, it may be less. But in subsequent years, it may be high because we are expecting it by '26 end. So it will be in a staggered manner, INR 2,000 crores to INR 4,000 crores each year.

Somaiah Valliyappan: One last question. Sir, what will be the capex profile for the next -- I mean, for this year, what would be your capex amount? And then what are we looking at next year at a company level? And when is the Gopalpur project expected to be complete?

Vinod Mishra: This actually -- next year, you are talking about FY 23-24 or this year, you are talking FY 22-23. It will be in the range of INR 1,200 crores- INR 1,250 crores approximately.

Somaiah Valliyappan: So you're referring to FY '23?

Vinod Mishra: Next year, it may be even higher than that, maybe we are likely to spend around INR 1,800 crores . But this year, INR 1,200 crores you can say, exactly.

Somaiah Valliyappan: And the last part of the question, I mean, the Gopalpur terminal, when is it expected to complete?

Vinod Mishra: When it will be?

Somaiah Valliyappan: When is it expected to start?

Vinod Mishra: Yes, I just told you that we are still doing some due diligence regarding this agreement signing and all those things are being followed up. And certainly, we will enter the agreement with the Gopalpur Port Trust so that we get the right to build the terminal over there. We have, in fact, contacted the state government authorities and we are seeking environment clearance and some other clearances from the authorities.

And thereafter, we will, in fact, go for the awarding of jobs. So if you look at present, we are planning to have FSRU terminal. So it should not take too much time, approximately 2 years' time for the FSRU terminal after awarding the job. So firstly, we're trying to get the clearances so that the agreement is signed and everything is placed well, before awarding the work to the contractor for construction of the LNG terminal.

So it will be least, 2 years.. The time frame for construction of the FSRU terminal, Gopalpur should not be more than 2 years. But this is after award of the job.



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- Moderator:** The next question is from the line of Puneet from HSBC.
- Puneet:** My questions have been answered.
- Moderator:** Thank you. Ladies and gentlemen, this was the last question for today. I would now like to hand the conference over to Mr. Probal Sen for closing comments.
- Probal Sen:** Would you like to give closing remarks Sir?
- Management:** No. In fact, I have said everything whatever I had. The only thing is that I want to convey my sincere thanks to all the analysts and investors because they have reposed faith in us. And in fact, we are also trying hard that our profitability should always increase from the last time. So this is why we are able to achieve even higher profit than previous corresponding quarters and previous quarters.
- So our effort is always there to increase and augment the profitability as much as we can. And the only concern was the high price of LNG, which I think in due course of time will be addressed, and then we will have that 100% utilization of our terminal as we used to do earlier. So with this, I would like to close my remarks.
- Probal Sen:** Thank you so much, Sir. It was a fairly insightful and a fairly detailed Q&A session. I thank all the participants and most importantly, the management. This is a tough macro environment for the gas space. So obviously, it's a challenging environment. And I think the performance has to be appreciated in that context. Thank you so much for your time, everyone. You can log off now.
- Vinod Mishra:** Thanks to all of you.
- Moderator:** Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.