



Petronet LNG Limited

Regd. Office: World Trade Centre, Babar Road, Barakhamba Lane, New Delhi – 110001

Phone: 011-23411411, **Fax:** 011- 23472550, **CIN:** L74899DL1998PLC093073

Email: investors@petronetlng.in, **Company's website:** www.petronetlng.in

PAN: AAACP8148D

GST: 07AAACP8148D1ZI

CS/PLL/LISTING/Reg-30/2024

Date: 30.05.2024

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 23rd May 2024

Dear Sirs/Madam,

This is with reference to our intimation dated 20th May 2024 and 23rd May 2024 intimating holding Conference Call of the Company scheduled on Thursday, 23rd May 2024 at 12:00 Hrs (IST) for Audited Financial Results of the Company for the quarter and year ended 31st March 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 Limited Q4 FY-24 Earnings Conference Call”

May 23, 2024



MANAGEMENT: **MR. VINOD KUMAR MISHRA – DIRECTOR (FINANCE) PETRONET LNG LIMITED.**
MR. RAKESH CHAWLA – GROUP GENERAL MANAGER AND PRESIDENT (F&A) PETRONET LNG LIMITED.
MR. GYANENDRA KUMAR SHARMA – GROUP GENERAL MANAGER & PRESIDENT (MARKETING) PETRONET LNG LIMITED.
MR. VIVEK MITTAL – CHIEF GENERAL MANAGER & VICE PRESIDENT (MARKETING), PETRONET LNG LIMITED.
MR. DEBABRATA SATPATHY – GENERAL MANAGER (F&A), PETRONET LNG LIMITED.
MR. VIKASH MAHESWARI -- DEPUTY GENERAL MANAGER (F&A), PETRONET LNG LIMITED.

MODERATOR: **MR. NITIN TIWARI - PHILLIPCAPITAL (INDIA) PRIVATE LIMITED.**



*Petronet LNG Limited
May 23, 2024*

Moderator: Ladies and gentlemen, good day and welcome to the Petronet LNG Limited Q4 FY24 Earnings Conference Call hosted by PhillipCapital (India) Private Limited.

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 the “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nitin Tiwari from PhillipCapital (India) Private Limited. Thank you, and over to you, sir.

Nitin Tiwari: Thank you Steve. Good day ladies and gentlemen. On behalf of PhillipCapital, I welcome everyone to Petronet LNG’s Fourth Quarter FY24 Earnings Call.

From Petronet LNG we have the pleasure of having with us today Shri. Vinod Kumar Mishra – Director (Finance); Shri. Rakesh Chawla – GGM & President (F&A); Shri. Gyanendra Kumar Sharma – GGM & President (Marketing); Shri. Vivek Mittal – CGM & VP (Marketing); Shri. Debabrata Satpathy – General Manager (F&A); Shri. Vikash Maheswari – Deputy General Manager (F&A).

I will now hand over the floor to PLNGs management for their opening remarks, which shall be followed by a Q&A session. Over to you, sir.

Vinod Kumar Mishra: Thank you, Nitin. And a very good morning to all of you.

So, first of all, I will start with the performance of the Dahej. And if you look at the physical performance at Dahej, this time in this Q4 we have processed 219 TBTU as against 172 TBTU in the corresponding quarter and 218 TBTU in the previous quarter. And if you look at the overall throughput of Dahej and Kochi taken together then it’s 234 TBTU and it was basically 185 TBTU in the corresponding quarter and 232 TBTU in the previous quarter. So, there has been the highest ever throughput in this Q4, if we compare all Q4 till now. So, this is very good that physically we have been able to perform better in Dahej this time. And the overall throughput has been at Dahej for the entire year 865 TBTU as against 704 TBTU in the corresponding previous year. And it has also improved drastically, and it has gone up almost 23% higher.

So, I think, So, physically we have performed well this quarter and if you look at the quarterly results, it has been Rs.996 crores of PBT in this Q4 2024 as against Rs.818 crore in the corresponding quarter and Rs.1,597 crore in the previous quarter. And if you look at the PAT it has been Rs.738 crore in this Q4 as against Rs.614 crore in the corresponding quarter and Rs.1,191 crore in the previous quarter, but if you look at the previous quarters, there were use or



*Petronet LNG Limited
May 23, 2024*

pay charges of entire year of Rs.610 crore. So, it looks, but if you remove that, then it will be around that only which is the performance right now.

And overall profitability for the year PBT has been Rs.4,757 crores as against Rs.4,335 crore in the previous year. And similarly, if you look at PAT, it has been Rs.3,536 crores as against Rs.3,240 crore in the previous financial year. So, it has been the highest ever, highlight is that the highest ever PBT and PAT in the financial year 2023-24, which is Rs.4,757 crore and Rs.3,536 crore respectively.

And another good thing is that there has been growth in volume of 22% and if you look at the throughput in Q4, it has been highest ever in Q4, 234 TBTU and growth in volume and throughput in Q4 over corresponding quarter is 26% and highest ever PBT of Q4 achieved in Q4 of Rs. 996 crore. And growth in PBT and PAT in the current quarter has been to the extent of 22% and 20% respectively as compared to the corresponding quarter.

And this has been possible because of the lower LNG prices and efficiency and optimization in our operation. And Board of Directors has declared a final dividend of Rs.3 per share in the Board meeting held yesterday. That's all from my side and house is now 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: Thank you for the opportunity. I have a couple of questions. Firstly, in terms of the capacity expansion that is ongoing at Dahej and then the new terminal that we are looking at Gopalpur, can we get a sense of what will be the effective available capacity over the FY25 and FY26 if you can give us a sense at Dahej in particular?

Vinod Kumar Mishra: Yes, in fact, we are already going for the expansion in Dahej and the work is under progress. And by March 2025 we should be able to complete the 5 MMTPA additional capacity at Dahej. So, our existing capacity of 17.5 MMTPA will increase to 22.5 MMTPA by March '25. So, you can say literally it will be '25-26 it should be available for usage and the next year you can say effectively it will be used. So, this is about Dahej and as far as the other terminal you are talking about Gopalpur that terminal will take around three years because right now, it's in the initial stage and we have in fact doing all those due diligence and other things we have signed the agreement with Gopalpur Port Limited, but only thing, there will be construction of jetty and other infrastructure over there. So, initially it is planned to have FSRU terminal, but it may be because FSRU availability is an issue in the international market. So, it may be possible that we may go for land based terminal in Gopalpur also. The existing capacity of Gopalpur was capped at 4 MMTPA in case it is FSRU terminal, but if we go for this land-based terminal then it should be around 5 MMTPA capacity, but it will take around three years' time. So, it will not be



*Petronet LNG Limited
May 23, 2024*

available in the year 2025-26 that's very obvious. And of course after three years, we can say that it should be available.

Probal Sen: Right. And sir just to follow up a little bit, in terms of the 22.5 million tonnes, so basically today we are effectively at 17.5 million tonnes, have we signed all the off take arrangements given how near now, the completion is of this additional capacity. Are all the off take arrangements in place or are we looking to still probably leverage the stock market for this additional volume, at least in the initial few year?

Vinod Kumar Mishra: We are trying to make effort that we should have some capacity booked out of 5 MMTPA and if entire capacity is booked that's good. We are following up with the customers and if it will be possible we will let you know. But right now, nothing can be disclosed, because nothing has been materialized. But in future it is possible that some capacity may be booked. But if you see the market, it's very optimistic and we hope that this capacity can be utilized in the market, seeing the growth of volume in gap usage after this price is coming down. And now, if you look at the data PPAC in the last year, there has been a total consumption of around 188 MMSCMD. And almost 48% of that was basically LNG. So, this share will further increase in future because right now if you look at the price of LNG, it is almost equivalent to the HPST gas available in the market or maybe some \$1 or \$2 maybe higher so it's not very, not much difference is there in spot LNG price and domestic gas market price. So, there is ample scope for usage of terminal in future because the growth of gas consumption will drive the further usage of our Dahej terminal and if capacity is good, then we will let you know.

Probal Sen: Got it. Sir lastly, just a couple of housekeeping questions. Can we get the number as we do every quarter of the Regas service revenue, and the IndAS impact on the numbers on depreciation, interest and other income. Thank you.

Debabrata Satpathy: Regas- revenue was Rs.674 crores. And what was your next question?

Probal Sen: Sir the IndAS impact that you typically give?

Debabrata Satpathy: The IndAS impact is on the positive side Rs. 160 crores, gross margin positive Rs.160 crores, gross margin level and FOREX lost Rs. 3 crores, and other expenses level positive is Rs. 8 crores and depreciation Rs. 82 crores and finance charges Rs. 68 crores.

Probal Sen: 58 or 68 sir?

Debabrata Satpathy: 68.

Probal Sen: Thank you



*Petronet LNG Limited
May 23, 2024*

- Moderator:** The next question is from the line of Vikas Jain from CLSA. Please go ahead.
- Vikas Jain:** This is mainly linked to this provisioning that we are doing and for the benefit of all of us, if we can clarify how this is currently working. Firstly, if you can correct my numbers if I am wrong, there's about Rs.379 crores of use or pay that you have booked in CY '21 about Rs. 844 crores in CY'22 and about Rs.610 crores in CY '23. Now, how exactly on a quarter-by-quarter basis would provisioning really work for this in terms of the provision that you are making?
- Vinod Kumar Mishra:** Yes, so if you look at this number is correct. First of all, I will confirm Vikas. And next question is that provisioning you are asking. So, we have made provision of almost 20% after end of one year in case of use or pay charges. So, for CY'21 whatever was due provision Vinodng was made to the extent of 20% last year, this was to the extent of Rs.90 crores almost because at that time, it was higher figure. So, we have made provision of 20% around is Rs. 90 crore it has been made. This year, we are making Rs.264 crore of provision. So, total provision will work out to Rs.354 crore till date. So, basically CY'22 also is there, Rs.844 crores, so 20% of that also has been provided. So, Rs.100 crore provision of last year, CY'21 use or pay charge, and Rs.169 crore of CY 2022 use or pay charge this becomes almost Rs.269 and there is some reversal of - Rs. 5 crores, and it comes to Rs.264 crore and last year provisioning was Rs.90 crore. So, total becomes Rs.354 crore.
- Vikas Jain:** Okay. And sir going ahead Mr. Mishraji if we look at it. So, first year is from my understanding first year is 20%, second year is 30% and last year is 50%. So, in that case for 2022 every quarter, we will be making now a provision of 12.5%..sorry.., 2021 12.5% and 7.5% for 2022. For the next three quarters and in the fourth quarter there will be the 20% provision for 2023. Is that roughly how it will work?
- Vinod Kumar Mishra:** Yes, you are correct because what we have done now this year, that for the current year for nine months period, we had made provision in December quarter of Rs.227 crore and balance Rs.37 crore provision we have made in this last quarter Q4. So, you are correct what you are saying that this is how it is been done worked out that this is the year where we have to provide 30% so, 7.5% per quarter is fine, number is fine and for the current year, which we have made out of this current year 2022 it has been almost 5% So, you can say that for the Calendar Year '22 per quarter its 5% and for CY'21 it is 7.5%.
- Vikas Jain:** Okay. So, far '22 Calendar Year now from -Q1 '25 we will be making 7.5% but for '21, 12.5% will be made every quarter because this is the last year so all 50%.
- Vinod Kumar Mishra:** Right, absolutely correct.



*Petronet LNG Limited
May 23, 2024*

- Vikas Jain:** So, if I look at that, roughly what I get on to is about Rs.111 crore kind of a provision every quarter from here from 1Q, 2Q, 3Q and in 4Q because you get an extra 20% of the 2023 provision that's another Rs.122 crores So, 4Q will be about Rs.230 crore. So, all in all, about Rs.560 crores of provision will be made, divided like that over the year roughly, is that roughly in the ballpark?
- Vinod Kumar Mishra:** No, I am just correcting you right now, first of all 2021 provision which we have made this 24 December is the last year, up to December if customers are not able to bring the cargoes additional to the extent they have defaulted in 2021 then we will either get the payment from there or we will en-cash the bank guarantee which we have already taken, to the extent of Rs.379 crore we have bank guarantee with us and they are supposed to bring additional cargo otherwise we shall en-cash it, first thing is clear.
- Vikas Jain:** One thing over here, of this Rs.379 crore, 50% of provisioning is pending. So, that will be done over the next three months?
- Vinod Kumar Mishra:** It will be done but last quarter will be there when settlement has to happen
- Vikas Jain:** When settlement happens, where it can happen through balance sheet or through income statement?
- Vinod Kumar Mishra:** You can say two quarter we have to make a provision-. So, it will be, third quarter will be the settlement quarter, two quarter of course we may have to make provision. In third quarter there is no need to make a provision if we, can en-cash the bank guarantee because by 31st December it will be known whether they are bringing or not.
- Vikas Jain:** If they bring the cargo then it will be normal correct, if they bring all of the cargo then it will be normal provisioning.
- Vinod Kumar Mishra:** Yes. And provision as you know, that whatever provision we have made, it will be reversed because then we will have the revenue in fact.
- Vikas Jain:** Yes, you will have matching revenue, a little bit higher revenue.
- Vinod Kumar Mishra:** Higher because of escalation of 5%.
- Vikas Jain:** Correct. And since we are on it, the corresponding numbers for this provision work out to be almost like for example 69 TBTU is what is the possible shortfall for 2021. So, may I ask how much of this has already been used from this for adjustment in this quarter and the last quarter?



*Petronet LNG Limited
May 23, 2024*

- Vinod Kumar Mishra:** We cannot discuss all these issues, but at the end of this year, this particular calendar year we will definitely inform you what is the final result. It is too early to say anything on this issue and nor its appropriate.
- Vikas Jain:** Okay. Overall three years there is about 6.6 million tonnes of cargoes which has to be adjusted for the three years, is that number roughly alright broadly?
- Vinod Kumar Mishra:** We have not worked out, but I will definitely work out. Just a minute, I am just giving you the answer because we have worked out in terms of value. 3.5 million ton almost.
- Vinod Kumar Mishra:** And that too we have not included '23 calendar.
- Vinod Kumar Mishra:** We have not made any scheme or we have not made any arrangement, so it will be less because Rs.610 crore for the current last year '23. There is no scheme for bringing the cargoes for Rs.610 crores. It means that, that has to recovered without any extension of the period for bringing cargo so. So, it's only for '21 and '22 calendar year that we have made a scheme and arrived an arrangement, it's a one-time arrangement we have made.
- Vikas Jain:** Okay, so for '23 they have not been given an extra two years or anything?
- Vinod Kumar Mishra:** No.
- Vikas Jain:** You got bank guarantees for '23?
- Vinod Kumar Mishra:** No bank guarantee, we are asking them to make the payment itself.
- Vikas Jain:** Okay, understood. So, right now, that is not something which is under discussion, but understood. And the CAPEX for a land base terminal has that gone up. Last one, just this one, just a number, has the CAPEX for the land base terminal gone up?
- Vinod Kumar Mishra:** We have not estimated the number but normally a Greenfield LNG terminal of 5 MMTPA cost around Rs.5,500 crore. So, we have not seen that number because that decision is yet to be taken. So, we will work it out, then we will let you know, but normally in case of Greenfield LNG terminal 5 MMTPA capacity is Rs.5,500 crore around.
- Moderator:** Thank you. The next question is from the line of Varatharajan from Antique Stock Broking Limited. Please go ahead.
- Varatharajan:** I have two question. On the Petrochem side, have you placed any orders for long lead items and if you can update us on?



*Petronet LNG Limited
May 23, 2024*

- Vinod Kumar Mishra:** Long lead items right now, we are not aware, because the consultant is there EIL so they are making all the arrangements, but it is in the process, I cannot say that it has been ordered.
- Varatharajan:** So, no financial commitment as yet from our side on the project?
- Vinod Kumar Mishra:** No, there is a financial commitment because we have already appointed licensor and he is working on it because he has to give the packages and EPCM and EPC packages he is giving because there after we will work on this, but we have appointed licensor for both the Propylene and PP (PDH and PP). So, they are on the job, so we have to finalize it and then go ahead with the project.
- Varatharajan:** Sure. On the off-take arrangement what is the timeframe for us to find the off-take arrangement for the renewed cash it is supposed to be in the next one year or we can still wait till 2026 to be back?
- Vinod Kumar Mishra:** Which we are talking about off-take arrangement for?
- Varatharajan:** Off-take arrangement for the existing volumes because they are expiring again along with the Qatar contract. So, off-take again this take-or-pay commitments you will be entering into an arrangement with all of off take customers.
- Vinod Kumar Mishra:** Yes, it will be there for the contracts we have entered with Qatar Energy after 2028.
- Varatharajan:** So, this arrangement with the off-takers again you have to re-negotiate the terms or it is an automatic renewal?
- Vinod Kumar Mishra:** It will be there, we are working out but we cannot discuss all those issues, when it will be done we will let you know because this is being discussed in detail and it's in the process. And very soon we shall be entering into GSPA gas sales purchase agreement with the off-takers. It is a back-to-back arrangement, they have committed it.
- Varatharajan:** Any kind of a timeframe for this?
- Vinod Kumar Mishra:** Timeframe, I cannot tell you but I have told you this will be done as early as possible.
- Moderator:** Thank you. The next question is from the line of Sabri Hazarika from Emkay Global. Please go ahead.
- Sabri Hazarika:** So, I have two questions. Firstly, with respect to the current utilization of Dahej terminal and Kochi terminal, and what is the volume expectation for FY'25 in particular. And the fact that, in



*Petronet LNG Limited
May 23, 2024*

yesterday in one media report, the MD has stated that this year, the LNG demand could be like close to 27 million tonnes so versus say 22 million tonne last year. So, any comment on that?

Vinod Kumar Mishra: Yes, the utilization level, I just again tell you that it is 97% this quarter Q4.

Sabri Hazarika: Currently what would be the utilization?

Vinod Kumar Mishra: Currently it is around this figure only. So, even it may be more than, it is more than that, but we cannot discuss that number but it is there not less than this, this much I can say and Kochi it has been very 22%, it is also almost in the same range as of now, but exact number we need to know.

Sabri Hazarika: But FY'25 any guidance you would want to give?

Vinod Kumar Mishra: Guidance, what our MD sir has already declared that it will be, there is a likely import of 27 million tonne in next year 24-25. So, it is likely because now prices have come down and as you know that Indian market is basically price sensitive market. So, as and when the prices are lower, people tend to consume more energy and moreover, this season is also very hot. And now the power demand has substantially increased and even the circular has come of MOPNG and power ministry that more and more, power has to be produced from gas. So, now it is running high and much more gas is being used than otherwise that is used in India. So, these are the factors which are driving growth of LNG volumes in the current year.

Sabri Hazarika: You expect a 20% sort of like LNG demand growth in FY25 Y-o-Y?

Vinod Kumar Mishra: Yes, we expected because if you look at last month's number which has not been published by PPAC, it has been almost 200 MMSCMD total. And out of that more than 50% is LNG.

Sabri Hazarika: Okay, April you are talking about right?

Vinod Kumar Mishra: Yes, April I am talking.

Sabri Hazarika: Thank you so much. And just one second question on relating to your balance sheet. So, this other financial assets in the long-term that seems to have gone up significantly so, is there any adjustment with respect to like short term investments or something of that sort because it used to be like 270?

Vinod Kumar Mishra: What is the number here, just the other financial?

Sabri Hazarika: Sir Rs.95 crore it went to like almost like Rs.1700 crore kind of run rate.



*Petronet LNG Limited
May 23, 2024*

Vinod Kumar Mishra: 78, this is nothing, it's all FDs actually. As we go for mutual fund, FD whatever is our investment policy is decided and accordingly we are making investments, so whichever is giving the higher return its FD which is basically more than 12 months.

Sabri Hazarika: Okay. So, that's why it's classified as long-term assets, but it's basically cash only.

Vinod Kumar Mishra: Yes, because it is or more than 12 months, we are getting a higher rate of interest. We do it for 12 months.

Moderator: Thank you. The next question is from the line of Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka: Just on CAPEX, could you just spell out the plan spend for the FY'25 and FY'26?

Vinod Kumar Mishra: Yes, I can just tell you that, assuming that we have a aggressive CAPEX plan in 24-25. And although we have done less CAPEX last time, but this time we expect that more CAPEX will be there, but some of the CAPEX item I can tell you that may happen in this year. One of them is, as you know the tank is almost complete, it will be commissioned, maybe in next month, the two tanks which we have constructed at a CAPEX of almost Rs. 1246 Crore would have been commissioned. So, will not be much CAPEX this year, because it has been commissioned and the other items which are going on are the Dahej expansion of Rs.570 crore of 5 MMTPA. So, that is going on, next year by March it will be complete. So, some CAPEX may be there from that also and other CAPEX item are there, we have very aggressive plan. But only thing is detailing. So, we have aggressive CAPEX plan, but let us see how much we are able to do, if we can, but we have jetty of Rs.1,700 crores planned but it will not be entirely spend in one year it may take three years so you can divide it by three and another project Gopalpur which is coming up at Rs.2,300 crore, but as you know that it will also take two, three years so we can break it into three so. And Petchem project is there which may have higher CAPEX this year. So, we plan to have aggressive CAPEX, but right now, I cannot tell you exactly how much it will happen, but we have planned heavy CAPEX.

Amit Murarka: Okay. When will the outlay on Petchem actually start, will it start in this quarter again or maybe the second half of the year?

Vinod Kumar Mishra: Pardon me, can you repeat it?

Amit Murarka: Actual spends on the Petchem project, when will it start, when will you start spending money on that project?

Vinod Kumar Mishra: It may start this year, current year but it may not be too high, but it will start because we have already appointed licensor so some payment may have to be released to licensor also. And other



*Petronet LNG Limited
May 23, 2024*

items may come up when they are awarded. But otherwise, unless and until jobs are awarded or the material has been ordered, there will not be CAPEX because right now, it is still we are in the stage when we are making all EPC packages and EPCM packages, so for the execution of the project. So, all these things are to be seen, but as of now, what will be the total expenditure this is very difficult to tell, but maybe after two, three quarters, we will be able to tell you second quarter after that what is the way forward for the CAPEX.

Amit Murarka: Sure. And who is the licensor, who has been selected for the project?

Vinod Kumar Mishra: This is all not something it's a international licensor, very few licensors are there. One of them has been selected, but the two licensors have been selected. So, these are all US based or UK based, Europe based licensors, but name I can tell you two, three are there, one is the UOP is there. One of them is **Lummus**, so these are the licensors, so out of two, three technologies only are available for PP-and PDH. So, these are the licensors who are available across the globe. So, out of these we have appointed and they are working on it.

Amit Murarka: Got it. Also, I just wanted to confirm that the 5% annual escalation on Kochi has it been taken from 1st April?

Vinod Kumar Mishra: Yes, it has been taken.

Amit Murarka: Okay. And I remember in the last couple of concall you had mentioned that the lease accounting impact will start reversing from FY'25?

Debabrata Satpathy: It has already started, we have already told the lease accounting impact of the quarter, once it adds up you will see that this time around it is a nil impact even after a small FOREX loss.

Amit Murarka: Okay. Got it.

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

Yogesh Patil: Sir my question is related to competition from new LNG terminals like Chhara and Dabhol breakwater completion. So, in recent HPCL concall, the management has indicated that the Chhara terminal will be operational in the second half FY'25. And they will also have the same Regas tariff largely in line with the Dahej. So, do we expect any kind of competition from these new terminals?

Vinod Kumar Mishra: No, I don't expect any competition because we cannot match the geographies of these two terminals, it is not possible for any customer to ship their usage base- from Dahej to Chhara or anywhere else. So, there are a lot of issues in gas supply, because connectivity is one of the



*Petronet LNG Limited
May 23, 2024*

major issue which has to be addressed and our Dahej terminal is very well connected, almost five pipelines are there, which are connected to Dahej terminal. So, evacuation capacity is so high that nobody can match it. And moreover, nowadays a different concept has arrived that unified tariff has been notified by PNGRB. So, if any demand center is close to the source of the gas, then it will be charged very less tariffs and if it is within 300 kilometers, it's only up to Rs.40 per MMBTU, 300 to 1200 kilometers is Rs.79 and more than 1200 kilometers it is almost Rs.114. So, looking at that thing also, whichever terminal is located near the demand center that will be, used for this purpose, for supply of gas and moreover there is no competition. We are a leader in this market and we will remain because nobody can match our capabilities in evacuation of the gas because of the connectivity of the five pipelines. And though we are not saying they will not be used, they will also be used, they will use their terminal, but they cannot match it and it's not like that there is some volume which is coming to Dahej will go Chhara now, there's nothing like that, some additional volume may come up for them, which will go there, but our capacities are booked, our customers are there. So, if you look at our consumption level, it has been 97% Dahej usage is there last year. So, it is continuing. So, there is no challenge from them, but addition because consumption is increasing day-by-day as we have said that overall kitty is increasing. So, they will also have some shares in the additional kitty which will be added to the LNG import. So, that is only thing otherwise we have our capacities booked and we have higher utilization levels that will remain and Dabhol as you have said, they have not constructed this breakwater, but they will be nearing the completion. So, right now, because of monsoon, I think, it has already been closed. So, maybe after October it will be started and as you are saying breakwater, breakwater is not enough, because even if they construct breakwater they cannot utilize the Dabhol terminal fully. They will need some air heaters and other changes in the plant, then only they can use it to the highest capacity.

Yogesh Patil: Okay. And second question during the quarter Q4, you booked the inventory losses of close to Rs. 107 crore so can you through some light on these, how much was the volume on which you have booked the losses, some details about that?

Vinod Kumar Mishra: Normally this kind of thing we don't tell, we have told you that there is a loss this should be good enough you shall be satisfied with the number because detailing is again we have to we, cannot discuss all those things in the market, how much is inventory and how much loss is booked but, total this is the loss which we have booked.

Yogesh Patil: Okay. And was it on spot LNG volume?

Vinod Kumar Mishra: It is the inventory, non-committed inventory is there so, that is there.

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



*Petronet LNG Limited
May 23, 2024*

- Kirtan Mehta:** We have discussed about sort of 5 MMTPA demand increase during FY'25, but with our Dahej terminal already operating at 97% utilization and little demand in the South which is already again sort of reach 22% level, how much of this we can practically capture during FY'25?
- Vinod Kumar Mishra:** As I said expansion will be coming up only in the March '25. So, maybe it will be available for next year 25-26.
- Vivek Mittal :** only thing is as you know historically we have been able to operate our plant at more than 100% capacity. So, we do expect that the majority of this incremental volume will land at Dahej as inherently if you take 110% we have another 2 Million ton of capacity available. And last year also there was some spare capacity available. So, in total majority of increase is 4, 5 million ton incremental could land at Dahej.
- Vinod Kumar Mishra:** So, it will be increasing only, volume will increase substantially, what capacity is available but as I told you 24-25 financial year, it will not be available too much it will come only in month of March. So, practically it will not be available for financial year 24-25, but we have capacity of 17.5 million tonne this can be utilized to the extent of 110% of the capacity. So, we can still utilize our 17.5 to almost 19.5 million ton even more than that.
- Kirtan Mehta:** Understood. And in terms of usually we used to see the shift of some of the volumes when Dabhol goes down during the monsoon months. So, is that also possibility exists?
- Vinod Kumar Mishra:** Yes, that exists now and right now power demand has substantially gone up. So, now more cargoes whatever it is coming. Mostly it will come to Dahej because as you know that Dabhol will not be able to take the additional cargoes now. So, that is true and volume certainly will be higher in this April to June quarter and July to September quarter.
- Kirtan Mehta:** But again, limitation is basically the capacity 1 to 2 million capacity.
- Vinod Kumar Mishra:** You have rightly questioned now, it will be difficult to how we will accommodate the cargoes. That's why this 5 MMTPA expansion is very much required. Because this is a game of opportunity, when there is an opportunity, we should utilize the entire capacity. But right now, we don't have, had we had that 5 million ton now, we would have been ready for additional volume to any extent. But right now, whatever is available within the framework of 17.5 MMTPA so +10% can be added, that much volume we can process still.
- Kirtan Mehta:** Sure. And you were also referring to the unified tariffs our advantage. Just a follow up question on the Dahej basically. So, we were referring to the basically the unified tariff and advantage for the customers within zone one where transportation tariff would be low, would you be able to indicate how much percentage of the existing volume lines to the consumers within zone one?



*Petronet LNG Limited
May 23, 2024*

Vinod Kumar Mishra: I am just telling you that this is the philosophy going on, that whatever terminal, whichever terminal is near to the demand center, that will be utilized because there will be lower tariff. So, what I am saying, that if any terminal is located at Dhamra, nobody from North India will take gas from Dhamra because then tariff will be of zone three, I am saying whichever terminal is the nearest one it will be utilized so, this was just as a principle I was telling that this is the normally practice which will be followed because of the unified tariff.

Kirtan Mehta: But is it possible to break down our volumes into zone one, zone two, zone three just to get some sense?

Vinod Kumar Mishra: Actually we are not transporting gas, it is GAIL, better you ask this question from GAIL how much volume is being given in zone one, how much in zone two and zone three. So, we cannot exactly tell these numbers because we are selling gas ex-terminal to these customers, GAIL, IOCL, BPCL. So, they will be able to tell you better than us.

Moderator: Thank you. The next question is from the line of Somaya V from Avendus Spark. Please go ahead.

Somaya V: So, first question is this 5 MMTPA capacity that's coming in March '25, what would be the ramp up time that we expect or in short time in FY'26 how much of this is something that we can utilize that's one. Second Kochi Bangalore pipeline what is the timeline, at this point we are looking at until then where do we see utilization levels for Kochi?

Vinod Kumar Mishra: Yes, so first question is this capacity availability in March 25, how it will be utilized, how much, ramp up will be there of course, two, three months establishing time is always there. But after that we can utilize this capacity. But again this all will depend upon the capacity booking if at all that is done, - till that time and also the more volume which is coming because we have hope that more volume will come as we have already mentioned that almost 27 million tonne will be coming next year this year. So, I think, the kitty will be to our terminal also, if that volume continues and with a growth of 10%, 15% that certainly our 5 MMTPA will be utilized to a great extent. And moreover, I just tell you that utilization of the terminal, other terminal is very miniscule, some terminals are operating at 25%, 20%, 30%. So, ours is a terminal which is utilized maximum. So, whatever be the capacity utilization level of our terminal will be higher. And once the capacities are also booked then this will further add to our volume consistently over a period of time. But right now, it is very difficult to just give forecast that how much - will be the volume process during that, but it will be available then only it should be processed because unless and until infrastructure is laid, you cannot expect to utilize it. We have to keep it ready and then we have to see that volumes are coming there or not and also simultaneously if possible book the capacity to whatever extent possible.

Somaya V: The other question was on Kochi Bangalore?



*Petronet LNG Limited
May 23, 2024*

Vinod Kumar Mishra: For Kochi Bangalore pipeline is of course, as you know that this Kochi Bangalore pipeline only 250 kilometer stretch was remaining and it is from Coimbatore to Krishnagiri of 250 kilometers. So, that part is also under construction and as it is understood that this has to be completed by this year end and it has also come under this Pragati of PMO. So, it is being monitored at PMO also that how is the progress of this pipeline. So, we hope that it should be completed by this year end and if not possible, then maybe next year by March 2025 it should come, so this is the expectation but work is going on and let us see what happens at that point of time. And utilization of course, if that is connected it will be very high because as you know that then Kochi will be connected to the national gas grid, once the terminal is connected to national gas grid, then we can swap the gas and use it anywhere. So, in a gas case we can use this say some city gas distribution companies are coming in that area and domestic gas availability in Southern India and near Kochi is very poor or negligible. So, naturally through swapping arrangement, gas can be supplied to those CGD customers there and once it is connected to natural gas grid, and that will ramp up the utilization of level of our Kochi terminal. And moreover, there is a good news that more and more gas is being used through tankers. And this is something which is really encouraging because, if you look at the loading of the customers through tanker to terminal of Kochi, last year we have loaded around 2,230 tankers and one tanker have around 17 MT of gas. So, there is a scope for usage of gas through tankers also because pipeline is not everywhere. So, in Southern India, we are having a possibility that many of the cases gas will be supplied through tankers. So, the last year it was only 1500 tankers were loaded, this year it is 2,200. So, almost 50% hike is there in the loading of LNG tankers in that area. So, this is one mode of enhancing the consumption and we hope that after city gas distribution companies will lay the network there, they will utilize it because it can be swapped with domestic gas also and the swapping arrangement can be made and then it can be supplied to these CGD entities.

Somaya V: Very helpful sir. One question on the cash balance. So, this continues to build so, including the investments that we are referring to see we are almost close to Rs.9,000 crores. So, we think this kind of, also we will be adding good amount of free cash flow. So, do you think we need this kind of cash position to fund the CAPEX program or are we thinking about a higher payout?

Vinod Kumar Mishra: So, we are actually expecting that there will be CAPEX and that's why we have been keeping it when, whatever the cash balance you are seeing Rs.9,000 crore is on the higher side, because it is on last date of the quarter, 31st March but in fact, there has been a liability also of Rs.2,600 crore. So, we have to pay that so, around average cash is around Rs.7,000 Crore and it's not Rs.9,000 crore average, because that is the amount we have to pay to the suppliers. So, that's why it is only on that day it is shown that is higher but normally average cash is Rs.7,000 crore but as far as the budget is concerned, we have a petrochemical project for which we have to fund in 70:30 ratio of equity 30% so almost Rs.6,000 crore maybe that we may have to spend through cash and balance we will be getting it from the debt from the lenders. Perhaps so that is the ratio we have to maintain and we are keeping the cash with us for the CAPEX plan only.



*Petronet LNG Limited
May 23, 2024*

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

R Ramesh: So, just a clarification on the use or pay, receivables and the provision you are making. So, whatever you meant so far, you adjusted for the Rs. 610 Crores out of the receivables. It's about 25%, on the Rs.1200 crores of receivable. So, on the balance which you have not provided for, can we assume that you have high confidence of either adjusting it through the bank guarantee or is it made up by the customers if you have additional volumes in future, is that a fair understanding?

Vinod Kumar Mishra: Yes, fair. But the only thing, you complete your question, then I will tell you.

R Ramesh: Yes, so that's on the UOP provision. The second thing is, if you are looking at the question on competition, you are planning this Gopalpur Terminal and Dhamra Terminal is already up and running, and there has been some capacity booking, so in terms of your own assessment once Dhamra is fully booked. How do you see the time to ramp up your Gopalpur Terminal whether it's FSRU or the land base, what is your sense in terms of the future demand outlook, and what's the kind of confidence you have in terms of going ahead with that even that Dhamra is fairly close?

Vinod Kumar Mishra: No, it's alright, but only thing first question is regarding use or pay charges you are asking. So, I will tell you that total use or pay charges we have booked for the Calendar Year 2021 was Rs.379 crore and for the Calendar Year 2022 it was a Rs.844 crore and these two year together make it to Rs.1,222 crore, out of which we have already made provision of Rs.354 crore. So, this is the total provision till date we have made out of it and the Rs.610 crore which have been in fact booked as use or pay charges in current financial year 2023-24, there is no such arrangement for that, that we have to book some 20%, 50% of provision, but after one year, if they don't pay then we will have to make the provision but we are not making any arrangement right now. We are expecting that this particular amount shall be paid by the customers and possibly there will not be requirement of any extension of the time period for the utilization for bringing more cargoes like we have done for 21-22. Because that was a standalone arrangement for these two years only and that too due to this COVID period it has been '21 and '22 has been the Russia Ukraine war which has impacted the incoming cargoes being the prices were abnormally high. So, that was a reason we have considered those things but 23 we have not done anything so far so we expect that Rs.610 crores will be recovered. So this is regarding....

R Ramesh: I understand the numbers, so you have made some provision on the Rs. 1,200 crores. So, the balance is still opened as receivable. So, I am just trying to understand so what is the kind of confidence you have in terms of recovering that balance for around, which is not provided for, for Rs. 900 crores.



*Petronet LNG Limited
May 23, 2024*

Vinod Kumar Mishra: No, it will be recovered because we have received the bank guarantee for this Rs.379 crore and Rs.844 crores and they have been given time till December '24 to bring additional cargoes equivalent to the volume, they have defaulted in 2021 calendar year. If they don't bring, by December '24 for the volume defaulted in 2021 calendar year, then we either they will make the payment for that use or pay charges of Rs.379 crores or we should en-cash the bank guarantee. So, the first thing is clear. Second is 2022 calendar year of use or pay charges of Rs.844 crore. For that also we have received the bank guarantee. If they bring volumes till December 2025 it's fine, if they don't bring they will have to make the payment and otherwise we shall en-cash the bank guarantee. So, our use or pay charges for Calendar Year '21 and '22 or Rs.1,222 crore is secured against the bank guarantee. There is a surety of the payment being received. Okay. And for this year which has been booked in 2023 Calendar Year Rs.610 crore there is no arrangement, we still are pursuing the customer that they should make the payment. So, entire Rs.1,222 crore is secured, this is what I want to convey to you all of you that there is no risk as such that we will have to make a provision and then it will not be paid, because we have bank guarantee, still we are making provision, as a accounting prudence.

R Ramesh: Sir the question on the Gopalpur Terminal, competition from Dhamra ..

Vinod Kumar Mishra: Yes, second question is regarding Gopalpur Terminal. So, this is I would like to tell you that this consumption of gas is increasing in the country and if this Eastern part of India was not having any pipeline connectivity, but now after this pipeline Jagdishpur-Haldia-Bokaro-Dhamra pipeline coming up our terminal Gopalpur Terminal is located hardly 40 kilometers away from this pipeline. So, there is a possibility that we will be able to utilize and we will try to get the capacities booked in Gopalpur Terminal as we have done in Dahej for that also we are making effort with the customers. And as you are saying that what is a prospect, so once we lay the infrastructure, we see, make a due diligence what are the industry and mining industry is there, a lot of dumper, tippers and cranes are used in such mines. So, there is a possibility of LNG being used as transport fuel in that particular region and also other industries are there which is coming up. So, it will be utilized and one more thing is there that if you look at say the customer is located in Dhamra region or Gopalpur region, then it will not be prudent to take gas from Dahej or from Dabhol to that particular area of Gopalpur because then the tariff charge will be of zone three of Rs.114. So, even for the other supplier of gas like GAIL, IOCL, who so ever is there, it will be prudent to use gas from Gopalpur Terminal because that will fall in zone one and tariff will be hardly Rs.40 per MMBTU. So, through swapping arrangement, that terminal can be used, so whatever gas they are having suppose GAIL has some gas in Dahej terminal, they can take it from Gopalpur and give that gas back to us. And that gas will be supplied from Gopalpur to customer of GAIL or any IOCL or BPCL. So, that swapping arrangement will also help us in further utilization of Gopalpur Terminal. So, that's what I am saying is not only as that who has to gas or book the capacity, capacity of course will be booked to the extent possible, but then they will have to comfort, customers, consumers will have the comfort that at least they



*Petronet LNG Limited
May 23, 2024*

will be charged zone one tariff if it is supplied from Gopalpur. So, what I am saying that I am not commenting on Dhamra capacity, of course they have booked capacity, but we have ample chance there because a lot of CGD entities are coming up in that area. And of course in three, to four years they should be ready so I think that one area will also have some, it will also drive us for more consumption of gas in that region. And moreover LNG as I said that LNG can be used as transport fuel in that region, even for the mining equipment and the machinery and the transport vehicles. So, that is the thing we are keeping in mind. And it's always, so when something new is done, it is always apprehended, that how it will run, when Dahej terminal was first time in fact, established in 2004. Then also a lot of apprehension was there, how terminal will run but everything runs because now the government of India policy is very clear, they have to increase the share of natural gas from 6% to 15% and 6% to 15% means that fourfold increase has to be done from the current level of consumption of gas. And that is possible only if we increase the volume of imported gas because, domestic gas availability is not available to that extent. So, all these things run on these things that we have anticipation, and more and more customers will be coming in that region. It's not that Dhamra will not run, Dhamra will also run and we will also run. So, I don't see any apprehension in proper utilization of Gopalpur Terminal it will be utilized but we are making effort with our customer for booking the capacity also in Gopalpur Terminal.

R Ramesh: Understood sir. Just one last bookkeeping question, can you repeat the inventory loss and any trading gain or loss?

Vinod Kumar Mishra: We have told you that this quarter we have incurred an inventory loss of Rs.107 crores and trading gain in this quarter was Rs.14 crore.

Moderator: Thank you. Ladies and gentleman due to time constraint, that was the last question for today's conference call, I would like to hand the conference over to the management for closing comments.

Vinod Kumar Mishra: Thank you very much. And in fact, I really appreciate all of you that you have all raised very relevant questions. And of course, whatever things have been pointed out or whatever has been suggested, we always keep in mind that what is the impression of the investors and analysts and of course, we do the best possible thing. As you know that our constant effort is there that we increase the volume throughput, and which is increasing also. And only thing you have to have trust on us because what we are doing, best possible thing we are doing and which is evident from the market cap also which has increased substantially. And just we want that you have to repose trust in us and we will continue to perform better in future also and as far as the competition is concerned, I again say that there is no competition, our terminal will continue to run even better than what it is being done now. And perhaps it will further improve in future because overall consumption of gas is going to increase in future. So, keeping all this in mind,



*Petronet LNG Limited
May 23, 2024*

our future is bright, and we hope to maintain our growth trajectory in the future also. And this is my perception that will perform better in future than what we have done this time now. Thank you very much.

Moderator:

On behalf of PhillipCapital (India) Private Limited, that concludes the conference call. Thank you for joining us and you may now disconnect your lines. Thank you.