



“Adani Total Gas Limited Q3 FY21 Earnings  
Conference Call hosted by Monarch Network Capital  
Limited”

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**MANAGEMENT: MR. SURESH MANGLANI – CEO, ADANI TOTAL GAS LIMITED**  
**MR. PARAG PARIKH – CFO, ADANI TOTAL GAS LIMITED**

**MODERATORS: MR. VINIT GALA – MONARCH NETWORK CAPITAL LIMITED**

**Moderator:** Ladies and Gentlemen, Good day and welcome to the Adani Total Gas Limited Q3 FY21 Earnings Conference Call hosted by Monarch Network Capital Limited. This conference call may contain forward looking statements about the company which are based on beliefs, opinions, and expectations of the company as on date of this call. The statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict. 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 ‘\*’ and then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vinit Gala from Monarch Network Capital. Thank you and over to you, sir.

**Vinit Gala:** Thanks Aisha. Hello everyone. On behalf of Monarch Network Capital, I welcome you all to this Q3 FY21 post result conference call with the management of Adani Total Gas Limited. It gives us great pleasure to welcome the senior management team of Adani Total Gas represented by Mr. Suresh Manglani – the CEO and Mr. Parag Parikh – the CFO on the call.

I would now request Mr. Manglani to give us his opening remarks on the business performance post which we will open the floor to a Q&A session. Over to you, sir.

**Suresh Manglani:** Thank you Vinit. Good morning friends and welcome to this call of Adani Total Gas Limited. Hope all of you and your families are staying safe and taking due care.

To reflect the vision of both our strong promoters, I am pleased to inform you all that effective 1<sup>st</sup> January 2021 the name of company has been changed from Adani Gas Limited to Adani Total Gas Limited. Let me first brief you on a safety.

As you all are aware at Adani Total Gas Limited safety is not a priority it is a precondition to work. All our teams and partners working for us across all geographical areas for operational and project areas are being continually imparted required health safety and environment trainings to drive adaptation of a safe behaviors and practices in everything what we do at Adani Total Gas. The company has consistently maintained excellent HSE track record and imparted HSE training of over 17,500 plus man hours remotely to our all-team members and partners.

Let me now take you through our operational performance:

Right through the pandemic since March 2020 Adani Total Gas has continued its uninterrupted supply of pipes natural gas and CNG across all our geographical area with continuity of our operations and emergency services on 24/7 basis. In addition, Adani Total Gas has offered several digital solutions to provide better consumer experience and allow our consumers to interface with us while safely staying at their homes. The performance of Adani Total Gas for a quarter Q3 FY21 and 9 months period ended on 31<sup>st</sup> December 2020. The board of director of a company met yesterday and was pleased to approve the second successive quarter of highest

ever financial performance with a very strong physical infrastructure growth. Our EBITDA registered for the quarter was 222 crores if you compare it with the corresponding quarter of a previous year there is a 33% growth last year in the same quarter we had 166 crore EBITDA.

Similarly, there is a strong growth in profit before tax which is at 195 crore and profit after tax which is at 145 crores in this quarter. The all-round good performance has been delivered by the company under two circumstances. Number one the pandemic which all of us we are passing through which still has to bring back the schools back ,the public transport, the offices are not opened so there is an impact of this partial lockdown or the pandemic challenge and in December month we did witness and we are witnessing currently the volatility in the RLNG prices. Despite these two challenges which company faced during this quarter we have been able to deliver a very good financial and a physical performance.

Let me also share with you all that as on December 31<sup>st</sup> one of the major milestone for us which we were chasing was crossing 150 CNG station and this was a quarter Q3 during which we achieved 150 CNG station mark and we were at 151 CNG station. So this was a moment of pride for all of us at Adani Total Gas Limited. Another important milestone which we have achieved though little later than the quarter it was on 29<sup>th</sup> of January this month a very much awaited target milestone which we are chasing was at milestone of a 2 million per day sale and on 29<sup>th</sup> January we have surpassed that target as well. Now we have a sale of over 2 million per day.

So just to give you a perspective our average quarter sale was 1.67 million per day October to December. In December month our sale was actually 1.78 so while quarter had 1.67 because of the pandemic challenges as the economy is opening up the volumes are building up. So average was 1.67, but December month average was 1.78 and on January 29 we surpassed 2 million just to give you a right perspective you can see things how the volumes are growing. So with these two important milestones which we achieved on third milestone which we also achieved on 21<sup>st</sup> of a January when we completed the ongoing transaction of acquiring 5% equity stake in India's first fully digital exchange Indian Gas Exchange IGX that transaction has been completed we have now acquired 5% stake.

So these are the three milestones which we have achieved during the quarter or slightly later than the quarter, but major important development we thought appropriate to appraise all of you here. So, let me also congratulate and appreciate the entire team Adani Total Gas our consumers, partners, shareholders and everyone who has supported, media friends, everyone who is a part of this success story which is going on at Adani Total Gas and all our investors I would like to congratulate and appreciate everyone support to us.

Let me now give you more detail about the result:

In the third quarter of FY21, the overall volume stood at 153 million metric standard cubic meter which last year in that quarter was 154. So one way to look at it that we have achieved 100% volume recovery now over the vis-a-vis the Q3 of the same year the last year in the same quarter, but if you would like to see us how we have grown vis-a-vis pandemic period so pre pandemic

versus this quarter is 106% growth. So what was the Q4 this March quarter 20 this year the volume is 6% higher than the pre pandemic volume so that is the way we need to see. How we have performed in December month alone it is 114% growth so just to give you how the volumes are building up lot of efforts are being put in by the team to drive the volume growth and that we are now seeing the results coming up as the pandemic is getting over, economy is coming back, industrial conjunction is increasing so that is the perspective on the volume. Out of 153 MMSCM, CNG volumes were 68 million and PNG 85 this is again another dimension you will see.

So far, we were reporting to you where CNG used to be either 50% or slightly higher, but because of there is some impact on the CNG volume as I communicated to all of you earlier, as school buses are not operating, public transport is not in a filled space and offices are not operating. So with these impact CNG volumes are slightly down, but PNG is very well compensating they are growing well. So, PNG have achieved a very good proportion now 85 million, CNG 68 million. The CNG volume are 91% of as compared to Q3 FY20, but PNG were 108% as compared to Q3 FY20. On the CNG volume one good news which I would like to give it to all you are that in the month of December 2020 we actually achieved 100% growth as compared to Q4 pre pandemic volume.

In the December we actually have matched the volume of CNG. Average monthly volume in December as I was communicating to you earlier was 1.78 MMSCMD as compared to average volume of a Q2 the previous quarter FY21 1.4. So quarter-on-quarter growth there is a 24% growth on an exit volume. During Q3 FY21 revenues were 522 crores as compared to previous year same quarter 519 crore so this virtually as I said we have matched the performance of previous year. Our EBITDA was 222 crores as compared to 166 crore profit after tax 145 crore as compared to 114 crores in the previous year same quarter. 9 months performance in the 9 months performance the overall volume stood at 349 million metric standard cubic meter which was at 80% of a 9 months' period of FY20 with the volumes were 437.

So as we all are aware that there was this complete lockdown for several months a significant lockdown for several months and thereafter a good amount of an opening. So in that context if you see the volume 80% recovery still looks very handsome as compared to the previous 9 months. Out of 349 million cubic meter 152 million were of the CNG and 197 same thing trends was out of PNG. CNG was at 69% when we compare 9 months to 9 months and PNG were at 91%. During 9-month revenues from operations were 1,170 crores versus 1,501 crores in the normal 9 months period of a previous year. The EBITDA for 9 months period has grown by 14% to 525 crores.

During this period of 9 months pandemic with pandemic challenge our EBITDA which we have registered is 525 crores as compared to normal 9 months period EBITDA of a previous year 459 crore. So there is a 14% growth in the EBITDA. Profit after tax for 9-month period was 327 crores again this is up by 4% as compared to normal 9-month period of a previous year the profit was 314 crores so 327 versus 314 previous 9 month these 9 months. Let me also give you another very good news which is definitely a major milestone for our project team who have been

working very hard, they have commissioned 3 city gate station in the new geographical area Bhilwara, Chittorgarh -Udaipur and Kheda in Gujarat and the earlier two are in Rajasthan and this one is in Gujarat and you will see start hearing from us similar good news now continuously for commissioning of other city gate stations and also the 5 LNG plants which you are setting up in 2 LNG plants which are in a planning stage currently.

In this quarter as I said we surpass a major milestone of 150 stations, so we were at 151. We have added 17 new CNG station in this quarter of October to December. One important point to note is that out of this 3 CNG station as we have been stating that we are emphasizing the new format on a DODO with a significant proportion in our format composition. So out of 73 were at DODO station it means dealer owned dealer operated station full CNG formatted station, so this is our three stations. On the PNG side, we have now crossed 4,60,000 consumer mark. Our industrial commercial connections are now touched closer to 4,800 good news is that despite pandemic we have added 140 industrial and commercial consumers in this quarter.

Project work in all 15 new geographical area and existing geographical area is going on in full swing whether we see it from steel pipeline each kilometer is getting completed, many places we have surpass MWP, CNB stations setting up is going on large number of station currently when I am speaking to you work is in progress. As I said LNG plant 5 plants are under construction city gate stations are under construction at most of all the locations lands have been acquired now we are working on laying of an MVP pipeline and the working on whole planning is starting on LMC the last mile connectivity. So the project work has planned though pandemic has challenged us we are trying to compensate whatever loss we could compensate, but project teams are working in full swing, we have setup offices across all geographical areas, store, warehouses have been taken, employee teams in full pace is available there.

So all the work is going on in all offices including the two area in that tenth round which we won. The commercial operations also started in 14 geographical areas 4 are existing and 10 more out of the new. The commercial operations have started 53 CNG stations out of 151 are in the new geographical area and these are in 10 geographical areas the remaining 5 you will start hearing good news from us including South, East and Anuppur area where we are going to be setting up very soon the new CNG stations and also the PNG network. We have started the complete project work in those offices, offices have been setup so as I said complete all 15 area we are having a good pace of work going on.

With these, I am confident that with the continued support from all stakeholders and motivated team Adani Total Gas Limited which is the key strength for all of us where journey ahead is going to be much more exciting and successful. We would like to acknowledge the role played by all shareholders, our investors, consumers, dealers, suppliers, business partners, friends and media, community at large and we are thankful for their trust and continued support look forward for your question. We will take up all questions and answer to all of you. Thank you very much.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mayank Maheswari from Morgan Stanly. Please go ahead.

**Mayank Maheswari:** Sir two question from my end the first was sir you talked about the volumes in January and how they have touched MMSCMD marks, can you just talk us through of how have you managed the entire volatility around the LNG prices and how has the industrial demand kind of behaved because of that and what is your path going forward on that front?

**Suresh Manglani:** So we all witnessed a very strong volatility for several factors which got compounded at the same time nobody could envisage that I am sure whole world got caught when this volatility started zooming up from December onwards and now which you are seeing slightly moderating down in the month of March onwards. So Panama Canal becoming an issue, Sabine Pass was another constraint which became the very sharp winter in China and North hemisphere. The Australian plant maintenance which went and Qatar production coming down. So, all five events in particular may be many other factors who are actually got together and this is where we saw a major supply constraint issue, demand supply gap issue and the prices started going up. A good story from our side is that we could adapt to a new situation very quickly because that is our USP at ATGL and Total as being a partner for this company and we ensure that there is no disruption / interruption in any way to any of our consumers. We in fact also ensured that we continue to meet their increase demand even though price was going up that is a strength we brought to our side. We saw actually a good growth continuing as far as the industrial consumers are concerned even though prices were slightly going up, we were passing through prices because we cannot absorb entire increase in our shop. So we did increase the prices to the consumers with a very good continued dialogue and engagement which our team have actually on a continuous basis. We could convince them that this is temporary phenomena, but we need to collaboratively work on this. We did not see any downfall in the growth in fact when you see our number 2 million when I announced to you this is at the time when the LNG prices were at the peak actually. So the growth story was continuing, people were getting very good order industrial overall, consumers were doing very well and from our perspective as all of you are aware we have been seeing at every quarter that we have a very good diversified portfolio. So we could manage and then we have strength of Total with us and we have very good strong relationship with other suppliers in India. We could manage the gas at a reasonable price even though there was a very high prices because a long-standing relationship and our contracts with them. We have tried moderating down the pressure on us for this new quarter which is coming and December you could see the result we have been able to maintain the good EBITDA. So I would say overall it has been a challenging time, but the team has risen to that occasion whether our sales team or our commercial teams they could manage good contracts continuing and flowing the gas and also ensuring that our consumers are continuously taking higher and higher in supplies. So it has been a reasonably good period for us even though we have passed through this previous challenge and now we are through from that challenges phase.

**Mayank Maheswari:** The second question was more related to the entire I think more broader perspective in terms of a collaboration with Snam and other gas and hydrogen front that you are kind of collaborating on them, so is there some color you can kind of talk about that as well in terms of what is your more bigger picture plan there?

**Suresh Manglani:** You know Snam and Adani at the group level relationship has been a very strong relationship with Snam. It is a larger partnership group has done so we would be looking at certainly the businesses which are associated to Adani Total Gas related businesses. We have signed as you all are aware, we have actually announced this on the stock market on the non-binding agreement with them and now discussions are continuing on those lines of how we bring strength of Snam in India collaborating with them. So the discussions are currently going on with them and at an appropriate time you will certainly hear from us a new partnership with Snam once it materializes from Adani Total Gas side. I would not be able to comment about the other partnership of the discussions which group companies are having with them.

**Moderator:** Thank you. The next question is from the line of Manikantha Garre from Axis Capital. Please go ahead.

**Manikantha Garre:** I have two to three questions first one is there was a press release which mentioned that we have signed a three year LNG import contract with Total, can you provide some additional color on the contract in terms of the linkage if that is possible that is the first question and the second one is you mentioned that the incremental 17 CNG station additions had 3 DODO additions, will it be possible to give the split of the total 151 CNG stations now between own, DODO and collocated if any and as well as in fact will it be also possible to give the split in terms of online daughter stations that is the second question and third one is sort of a theoretical question we have upstream partners in terms of Total we have LNG terminals presence and most recently we have taken presence in gas exchange as well, but the missing piece in the Total gas supply chain is cross country are gas grid pipelines, so just in a context of recent budget announced that oil and gas pipelines would be coming to the market through some other routes, so would be the interest or any taking stake because that will complete the Total Gas supply chain piece for us so those are the three questions from my side?

**Suresh Manglani:** So I will definitely respond to all your questions. First you say there are three CNG station DODO and you wanted a complete detail on a distribution of the formats. So we have 114 stations out of 151. 114 these are COLO, we have CODO company owned dealer operated which are 28 and then we have DODO dealer owned dealer operated which are 9. So put together 9, 28 and 114 becomes 151 and if you see from there you will see 86 are online and 65 are daughter boosters. Hope it will help you to this information and we will try including in our investor presentation so that you have this you can track our growth on each of our formats in future if we have not done it in our presentation. I think we put it because this has been a regular requirement from our investors this is number one. Number two your question on our contract which we have signed for three years as I said this is what we do diversification of a portfolio, contracts is signed which are best suited with various contractual terms suffice would be to say that this has been a very good win-win contract which should allow us a good flexibility may not be to be linked to a particular thing it will allow us to enjoy and will avail the benefit of the market dynamics, we have been quite experienced entity in the gas sourcing and gas sourcing has been the center of excellence in Adani Total Gas right from beginning and you have all been seeing and reaping the benefits of lower gas cost. I am sure we will be able to maintain our track record even during volatility. So, I think you will see the benefit of this good contract which has

been signed and in addition to that our journey on continuously diversifying our sourcing will continue. We contract with the Reliance KG-D6 also, the gas is flowing now and we would look forward for diversifying the portfolio continuously so that we optimize our gas sourcing cost under every scenario which can emerge in the future. So this is on your LNG contracting side. Third was on your Total larger relationship whether now the new announcement which has happened where monetization of a pipeline is being announced InvIT will be constituted by the government. These are emerging scenarios. Currently our core competence is stated vision is that we would definitely like to expand our footprint in CGD business. So wherever opportunity in CGD business are coming you are seeing us growing there. We continue to maintain a strong vision on the CGD business. The new announcements has just happened and as a player we would keep our eyes open, but our strong vision would be toward CGD side currently and we will see how this whole announcement spell out for the oil and gas sector and we will definitely see the opportunity if it comes up as a vbeneficial for us, but it has to be aligned to our synergy we need to see which geographical areas are getting benefited and so many things around I, as any business proposal was evaluated. So we will be seeing all the proposals, but our vision would be strongly to a city gas distribution business which is our core business and we will continue to strengthen that business.

**Moderator:** Thank you. The next question is from the line of Arjun Khanna from GMO. Please go ahead.

**Arjun Khanna:** Just have a couple of questions so sir can you please elaborate on this Indian Oil JV and its performance going forward and what is the volume ramp up for the JV and expected equity infusion over the next two to three years by Adani Total Gas and the second question is sir can you give any CAPEX guidance for this JV and the amount already invested by equity by Adani Total?

**Suresh Manglani:** I will give these questions to Mr. Parag Parikh who he will respond to you and if there is anything, I need to supplement I will definitely add in..

**Parag Parikh:** I think as far as IOAGPL is concerned it is a 50-50 JV between Adani Total Gas and IOCL. This JV while it was formed a little later over the cycle of ATGL it today has 19 licenses that are been awarded and identical number to what has been awarded in ATGL. All these 19 licenses especially the ones which are the newer ones put together have a potential CAPEX of close to upward of 6,000 crores over the initial five years. Like any other financing a substantial part of this is also being done in a project finance model where lenders are supporting and at the balance resultant portion which is more in terms of equity is expected to be funded between us which is ATGL as well as IOCL. The equity component that would be expected to be funded from ATGL over the next four to five years will be in the range of about close to 1,000 crore This is the kind of equity investment that is expected as far as the JV is concerned. As far as the performance is concerned it is still building up as far as business is concerned. If I were to look at it for the current financial year as far as our revenues are concerned. Revenues have actually recouped compared to the 9-month comparison of the year before remaining continuing at about INR 220 crore and as far as EBITDA margins are concerned there has been a slight improvement as far as the EBITDA margins are concerned and to that extent it is resulting to about a INR 50 crore

plus as far as EBITDA is concerned. As far as volumes are concerned again as I mentioned in line in consonance with revenues volumes have slightly sort of improved as we close the December quarter to about 70 plus MMSCM.

**Arjun Khanna:** My follow up question sir was can you give any CAPEX guidance for this JV and the already invested whatever we have invested?

**Parag Parikh:** CAPEX guidance over the next five years is INR 6,000 crore upwards and as I told you the equity investment that is expected from ATGL for its share will be in the range of about 1,000 crore over the next five years. So that is the indicative sort of number that we are intending to do as far as the future is concerned. As on date the investment that we have already made to the JV is close to about INR (+350) crore.

**Moderator:** Thank you. The next question is from the line of Nikush Sharma from Abu Dhabi Investment. Please go ahead.

**Nikush Sharma:** So my first question will be regarding our strategy at CNG stations expansion are we collocating a largely network to be expanded using DODO volume and then I will come in and ask you a follow up question regarding that?

**Suresh Manglani:** Sorry could you please repeat there are little disturbance in the call.

**Nikush Sharma:** So my first question is what is a strategy on CNG station expansion are we collocating or largely network to be expanded using the DODO models?

**Suresh Manglani:** You know our strategy on CNG has been we have always been stating that we have a strategy earliest the better and that is the strategy we have said we will setup the CNG stations across all geographical area not only the new one where we have a minimum work program, but even the existing area where there is no binding nature of minimum work program. We see a very good growth on CNG business primarily because there is a strong vision of government of India, strong vision from world leaders on promoting the renewable and green energies. CNG is going to provide that impetus to the country. As we are seeing in every action of a government and the regulatory authorities so from that perspective, we have aligned ourselves we are going to expand CNG business at the fast as possible basis and that is what our teams are working and you are seeing our network increasing. Second part of question is are we going to be expanding on a DODO model the answer is absolutely yes. Our focus is on a DODO model because it allows our customers more convenience, it allows our branding there because of full formatted CNG stations, it allows us tomorrow in the future to add other services for the customer, other multi fueling choices for the customer. So I think it is a win-win for us for the dealers, for the consumers and for the community and for the country. So I think we would focus on DODO as another very important vehicle to expand CNG while COLO would be a primary vehicle because it allow us to expand and develop the ecosystem everywhere that is the reason you see COLO number significantly higher, but if you compare other CGD you will find our proportion of CODO or DODO is significant around 25%, 30%. It also helps us to ensure security of a supply

in case of any issue happens. We could actually ramp up the capacities, we can ramp up the resources our DODO and CODO stations because these are controlled and owned by us. So answer to your question is again yes that we would be expanding on a CODO and DODO basis. CODO is the number will be limited DODO will be large numbers and COLO will be the primary engine for expansion and expansion will be in a full swing from our side.

**Nikush Sharma:** I have a follow up questions what are the synergies as far as fuel retailing venture with Total and IOC as far as CNG station addition are concerned, can you just give us some color on that will be great?

**Suresh Manglani:** You must be aware that we have form a separate company called Total Adani Fuel Marketing Limited and that company has started the work, lot of homework is being done on the developing a blueprint in the country. The CEO has joined in that company a lot of senior leadership has started joining. So we are going to be working on a fuel retailing and through the TFM company and you will see us expanding on a few retailing businesses. There is a clear synergy between fuel retailing and CNG because we ourselves are setting up CNG station in the oil marketing fuel retailing station because it is a consumer who comes at that place and there is a synergy when you provide multi fueling choice with the customer. So we see synergy of this business fuel retailing and CNG completely matching. We would setup a CNG station TFM can come and setup a fuel retailing station DODO and CODO that is a synergy which will come in. So we are hoping that TFM would expand its business very soon and once they complete their blueprint working and standardizing the designing, engineering everything lot of work is going on. On IOCL they are our partner we are a partner 50-50 the company is called IOAGPL Indian Oil Adani Gas Private Limited. They have equivalent 19 geographical areas; they have close to now 80 to 90 CNG stations. The very good part of this JV is while we agnostic to the oil marketing company even in the JV, but we have our joint venture partner who has 35,000 retail outlets every nook and corner we find Indian Oil Corporation outlets. So it gives us added advantage when you have a JV we get a preference of selecting the sites at the more strategic locations and that is the reason volumes are boring in our system, but we are not constrained of a particular side being offered to us. So IOC being a Fortune 500 company the largest ONC in this country. It definitely gives us advantage through IOAGPL to setup IOAGPL CNG station largely in IOACL company and since our partnership is very strong with the IOCL Adani Gas also gets the benefit of getting preferred choice sides from IOCL and that is the reason you will see in our case also the IOCL will be dominating in COLO stations. So we have a very good synergy, we have a good partnership with IOCL and that full benefit is achieving being accrued by us.

**Moderator:** Thank you. The next question is from the line of Yogesh Patil from Reliance Securities. Please go ahead.

**Yogesh Patil:** Sir I have few questions first one relates to your total sales volumes in third quarter FY21 it was 1.6 MMSCMD and in your presentation you mention the company has crossed 2 MMSCMD volume, so my question is that have you added a new the industrial consumer in last one month or is it just a ramp up in a new geographies?

**Suresh Manglani:**

So this question which you asked as I was telling in my opening remarks we had an average of 1.6. This industry has two different volume system. One is an average volume which we register so it means 91 days average volume. Another could be the monthly average which is as I said December 1.78 so there is a growth in the volume which has brought volume to 1.78 and in the third measurement, we do is the exit volume at 31<sup>st</sup> December because that starts ramping up. So, what I communicated to all of you is 2 million volume as an exit volume as on January it is not an average volume of a January. Average volume because Saturday, Sunday is holidays we all of us remain at home, we do not go out, CNG volume comes down slightly, some industrial areas closes down. So volumes fluctuate in CGD company, but for us to crossing 2 million was a moment of pride and we celebrated 2 million on 29 of January. To your question whether we have added industrial consumer the answer is yes as I said 140 industrial, commercial customers have been added in the quarter, lot of industrial consumers have ramped up their volume, they were using alternate fuels, we have continuous engagement with them, we have brought them to the natural gas. Second I think we got benefit of this industrial recovery which is government of India calls it a reshape recovery. We have definitely got the benefit of this recovery because industrial output is increasing and since all of those consumers of ours are using natural gas and some are using alternate fuel they have come to natural gas. So compounding there has been a benefit of an increased CNG station, commercial consumers coming back to some extent, industrial recovery going up, new 140 industrial commercial coming up all that have added to our 2 million celebration which we did on 29<sup>th</sup> January that does not mean that we will be having an average of 2 million. We hope to have because our ramp up is continuing, but please take it that as a that day sale of a 2 million.

**Yogesh Patil:**

So my second question is related to again your three year deal to import LNG, so can you give us a few details like a pricing terms where the LNG will be offloaded on the East coast or West coast when the gas sourcing will start, is it a takeover pay contract, so basically what we want to know whether this LNG import contract is a cheaper compared to the RLNG gas which right now you are taking, so just wanted to compare on that front, so if you could disclose the more data about that three year LNG contract term that would be helpful?

**Suresh Manglani:**

Yogesh you always found us we will give you more information than you ask that is the reason I told you please ask more questions from us. LNG contract if you have been following an Oil and Gas industry you know these are very complex contract. There are lot of operational and complex commercial terms, the linkages, pricing formula, take-or-pay, supply pay, several flexibilities, several estimate provisions, and these are international standard practices. We have good flexibility in that contract I can just give you an assurance that as I was telling we have a very strong sourcing team with ATGL who has been achieving a very good contracts across the board it is not only this contract. We have signed a win-win contract which is going to be a good for us it does provide us a lot of flexibility in terms of linkages, in terms of getting hedging done if you would like to achieve the hedging also. So we have signed a very good contract it also allows us multiple delivery points either we want to achieve it or from a sourcing point of view. So we have a contract which meets our requirement a CGD company which has a fluctuating requirement which could go from x volume to y volume or come down to the z volume all that has been built in. You will see as we grow the benefit of these contract, the commercial

conditions which you have been finally zero down and signed off are certainly these would be the I would say better would be that you see the benefit of these conditions. Good conditions international practices the best practice have been achieved, Total has extended an excellent support and encouragement to us by giving a good contract to us.

**Yogesh Patil:** So sir any ballpark idea whether it is linked to crude or is linked to any benchmark globally?

**Suresh Manglani:** I would say it is definitely linked to the crude as well, but it is linked to couple of formulas and we have a choice to choose that. It is a flexibility for us to choose it is not a fixed price contract just let me tell you that you know that there is going to be linkage through the some brand may be JKM may be Western India several industries which works. So we have flexibility to choose, we have flexibility to decide on certain periodic basis.

**Yogesh Patil:** Sir, the last one from my side the 14 geographical areas are operational now, can you provide a breakup how many of them are owned by the Adani Total and the remaining JVs in any breakup out of 14 operational?

**Suresh Manglani:** I was answering only for when I said 14 and all my answers are only Adani Total Gas standard these numbers which you have seen 151 station, the 222 crore EBITDA everything which I told you 5 LNG plants all are for Adani Total Gas Limited 15 geographical areas. So start building your portfolio properly because it is an ATGL numbers only our numbers only. If you add JV number it will go further up.

**Moderator:** Thank you. The next question is from the line of Ashutosh Chaubey from Centra Advisors LLP. Please go ahead.

**Ashutosh Chaubey:** I have a multiple question first of all if you could give us any volume guidance that how much is the company anticipating volume would increase going forward three, four years?

**Suresh Manglani:** we have been stating that as a policy we do not give any guidance for a future all we request and impress upon our investor and the all participants in the call that look at our track record of delivering growth every quarter-on-quarter basis, but this quarter we actually made an exception of when we actually gave a new development which took place of a celebration of 2 million which itself is a future guidance for all of you. So my request would be that see our track record absorb this 2 million volume growth which we have achieved and see us from that perspective that yes we are alive to the market situation if economy is growing we are capturing and seizing all opportunities which are coming to our side. Teams are working hard to expand business, sees more and more volume. So from that perspective I will request you to keep watching us future guidance we do not indicate that.

**Ashutosh Chaubey:** The second question is on your gas sourcing if you could just give us a bifurcation is how much is under APM PMT spot and long-term contract?

**Suresh Manglani:** So APM is generally it is 50-50 so APM would be around 48% this quarter and RLNG is 52% to be precise this quarter. RLNG as I said these are diversified portfolio, we avail spot, medium term, we avail all the possible options. So I think suffice to say would be that we use mix of a contracts a good mix our good optimized sourcing process.

**Ashutosh Chaubey:** Sir with the recent price surge in the gas market how much if you could just provide us some figure is in how much at what price are you buying on the spot?

**Suresh Manglani:** You have to see what are the price is going on that is what in February we keep hearing prices went up to \$20 in international market, but just to give you a good news that we did not get caught on those kind of a prices we have been getting a good prices. As I said in the beginning of my call that we have a strong relationship with our partner as well as our suppliers here in GAIL, GSPC and all other places. So we have availed reasonably good prices the spot market certainly to meet our peak demand sometime it do resort to the spot market and whatever good contract on that date we get or that period of 15 days one month that we achieve and today prices are on higher side you have any way \$10, \$11, \$12 prices are going on it is up to you kind of a volume which are available how desperate is the seller. We in fact did a transaction on the gas exchange actually so there was a seller who wanted to sell us on exchange we bought it. So actually, difficult to give you a price because it is very dynamically based what period we need if we need March gas currently may be little different than the February gas if you want it, but you should be happy to see that we have been ensuring that we achieve the best possible prices and terms when we source the gas.

**Ashutosh Chaubey:** One last question is with the volatility going on in the gas market how does company anticipate it now do you want to lock yourself up in a long-term contract or you still want to get have some exposure towards spot market, how is company looking at that front?

**Suresh Manglani:** So as I said you know this has been our USP that we have been ensuring we do a gas sourcing in optimal manner and when we say optimal manner we keep all our all options open, we do keep some volume for a spot, some volume we will keep on a medium term contract. As I said we in fact resorted to buying from exchange some on a longer little medium term and longer-term contract and that strategy will continue we have teams which has expertise on hedging risk management. So we avail all the possible option and benefits. So in our view has been that this strategy is good we should continue this strategy rather than taking a knee-jerk reaction of immediately and this volatility should push us to change our strategy. I think we are a long-term player we will look at a long term prospective, we have a long-term view on the gas pricing how it is going to happen. So keeping all that views we feel our current strategy of optimize and a mix sourcing is a good one and being a CGD company and we will continue to do that.

**Moderator:** Thank you. The next question is from the line of Arjun Khanna from GMO. Please go ahead.

**Arjun Khanna:** Just one last question from my side sir so sir I mean we have increased our CNG prices by I think Rs. 1 to Rs. 1.5 when the gas economies were in our favor, so sir given this trajectory of

spot LNG and expected upward revision in APM gas prices, how do we see our margins playing out and do we see hikes being easily absorbed?

**Suresh Manglani:**

So Arjun I think you can come back again as well we will be sitting till we answer all the questions. Coming to your increase in the price as I said we have a very strong sourcing, we have very strong on a sales price management. The aim is not to increase the price, aim is to make sure that we continue to remain competitive in the market, we provide one of the best customer services, convenient services. So when you see expansion of CNG stations and which is also has a significant amount of daughter booster stations, it does bring some cost for us because we carry gas from a different distances to that station to provide convenience to consumer. So sometimes we are constraint to pass through the rupee here and there to the consumer side, but at any geographical area for Adani Total Gas today we would certainly be minimum 40% to 70% saving. Udaipur is Rs. 104 petrol and our price are only Rs. 59 where we carry the gas from Ahmadabad. You can imagine the kind of a convenience and the pricing benefit we are giving to the consumers because we would like consumers to adopt CNG and embrace the CNG. We will earn later on, but currently our aim is to develop ecosystem. So I think we are alive we know this business so we are alive to this business requirement of consumer size what price we should keep it. To my mind, I think if you work in tandem with the consumer expectation absorption of a price is not going to be an issue so long as we are not unnecessary passing through the prices. We maintain the customers interest, ensure convergent become attractive for him and the filling at the CNG stations is attractive and remunerative for you and these are the things which we keep and we even pass through or reduce the prices. I think this our leadership will continue on those sides.

**Moderator:**

Thank you. The next question is from the line of Tanay Gabawala from Emkay Global. Please go ahead.

**Tanay Gabawala:**

I was just wondering if you could give us split of your industrial and commercial PNG volumes for Q2 and Q3 FY21 and my second question is if you could give some color on your CAPEX plans for FY22 and your total CAPEX incurred till Q3 FY21?

**Suresh Manglani:**

I would request Parag to enlighten you on those numbers and give you more details. Parag over to you.

**Parag Parikh:**

I think as far as firstly the split is concerned within the PNG segment of industrial and commercial. Historically industrial has uniformed bulk of the C&I business and to add to that as you have noticed while you know there is a gradual unlocking commercial obviously has not reached to its optimum levels. So if I were to look at it as a split firstly within PNG segments today almost 80% of our volume is comprising from the industrial one while 3% is from commercials and 17% is from the domestic one. Now within that if you wish to see a comparison between Q3 to Q2 there is actually a gradual rise in both the commercial as well as in terms of industrial relatively smaller impact of commercial given the fact that it is only 3% of our PNG volume, but industrial certainly has grown and industrial has grown on a quarter-to-quarter basis from Q2 to Q3 by almost 20%. So that is as far as I think the C&I breakup is concerned. I hope

that answers your question. Moving on to the second question Tanay as far as CAPEX plans are concerned I think all along we have been maintaining as far as ATGL is concerned with the 9<sup>th</sup> and 10<sup>th</sup> round authorizations that we have been awarded we are expected to roll this out of close to about 5,500 to 6,000 crores over the next five years so that is the overall indicative plan as far as the four to five year period is concerned and whilst it may have an acceleration in the initial years when gradually tapering down over the later years and you should expect that this CAPEX on an annualized basis will range somewhere in between 1,200 to 1,500 crore on per annum basis.

**Moderator:** Thank you. The next question is from the line of Manikantha Garre from Axis Capital. Please go ahead.

**Manikantha Garre:** Just two to three more questions again so the flexible contract we have signed with Total would we getting that benefit of using this contract from Q4 onwards itself that is the first question and the second one would we have obtained such sort of flexibility with other global LNG suppliers in terms of term contract and we just tend to gauge how the marketing is thinking post this spot LNG spike that is the second one and the third one is sorry I missed the split of CNG for Q3 if you can repeat that please?

**Suresh Manglani:** First of all repeat participation is incentive for us so I keep on participating again and again and keep asking questions. So I think you asked very important question when this contract starts, it has already started. So to answer your question contract is live right now whether similar terms are being offered by international other global supplier answer is there are several types of terms and conditions which are available in international market depending upon buyer and seller need what buyer needs now we are a CGD company it is a very peculiar business where there is a fluctuation which happens in the requirement, we have a very small industrial consumers versus one buyer from them. So B2B purchase, B2C sale this has own complexities so we need to handle that complexity so many times you actually enter into more customized terms and when you have a strong global partners like Total who are world leaders you have benefit of achieving those customizations because in overall larger portfolios of their own this they can accommodate easily. So I think we have got a very good benefit or I would say strength which has come to us as a partner in promoter as well as the world major who has the largest portfolio in LNG. So suffice would be to say that benefit is definitely accruing it is an arm's length contract the complete proper process was followed by us giving full opportunity to everyone it was done in the complete transparent manner and finally it has been a win-win contract as I said you all will see over the time when we start flowing the gas more and more in the pipeline and we have kept our windows open for further diversification of the gas sourcing. So I think Parag will give you the details on split of what you wanted on industrial and commercial.

**Parag Parikh:** So as I said as far as our PNG composition is concerned within commercial, industrial, and domestic. Industrial has always been a very dominant and that comprises 80% of the PNG segment of volume, commercial is 3% while domestic is 17%. From a Q2 to Q3 we have seen actually industrial volume really picking up that with the unlocking that has happened and we have experienced a 20% growth as far as Q2 to Q3 is concerned.

- Moderator:** Thank you. The last question is from the line of Harshraj Aggarwal from B&K Securities. Please go ahead.
- Harshraj Aggarwal:** Could you help us or throw some light on the growth of industrial volume I mean in terms of the recovery excluding the additional customers which we added during the quarter and what potential for the growth coming from the industry segment for the next two years?
- Suresh Manglani:** So Harshraj I would request Parag ji he is holding all the numbers he will give you the numbers in details and if I need to supplement, I will pitch in surely.
- Parag Parikh:** So I think if one were to look at where we were for a corresponding quarter for the last year industrial while it has remained a very important element for us it would have been in the range of about 60 MMSCMD. So this I am referring for Q3 of FY20. Now while you have a lockdown the lockdown obviously had its own share of bibs and with the gradual unlocking, we were almost close to 90% of this recovery by the Q2 itself and when we see Q3 we are actually experiencing not only 20% growth from our Quarter 2 to Quarter 3 basis, but even if I were to compare it to my corresponding earlier quarter, we have seen a growth of almost 13% to 14%. So that is how we have seen as far as the volumes are concerned. This is of course a combination of both. One is recovering the volume which was lost due to lockdown and on top of that we continued marketing interventions in terms of increase of our industrial customer base so that also has marginally added as far as the Q3 is concerned. You will see a lot more coming in as we move to the subsequent quarter, but largely it is a combination of these two a small incremental component in the third quarter which has come has from the newer connection while largely we have also experienced the recovery which would have been lost in the lockdown period.
- Harshraj Aggarwal:** Sir is it possible to share on which industrial sector can help the volumes to grow going forward for us?
- Parag Parikh:** The industrial volumes will continue to remain a very concentrated focus for us, and there are specific areas where we see a cluster of industries for example Khurja. So there is obviously a very strong marketing intervention from us both in terms of increasing the number of connections importantly also in terms of increase of volumes with the existing set of customers. So I think on both the fronts today ATGL is working very actively engaging with these industrial customers to see how it can grow. On the same hand other elements like increase awareness of a better fuel compared to carbon all of that is also helping in customers wanting to take a view, some temporarily, some more permanently or wanting to convert into gas. So I think this is clearly a drive that we are seeing and we would continue to look at building our industrial volumes.
- Suresh Manglani:** See I would only add to Parag you all are watching India growth; you all are analyzing how industries are coming back, how the demand is growing up. So if you have analyzed and you have concluded that India is going to grow industrial demand is going to grow more industrial expansion is going to happen. We can certainly conclude our demand will grow, you can

certainly conclude that our gas volume will go up because we are essentially supplying the feedstock to them, supplying the fuel to them. This is a basic requirement for industry to adopt and more and more one more important is things happening whether you or me all of us would like to cleaner environment. Now India is not tolerating now India is resisting we see that resistance even happening in semi urban areas people do not want to see the block smoke being inhaled by their children when they are going to school. So I think everywhere we are seeing India is resisting India is looking forward for a cleaner environment, cleaner weather, cleaner climate so that is going to help the gas companies and we are one of the participant in that chain and we are definitely aligned to the nation building vision, we are expanding at a fast track basis across all geographical area and we have vision and ambition to expand it further and when the new rounds are coming.

**Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Vinit Gala from Monarch Network Capital for closing comments.

**Vinit Gala:** Thanks Aisha. On behalf of Monarch Network Capital, I would like to thank the management for giving us this opportunity. This interaction gives a great perspective on the industrial landscape, your execution capabilities, and the scale of operations. I would now like to hand over the call to the management for any closing comments. Over to you, sir.

**Suresh Manglani :** Thank you Vinit. Thanks to Monarch for bringing very good quality investors who have been asking fantastic questions, very relevant questions and it was pleasure to answer all those questions and I must thank every participants for taking out their time, look forward for more intense questions, for more intense participation. Thank you very much.

**Moderator:** Thank you. On behalf of Monarch Network Capital Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.