



“Adani Total Gas Limited  
Q2 FY2022 Earnings Conference Call”

October 29, 2021



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Gas

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**Moderator:** Ladies and gentlemen, good day and welcome to the Adani Total Gas Limited Q2 FY2022 conference call hosted by IIFL Securities Limited. As a reminder, all participant lines will be in the listen-only mode. 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 “\*” then “0” on your touchtone phone. Please note that this call is recorded. I now hand the conference over to Mr. Harsh Dole from IIFL Securities. Thank you and over to you Sir!

**Harsh Dole:** Thank you. Greetings everyone. On behalf of IIFL Securities I welcome you all for the second quarter earnings call of Adani Total Gas. To discuss the company's performance in detail and share the outlook, we have the senior management team of the company. It is my privilege to welcome Mr. Suresh Manglani, CEO, Mr. Parag Parikh, CFO and Mr. Priyansh Shah, IR of the Company. Without much of a delay I would like to pass on the floor to the management for their opening remarks subsequent to which we can have the Q&A. Thank you and over to you Sir!

**Suresh P Manglani:** Thank you Harsh and good morning everyone. Thank you for participating in this conference call. Let me at the outset extend a very hearty welcome to all our investors, analysts, fund houses' friends for taking out their time in participating in today's call on Q2 FY2021-2022 results of Adani Total Gas. ATGL wishes all our friends on this call and their families' healthy and safe life.

Post second COVID wave India has been witnessing robust recovery of economy which has benefited ATGL in second quarter and we hope to see this trend continuing and strengthening further. For the period of COVID and post COVID ATGL has ensured round-the-clock uninterrupted increased supply of both piped natural gas and CNG to all our consumer segments across all of GA. We are proud of our teams for being with the company and taking this call of a duty to spend with the country.

Before I move further I would like to also highlight that in yesterday's Board meeting which took place to approve the results of this company the one of the important point which came out was enhancing the governing standards of the company and I am pleased to inform you all that Board of Directors have approved constitution of several new committees of the Board which includes corporate responsibility committee which will look after primarily on the setting up the ESG goal as well as implementation of ESG targets. Public consumer committee to see overseas and ensure that we are gearing up to make sure that customer is at the center stage of all decision making of ATGL. The information in

cyber security committee to ensure that company is always being ahead of a curve in its selection of a technology and also mitigating and ringfencing it against any cyber security threats. Similarly there are other several committees which are constituted and existing committee had been reconstituted and terms of reference has been enhanced, so this will certainly take company to a new level of a governing standard matching or in fact better than the international best practices.

Now as we have been stating that at ATGL adhering to the highest safety standard is a precondition to work and this shall be our key imperative to build safe and reliable CGD networks across India and a strong safety culture within ATGL. All our employees and partners working for us are being continuously trained of the strong practices of HSE. During this quarter we launched an innovative step of rewarding contractors applying best safety practices with Green cap and Trophy and then the next level of contractors with Orange caps and the contractors requiring major safety improvements with Red Caps. This we believe will further inculcate strong safety culture which ATGL is driving to put in place. ATGL has continued its track record of a zero fatality in the first half of the financial year 2021-2022. The quarter has witnessed significant surge in gas prices globally which certainly post the challenge for the downstream entities like ATGL to balance the volume growth and ensuring that we offer good prices to the consumers. I am delighted that despite these challenges and with good customer engagement and servicing we have been able to achieve good volume growth and deliver an all-round robust physical and financial performance for the second quarter FY2021-2022.

On the infrastructure front with addition of 20 new CNG stations to our numbers, today the total CNG numbers have increased as on September 30, 2021 to 244. During the second quarter ATGL has also surpassed the milestone of servicing 5 lakh home PNG consumers which now stands to 506000, around 19000 consumers were added in second quarter. Similarly we have seen strong growth in industrial and commercial consumers, we have added 199 new consumers and with this our total tally increased to 5264. On the steel pipeline laying front ATGL has now completed 3535-inch kilometers of steel pipeline in the new 15 geographical areas which were awarded to us in 9th and 10th round. CNG commercial operations have started in 14 geographical areas out of 15 GAs allotted to us and we hope to commence the operations in 15th GA very soon in the future.

Let me also brief you all about the financial performance of the company for the second quarter of financial year 2021-2022. Our revenue increased to 687 Crores which is 56% higher than the corresponding quarter of previous year. Our EBITDA grew to 246 Crores which is 13% higher than the corresponding quarter of the previous year. The profit before



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tax has increased to now 213 Crores 17% higher than the corresponding quarter of the previous year. The profit after tax had increased to 159 Crores that is again 17% higher than the corresponding quarter of the previous year. In the second quarter of financial year 2022 overall volume stood at 175 million metric standard cubic meters which is higher by 33% on year-on-year basis. Our CNG volume were 91 million which is 54% higher on year-on-year basis, and PNG volumes were 84 million which is 17% higher on year-on-year basis. During Q2 FY2021-2022 as I stated revenue from our operations was 687 Crores an increase of 56% on year-on-year basis, our EBITDA as I stated was 246 Crores 13% higher than the previous year quarter.

Let me also apprise you some of the other developments. ATGL also executed a share subscription and shareholders agreement to acquire 50% stake in the Smartmeters Technologies Private Limited Company which is setting up a smart metering plant in Gujarat under self reliant Atma Nirbhar program with Government of India. The transaction has now been completed, this will help ATGL to have its supply chain assurance for its gas meters, requirement is also for our JV IOAGPL and this company will also cater not only ATGL, IOAGPL demand but also India's demand to move towards smart metering by almost 50 to 60 million requirement is there in the future, and also this company will compete internationally in overseas market. ATGL has also signed a definitive agreement for an exclusive collaborations for setting up a bioconversion plant with a designed capacity of around 350 tons per day of a feed processing at Barsana, Mathura, Uttar Pradesh based on a cattle dung as the primary biomass along with other bio mass including napier grass, press mud, etc. This is the largest cow shelter in India with 60000 cows at one place. This is aligned with our vision to support nation in converting waste to wealth and at the same time grow our footprints by supplying CBG in the newer areas beyond our geographical areas. I am confident that with continued support from all stakeholders and motivated team ATGL the journey ahead is going to be much more exciting and successful. We would like to acknowledge the role played by our shareholders, consumers, dealers, investors, suppliers, business partners and all stakeholders who are associated with Adani Total Gas and we are thankful for their trust and continued support. Thank you very much. Over to you Harsh!

**Moderator:** Thank you Sir. We will now begin the question and answer session.

**Harsh Dole:** Mallika as the question queue assembles, I would like to take this opportunity and ask a macro question to the management. Can I go ahead Sir if it is okay with you?

**Suresh P Manglani:** Yes please go ahead.

**Harsh Dole:** Sir we are actually witnessing an unprecedeted macro landscape whereby demand from consumer categories is across the Board fairly strong but the input prices continue to be extremely volatile, now in your opinion how long this situation may persist and in case it continues say for another couple of quarters do you think it will start adversely affecting the demand?

**Suresh P Manglani:** Thank you Harsh it is a very, very good and pertinent question at this moment. As I said earlier also that this is somewhat an energy crisis which world is witnessing. There is certainly an unprecedeted surge in the prices of natural gas and several other commodities whether it is including coal, alternate fuels, metals, so we are passing through a very challenging time. India is also seeing the implication of this international phenomena and this really poses a challenge for a downstream industry like a CGD company like even any other companies. In our view this phenomena is a temporary phenomena, we believe that in a few months down the line there will be a moderation of the prices because this kind of a \$30, \$35 per MMBTU of JKM prices cannot sustain the demand nor these prices are sustainable, this is a temporary phenomena because of a sudden new surge in the demand, storage issues, capacity constraint issue, shipping issue and several other factors, so these things will get streamlined. So from our perspective at ATGL one good thing has happened is that we have been focusing the last several months on developing our good dynamic sourcing portfolio. So we have today of course APM gas has been given to all CGD, for CNG and home PNG which we are also getting which is around 50%, 55%, but remaining 45% or so we are purchasing the gas under various contracts with multiple indexes with flexibility in the volume, flexibility moving from one index to another index and we are also adopting some hedging part. So with this kind of developing the gas portfolio and in fact we keep looking around the market in buying gas from the gas exchange or any other seller who is offering a better price than international market we have been seeking those opportunities. So with this kind of an approach which ATGL has developed we are still able to sustain the volume growth and able to provide good prices to our consumers across the segment. We believe that moderation of prices will happen sooner than later and we will continue to have a volume growth. If it persists as you stated even if I take it for a multiple quarters I think we need to close that bridge, there is one another important development which is happening is that it is not an isolation surge in the gas prices the surge is also happening in alternate fuels and for other commodities so that will allow us to pass through some of the burden which we are getting on the increase in our input prices. So we believe that we will be able to continue the good volume trend with good engagement with the customers. Hope I have been able to give you a response which you expected. Harsh.

**Harsh Dole:** Yes Sir this is very helpful. Mallika can we open the floor for Q&A now?

**Moderator:** Yes Sir. We have the next question from the line of Nitin Tiwari from Yes Securities. Please go ahead.

**Nitin Tiwari:** Thanks for the opportunity. Sir my first question is a book keeping one. So can we have a breakup of the PNG volumes in terms of taking industrial and commercial as well how much did we sell to the industry and how much to the commercial consumer?

**Parag Parikh:** Thank you Nitin and certainly welcome to the earnings call for ATGL. In terms of our volume breakup if you have seen the earlier quarters of pandemic, CNG volumes had slightly dipped down in the earlier quarters but we see that all now bouncing back on the ground and we are in fact almost touching 50:50 kind of ratio between the CNG and the PNG. Within the PNG, industrial has always dominated which comprises almost 85% as the C&I bracket versus the domestic.

**Nitin Tiwari:** Still 85% is for both industrial and commercial?

**Suresh P Manglani:** That is correct C&I is 85% balance is domestic and the overall breakup to be more précis is actually 52% CNG, 48% PNG.

**Nitin Tiwari:** Understood. Can you also have a percentage breakup between industrial and commercial so as you mentioned that like that almost 85% so if we can have a percentage breakup between industrial and commercial for this quarter specifically?

**Suresh P Manglani:** Sure. So industrial has always been the dominant factor in our C&I segment which comprises almost close to 95% of the C&I breakup.

**Nitin Tiwari:** Understood. That is helpful. Sir my second question is related to the Mathura biogas plant that you mentioned so can we have some more details around like what is the production capacity of this plant in terms of gas production or what is the capex and timeline we are basically looking at?

**Suresh P Manglani:** So Nitin we are setting up 350 tons feedstock processing per day project, we will be able to produce once the project is commissioned around 15000 kg per day of compressed biogas which is equivalent to the CNG which we sell as a CNG and also large volumes of the organic fertilizer. We have just signed the agreement, our consultants are now working on designing the whole plant, we hope to float the tender for EPC very soon and we expect 9 months to 12 months period it will take to commission this project.

**Nitin Tiwari:** Understood 9 to 12 months and capex what we are looking at roughly?

**Suresh P Manglani:** It is roughly around \$9 to \$10 million.

**Nitin Tiwari:** In Mahanagar gas in this quarter they had faced basically challenge in adequate supply of APM gas for the priority CNG and PNG domestic as well so did we also face some sort of supply crunch on the priority sector or we had adequate supply of APM Gas in this quarter?

**Suresh P Manglani:** Actually Nitin normally it is a country wide phenomena but it also depends upon how you develop your portfolio on proper nomination basis so we also did face this issue of getting slightly lesser allocation of an APM gas versus what we require what is happening is the demand is increasing at much higher pace than the expected across the country on a CNG side and the allocation process take some time lag of a three months quarter so if you are able to project your demand better that company gets benefited so I think we have been benefited because we have been able to project our demands better way but there has been a slight combination of APM gas and RLNG in our portfolio for supply of CNG. The good part at ATGL is that we have been able to source that RLNG also at a much better price that is the reason you see with a slightly lesser impact in results terms of an EBTIDA.

**Nitin Tiwari:** Understood Sir. That is very helpful. I will get back in the queue and advance wishes for Diwali and festive seasons ahead.

**Moderator:** Thank you. We have the next question from the line of Mayank Maheshwari from Morgan Stanley. Please go ahead.

**Mayank Maheshwari:** Sir thank you for the call. A few questions from my end one was I think a bit more longer-term strategy in terms of LNG sourcing if you can kind of comment on how are you thinking about it now considering the changes in the market you are seeing so a bit more long-term view if you can just give us how you are kind of thinking about?

**Suresh P Manglani:** So Mayank thank you for participating I think you have been a very regular participant and a very good question. We have signed last year as we have been stating in our investors call last year a three-year contract. Being a private entity what also we did was we have inbuilt several flexibilities in that contract in terms of the volume variation or moving from a one index to another index or inbuilt hedging so that is the contract which is helping us in this challenging time. Now our vision on longer-term is actually that we are thinking of building a better portfolio on both domestically produced gas like RLNG but we do not think that for another couple of months is a right time to look at and of inviting any tenders of RFPs because currently market is being scheduled with a very high surge of the prices so the right appropriate time is in couple of months down the line I think we will develop our

appropriate schedule for a longer-term when the time is appropriate and opportune for us to see the market is really giving us a better prices. Today we are actually having good contracts which will be helpful for us not only for this year but also for coming one or two years so we are not in a too much of a hurry currently.

**Mayank Maheshwari:** Sir I think just an extension to this point I think if you kind of think about the number of geographies you will be bringing on over the next 10 years correct there is quite an amount of volume that you will require so are you even thinking about signing any 10-year contracts or like more than three, four years basically contracts now even when things are to normalize a bit or that is not yet on your agenda?

**Suresh P Manglani:** Actually we are also seeing domestically produced gas is increasing there is a lot of encouragement from government of India to increase the production within India as well and plus we are seeing setting up of several LNG plants which will again bring a good competition in RLNG plants, so we feel that we as a buyer would have a better place actually in terms of getting good terms and good contracts so currently it is not in our horizon to have a 10-year contract but certainly we will be looking at three to five year contact at a right time in couple of quarters down the line when we see their prices have really rationalized and moderated.

**Mayank Maheshwari:** The second question was more related to the entire cost inflation you are seeing in terms of infrastructure as such how are you kind of managing that now that you are in a buildup stage around a lot of cities?

**Suresh P Manglani:** Yes, so that is again a very good question as I said in my previous conversation with Nitin or Harsh that we are seeing not only natural gas prices but also several other commodities including metal and metal is steel piping which we do or a GI pipeline. See overall proportion in the capex is not very significant though there is an increase of 20%, 25% in the metal prices as well, but at Adani when we procure as economies of scale with the entire group we are able to get a much better efficiency than others. So we believe that overall the implication will not be very much higher than what we are seeing in the market and this we will be able to still maintain with our good push for other opex optimization as well as the gas sourcing optimization so we do not see much of an implication and our returns in future even if cyclically prices are slightly higher currently for this year or next year.

**Mayank Maheshwari:** Got it. Perfect. Thank you Sir.

**Moderator:** Thank you. We have the next question from the line of Mr. V Sivasankaran from Antique Limited. Please go ahead.

**V Sivasankaran:** Thanks for the opportunity. Just wanted to understand in terms of new GAs and your volume at the CNG outlets how long does it take to reach per outlet throughput which you have seen in our old GAs and here it varies a lot between south and north if you can give us a picture of both these regions?

**Suresh P Manglani:** Good morning to you and thank you for participating. I am not able to hear you out clearly because there is some sort of a disturbance in your line just repeat even in a briefly because then we can respond your question.

**V Sivasankaran:** Sure. I just wanted to understand in terms of the new GAs which you are rolling out how long does it take for the outlet to reach the old GA throughputs I am sure the ecosystem is different in the Gujarat and if you look at south as well so in these two regions in your experience what has been the time period it takes for that kind of a throughput we reached?

**Suresh P Manglani:** Still it was not very clear, but if I understood your question is that what we are doing rolling out of a capex or infrastructure in several geographical areas your question is how long it takes to get the volume built up in those areas is that the correct question?

**V Sivasankaran:** Yes.

**Suresh P Manglani:** Or it is only limited to CNG, is it limited to entire GA only?

**V Sivasankaran:** I am more interested in CNG.

**Suresh P Manglani:** VaratharajanJi if you see how we have rolled out our plants we got this geographical area sometime in 2018 and 2019 then we have the COVID year today despite COVID which we have all seen last 18 months we have been able to still setup 136 CNG stations in new geographical areas in fact if I may give you in this context as on March 2020 we were in a company this company has been like this for the last 15 years Adani Total Gas we had 115 stations, 115 cumulatively as on March 2020 across all geographical areas, since we got the new geographical areas and we had a benefit of these virgin areas we could expand and setup 102 CNG stations in a single year , as on March 2021 we increase our tally from 115 to 217 and the 80% stations were setup in the new geographical area so just to give you a conclusion respond to you that CNG rollout is normally a very cumbersome process but with the agility and the teams expertise and competencies which we have and our planning

and project execution skills in Adani Group we could in fact set up several stations in three to four months itself and some of the stations took 6 to 8 months or 9 months so it is an average around 4 to 5 months with the colo which is a co-located station with oil marketing companies, 8 to 9 months or a 12 months it takes for CODO or a DODO station, in some stations because of the land issues it takes even beyond 12 months, on an average we can take four to six months is what a station we have been able to deliver with 136 stations which we have given in new stations and volume built up take some time depending upon the nature of a geographical area. If we set up closer to NCR, Faridabad or Khurja when we get a very good volume in those neighborhood because those neighborhood already are having an ecosystem, but if we setup like in a Gujarat also quickly we got good volume. If we setup GAs like in Udaipur which is a tourist place where lot of transient vehicles are passing through or going from Gujarat and the Rajasthan and other places there also we got a good volume data very quickly because CNG vehicles are moving to that area while the vehicles of Udaipur is getting converted in the meantime, but if I may give you perspective that if we have setup several station in Tamil Nadu for example, Odisha, now those are very virgin geographical area they are first time seeing and hearing about CNG, the retrofitting business is yet to start for conversion of vehicle so that will take nine months to 12 months period to pickup so it is who moves first whether we should move first or the conversion to take place first. As an infrastructure company which we will be there for a generations we took on a step that we would setup our station in a large numbers to see that people have a confidence in CNG and they start converting and that visibility now we are seeing people are developing confidence and trust and the convenience of a CNG availability at a various places so we have setup a number of stations in Odisha, our geographical area in Tamil Nadu and we are hopeful that this pickup will continue and built up like other geographical in Gujarat and other places. Hope this satisfies your question.

**V Sivasankaran:**

Yes that is very useful thanks. One other question I had about is initial volume of 5000 cubic meters allocation in a new GA has it been a serious constraint in your rollout?

**Suresh P Manglani:**

If I understand your question you are saying the APM 6000 allocation which is happening initially by the government correct?

**V Sivasankaran:**

That is right Sir.

**Suresh P Manglani:**

This is the procedural part and a policy part that certainly initially it was very helpful if you ask me that there was a beginning of giving 6000 cubic meters of gas into a new geographical area but what we all saw not only ATGL but all other CGD companies that there was sudden spurt arise in the CNG volume across the country and there we started

seeing this inadequately of a 6000 volume which has been given because the procedural issue as our previous gentleman was asking because we need to then putting the RLNG which is at a high price so we all have taken up with the government and the GAIL and we have seen a very positive response in the next one or two months time we expect that 6000 SCMD issue and several other procedural glitches which are coming in the way but of course still we are able to get a very, very good supply of an APM which you can see from our numbers, we hope even that will be resolved and streamlined, we are fully engaged with this GAIL as well as the PPAC and the government and we see very positive response, so I think 6000 SCMD maybe an issue but to us it is a very temporary issue because we see a positive response from both government and GAIL.

**V Sivasankaran:** Thank you Sir.

**Moderator:** Thank you. We have the next question from the line of Nitin Tiwari from Yes Securities. Please go ahead.

**Nitin Tiwari:** Sir this question is a broad directional one, so in a light of EVs getting lot of center stage in terms of discussion and as we pointed out city gas solution is a long-term infrastructure play where like significant amount of surplus which will go in putting up the infrastructure so as a value strategy how do you see things like coming together and how do you see things falling in place with EVs coming in and also future for CNG and for natural gas in this entire backdrop so your thoughts and comments on that piece?

**Suresh P Manglani:** So first of all Nitin I think I must complement you that you come second time and asking very, very pertinent question this is in everybody's mind actually what is going to happen when EV comes. See at ATGL our view has always be not only now and we actually bidden 9th and 10th round but India like lot of other parts of the world will see a mixed technology paradigm as far as the transport fuel is concerned. We will see petrol diesel continuing for several years now, we will see CNG playing a predominant fuel as a renewable fuel kind of a much, much better fuel in terms of the pollutions reduction continuing for at least 2030 or even beyond that, we will also see emergence of EV, we will also see couple of years down the line maybe in hydrogen so I think we will see a mixed technology paradigm in transport fuel, we will also see a good amount of curiosity or the acceptability and adoptability by the consumers, but our view is that CNG shall continue to play at predominant role beyond MS and HSD in terms of economies, in terms of environmental benefit and still people will be adopting CNG as a fuel of a choice for many more years now and then even if there is an EV emergence in much stronger way as we have seen in some parts the projection by all the reputed agencies is still shows that not

more than 10% to 15% of EV adoption by 2030 so you will still see a CNG playing a good role. We would also be very open as an ATGL being a private entity, we are also open to see this opportunity as an EV to make sure that our customer gets a multi-fueling experience at our station so we are exploring that opportunity currently, still it is on a drawing board we are discussing but you will see us not shying away from moving towards ensuring that wherever that EV opportunity is there along with the CNG we also offer EV solution in one or other way to our consumers, so you see EV coming up, we see CNG predominantly playing a good role, we see also couple of years down the line hydrogen coming up depending upon how economics works out and how India shapes up the whole world is working on more and more research on hydrogen and also we see MS HSD continuing MS more than the HSD.

**Nitin Tiwari:** Thanks Sir that is very helpful and you also mentioned hydrogen so just a little question to that so is our CGD network capable of handling hydrogen or can it be repurposed to handle hydrogen if it has to?

**Suresh P Manglani:** Actually if you see for example Italy you will see, Australia you will see the whole experiment is happening on existing pipelines it is not that you will transport 100% hydrogen in these pipelines but some proportion which today we kept at 10% to 15% or maybe it reaches to 20% hydrogen transportation is possible in the same pipeline network. The technical work is going on and I am sure that our pipeline are capable of transporting hydrogen because it is a very robust specification like any other parts of the world so we will be benefited of hydrogen technology coming up in the country, one we could adopt our self and provide this hydrogen when it happens couple of years down the line but also use our pipeline infrastructure to help nation to transport hydrogen.

**Nitin Tiwari:** That is very helpful. Thank you so much.

**Moderator:** Thank you. We have the next question from the line of Manikantha Garre from Franklin Templeton. Please go ahead.

**Manikantha Garre:** Just a continuation of the earlier question so recently Adani Group's Chairman has highlighted more than I think \$50 billion investments in the green energy over the next decade so understand from the article is that the investments will be coming from multiple entities of the group so in that context whether it is like if ATGL also will have a role to play in any of these green energy investments and if so I would think that would be more of the hydrogen production and distribution part of the value chain so wanted to check your thoughts on that?

**Suresh P Manglani:**

Manikantha first of all I was thinking why Manikantha has not come so thank you that you have finally participated and also asked the question because you have been always a very regular participant in our investor calls and also very good priority question which you asked. Our Chairman has laid down the vision for the group as well as for the country and this is what is going to happen in the future the hydrogen and the renewable energy is going to be dominating the scene. As I was saying in my previous conversations that we would be beneficiary in one or other way one is that we could participate in that landscape, second that our infrastructure could be used so this is yet to be worked out but you will see as beneficiary of this new vision of our Group Chairman or the new vision of the government of India where Prime Minister also has launched hydrogen mission or the renewable energy missions has been launched. We are a positive catalyst for climate change and we would certainly be a beneficiary for the new development and new reforms which is taking place. I think at this stage this is what we could give you that there is a positive upside there is no negative side on this new phenomena which is developing and we have a good opportunity to cease the benefit because we have a very strong backbone infrastructure of close to 6000 kilometer of pipeline, 250 CNG stations and so many homes, societies, I think we have excellent access to the large number of masses in the country so if a country has such a huge access to the consumers and has a backbone infrastructure I think any such development which takes place it is for us to see that good opportunity. Hope it satisfies you or otherwise you can raise another question.

**Manikantha Garre:**

Just a followup on that. So if I understand it correctly you are saying that the portion of the \$50 billion investment would be coming from ATGL as well right Sir?

**Suresh P Manglani:**

No, I did not say that as I said this has been the vision which has been laid down by the Group Chairman. Now the further working will be happening but all I said is that being the B2C company which has a strong backbone infrastructure which also has access to large consumer base we will be beneficiary of not only our Group Chairman's vision of rolling our renewable and hydrogen but also India's vision of moving towards hydrogen and the renewable energy and also very high focus on CNG as well as the PNG so all these are what we see in as a ATGL a very positive development for the country. What investment will come from our side I think you need to see how it rolls out and how it develops further.

**Manikantha Garre:**

Understand that is very clear. Just another query you have mentioned earlier about that 6000 issue in APM gas allocation what is that issue?

**Suresh P Manglani:**

What I said there was a question from a gentleman he asked that is the 6000 SCMD which is the standard cubic meter per day being given as a initial allocation for a CNG and a home

PNG APM allocation by the GAIL or a PPAC that there is a cell of PNG ministry of natural gas which gives this allocation for a very new GA which is being allotted or authorized by the PNGRB, this commence the operation, he asked this question that is it causing any constraint so what I stated was that this is actually a very good beginning that they give 6000 to start the base it was expected that every GA will take some time to even consume 6000 but because of the good ecosystem development across the country because all CGDs are doing good work, people are developing infrastructure across the country on CNG and PNG side so consumers are building that confidence 6000 may become a lesser quantity in the future what I stated was currently it is working well we have some glitches which any system in process will have because some sudden growth is happening we are discussing and engage with GAIL as well as ministry of natural gas we are seeing a very positive response because everyone wants to see CGD momentum the growth momentum which has come up should continue so we still believe that this will be resolved with everybody's satisfaction and we do not see 6000 becoming a major issue in the future.

**Manikantha Garre:** So this 6000 is given for one quarter or the same as other APM gas allocation which is per month half?

**Suresh P Manglani:** So this is allocated 6000 is in SCMD you can draw it daily this is initially for a period of one year and then it depends upon how do you project and nominate your requirement.

**Manikantha Garre:** That is very clear. Thank you so much for your clarifications and wish you all the very best and a Happy Diwali in advance to all of you.

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

**Yogesh Patil:** Sir I have a question related to your RLNG basket in this high RLNG price scenario could you please give us a breakup of your RLNG basket how much is the crude link and how much is the spot share that is the first one?

**Suresh P Manglani:** Your second question also Yogesh.

**Yogesh Patil:** Second is related to electric vehicle.

**Suresh P Manglani:** Let me then address your first question. First of all thank you Yogesh I think like Manikantha you also have been holding foot for reliance capital for a quite some time and participating in all our conference. Thank you very much and you always been raising

quality question like the one you have raised today. The prices of RLNG as I said is at unprecedented level in our portfolio as I was stating maybe you participated slightly later we have around 55%, 50% to 55% on APM gas which serves CNG and home PNG remaining around 40% to 45% which we procure depending upon the period which we are discussing we are procuring domestically produced gas which you must be aware since we have been participating in all the investor round and we have been keeping a tab on what is all the developments. There have been three rounds of Reliance BP gas which came up from Andhra Pradesh and in all three rounds we participate and we have got the gas which has a ceiling earlier 3.62 and now I think it has gone to 6.1 so that is also the benefit which you are getting of even though the international market in India has moved very high prices of RLNG we still get a good amount of a gas through these three bidding rounds at the ceiling prices. The remaining quantity of a gas which we procure as I stated last time that we have had signed three years contract which has a good flexibility on getting the volume JKM as well as in the Brent so it is actually an inbuilt hedging mechanism which we have brought in, in the contract while the original understanding was it is 50:50 50% in JKM index and 50% on a Brent slope but we have an inbuilt hedging that if we foresee the JKM is going to be very high with a notice period we could actually move to the Brent and it is a vice a versa so we have been taking benefit of this contractual arrangement under this contract which is of its own kind we do not give such flexibility in the contracts. We have also if you have seen in the notice we have said in our investor information also that we have been scanning the market, we have been taking benefit of gas exchange which has come up, we bought some quantity, we have also done hedging of at a very good prices of a Brent so overall actually we have developed a center of excellence on gas sourcing, hedging and sales price management which works on a regular basis to see that we are completely on the pulse that is going on internationally in Indian market as well as what opportunities are available so I was explaining earlier that this is benefiting us to even today stand in the market offer good prices for industrial consumer and commercial consumers and that is the reason you are seeing 17% volume growth in the PNG while everybody is passing through a challenging time and so I hope it answered your question that there is a good optimal gas sourcing being worked in ATGL.

**Yogesh Patil:**

Yes, thanks for this clarification and next one earlier you said you are exploring the electric vehicle charging opportunity have you done any analysis that electric charging station is more profitable or battery charging stations are more profitable any thoughts from your side on this and considering the falling cost of electric vehicle battery also in next three to four years so considering all these scenarios what is your thought on the electric charging station or the battery charging station?

**Suresh P Manglani:**

As I said one thing I was explaining in earlier conversation was that we definitely see a mixed technology paradigm which will have predominantly CNG as a fuel of a choice of the consumers because it still provides good solution economic solution and acceptability is quite wide and if you see the OEMs manufacturing projections you will find even today Maruti, Hyundai and many other manufacturers have a very, very good plans to continue to increase CNG numbers vehicle numbers as well as bring out new and new versions and new models and new variants so that itself gives us a confidence that while everybody is talking about EV the OEMs are talking about CNG. Day before yesterday's news in Maruti actually coming up with a variant on the CNG vehicle and they have been saying that they will be increasing sufficient numbers on the CNG because there is a huge surge in the demand of the CNG vehicle in the country so that is one part. On the EV part what I stated was that as a private entity we will certainly take the benefit of this emergence of an EV because we believe that EV is going to be there, there is a huge government support coming up so as a private entity we would like to offer multi-fueling choices to our customers that he could ask for a CNG or he could take on EV, we will see how do we cease this opportunity as I said we are still analyzing and exploring this that how do we bring our EV to our consumers, how do we take the benefit of our large consumer base. our large infrastructure should we use this for an EV rollout, should we do directly our self or should we do some other way, all these questions management is currently exploring and we would be soon when we come to you next quarter or so we will have much better clarity. Coming to your question that whether EV is profitable I believe in what our numbers have seen EV is profitable. We are seeing China it is very extensively expanding in EV and we are seeing Norway and so many other countries are spending in EV, EV is profitable it depends upon the kind of a numbers which will come on EV it has taken a tag how many numbers will be coming vehicles will be coming to fill in EV or how many numbers will be coming on a battery charging so it is a time which will take. If I saw just now the news from Maruti yesterday was that they will produce EV vehicle only after 25 so that tells you that there is still some time lag with EV in a full blown way coming up in the country and till that time you will see some sort of challenging time for EV People who are rolling at EV to sustain some sort of a kind of a sub breakeven or a breakeven kind of a thing but on a longer-term and if the one ecosystem develop the way it is being expected I think EV is a profitable scenario. Hope I have clarified to you.

**Yogesh Patil:**

Yes thanks a lot for giving clarification Sir and wish you a very happy Diwali all of you.

**Moderator:**

Thank you. Ladies and gentlemen that was the last question. I would now hand the conference over to the management for closing comments.



Gas

*Adani Total Gas Limited  
October 29, 2021*

**Suresh P Manglani:** I think once again thank you everybody for participating into the earnings call of ATGL. Hope we have been able to answer all your questions. We have Priyansh Shah as our investor relations head, if any further questions do please get in touch we are all happy to respond to any queries and wishing each one of you and your families a very happy and a safe Diwali. Thank you.

**Harsh Dole:** Thank you. On behalf of IIFL Securities I thank you all and specifically management for giving us an opportunity to host the call. Seasons' greetings to everyone, wish you a very happy Diwali.

**Moderator:** Thank you very much Sir. Ladies and gentlemen, on behalf of IIFL Securities that concludes this conference call. Thank you for joining us and you may now disconnect your lines.