Petronet LNG Limited

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PAN: AACP8148D GST: 07AAACP8148D1ZI

CS/PLL/LISTING/Reg-30/2023 **Date:** 6th November 2023

The Manager
BSE Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001

The Manager
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex
Bandra East, Mumbai – 400 051

Subject: Transcript of post-results Conference Call held on 30.10.2023

Dear Sirs/Madam,

This is with reference to our intimation dated 23rd October 2023 and 30th October 2023 intimating holding Conference Call of the Company scheduled on Monday, 30th October 2023 at 5:30 PM (IST) for unaudited Financial Results of the Company for the quarter and half-year ended 30th September 2023 and uploading audio recording post Conference Call respectively.

In terms of provisions of Regulations 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of above conference call as Annex-1.

This is for your kind information and record please.

Yours faithfully,

RAJAN KAPUR
Digitally signed by RAJAN KAPUR
Date: 2023.11.06 15:13:42 +05'30'

(Rajan Kapur)
Company Secretary

Encl: as above

"Petronet LNG Limited Q2 FY24 Earnings Conference Call"

October 30, 2023

MANAGEMENT:	**MR. VINOD KUMAR MISHRA – DIRECTOR (FINANCE)** **MR. RAKESH CHAWLA – GROUP GENERAL MANAGER AND PRESIDENT (FINANCE AND ACCOUNTS)** **MR. GYANENDRA KUMAR SHARMA – GROUP GENERAL MANAGER & PRESIDENT (MARKETING)** **MR. VIVEK MITTAL – CHIEF GENERAL MANAGER & VICE PRESIDENT (MARKETING)** **MR. DEBABRATA SATPATHY – GENERAL MANAGER (FINANCE AND ACCOUNTS).**
MODERATOR:	**MR. S. RAMESH – NIRMAL BANG EQUITIES PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Petronet LNG Limited Q2 FY24 Earnings Call hosted by Nirmal Bang Equities Private Limited.

As a reminder, all participant lines will be in 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. S. Ramesh from Nirmal Bang Equities. Thank you and over to you sir.

S. Ramesh: Good evening and welcome to all of you. On behalf of Nirmal Bang Institutional Equities it gives me pleasure to invite you to the 2Q FY24 Earnings Call hosted by the Management of Petronet LNG Limited.

Representing the Company we have Mr. Vinod Kumar Mishra – Director (Finance), Mr. Rakesh Chawla – Group General Manager and President (Finance and Accounts), Mr. Gyanendra Kumar Sharma – Group General Manager and President (Marketing), Mr. Vivek Mittal – Chief General Manager and Vice President (Marketing), Mr. Debabrata Satpathy – General Manager (Finance and Accounts).

Without much ado, let me invite the management to give their opening remarks. Over to you sir.

Vinod Kumar Mishra: Good evening to all of you. The result has been good. (Inaudible)Throughput in Dahej, it has been 210 TBTU as against 217 TBTU in the previous quarter and 182 TBTU in the corresponding quarter. Total throughput of Dahej and Kochi has been to the extent of 223 TBTU in the current quarter as compared to 230 TBTU in the previous quarter and 192 TBTU in the corresponding quarter. So, throughput has been good, not too good, but revenues are fine and we have done good job this time also and if you see the throughput in first half of this year as compared to first half of the last year, Dahej has performed 427 TBTU as against the 378 TBTU in the previous year H1. So, there has been a growth of around 13% and if you see the quarterly results, there is 16% growth in throughput of this quarter as compared to corresponding quarter.

And the total throughput has reached453 TBTU in H1 FY23 as compared to 400 TBTU in the corresponding H1 of the previous year and the profitability if you see this has been around Rs. 1,102 crores in this quarter as compared to Rs. 1,062 crores in the previous quarter and Rs. 994 crores in the corresponding quarter and PAT has been Rs. 818 crores in this quarter as compared to Rs. 790 crores in the previous quarter and Rs. 744 crores in the corresponding quarter and if you see the half yearly result, the H1 PBT has been Rs. 2,164 crores as compared to Rs. 1,931 crores in the first half of last year and the PAT has been Rs. 1,608 crores in this first half as compared to first half of last year of Rs. 1,445 crores. So, this has been the result and if you see the growth, this is the highest ever PBT in H1 of any year so far in the history of Petronet LNG and the growth of PBT and PAT in the current half has been 12%, 11% as compared to the corresponding half of the previous year and similarly the PBT and PAT has grown by 11%, 10% as compared to corresponding quarter of the previous year and PBT and PAT has grown by 4% in this quarter as compared to previous quarter. So, these are the results.

Further, the Board of Directors has approved an interim dividend of Rs. 7 per share and as you know that consistently the Company has been paying dividends of this 70% on the paid-up capital for many years. So, I think the result is good and apart from that, if you see one more development has been there in this board meeting, before that I would just like to tell you that our utilization has been 93% of Dahej Terminal as compared to 96% in the previous quarter and it was only 80% in the corresponding quarter is the last year.

There is good news and perhaps this has been possible due to better utilization of our Dahej Terminal and also the efficiency in operations, all because of that we have been able to perform better in this quarter.

One more development, which I just want to convey, is that our board has approved a Petrochemical PDH/PP project of Rs. 20,685 crores and this will be built in Dahej Terminal and if you see the profitability from this project, the IRR has been very nice and if you see around 20% is your project IRR and around 30% is equity IRR. So, overall project is good and Company is going to grow in a big way and this is a diversification which has been done and most important thing is that we will continue to pay dividend of 100% even for this period of project because our generation will continue to be of that range and projects will be in debt equity financing mode of 70:30. So, that will continue and major highlight has been that we have PDH/PP plant of 750 KTA out of this 250 KTA has already been tied up with the customer near Dahej for a period of 15 years, extendable to another 5 years, 20 years, so 250 KTA of propylene will be sold to a customer, designated customers and balance 500 KTA propylene will be converted to PP. Apart of that we have also tied up with the customers for sale of 11 KTA of hydrogen at a very lucrative price and perhaps this will ring-fenced our risk and perhaps this will mitigate the risk, which we can see, we have, and if you see the another icing on the cake has been the Ethane handling system which we are going to develop along with this PDH/PP plant whereby we have our customers and two of the customers are almost on the verge of tying up with us for 1200 KTA of ethane handling, but this would be purely tolling model which will be good for Company and there will not be any other risk in this kind of business.

So, these two businesses, if you see, will mitigate the risk to a great extent and otherwise also the crack between propane and propylene and propane and polypropylene is very nice and perhaps this will take Company to a different level in the future. Thank you very much and now floor is open for the question.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Puneet Gulati from HSBC. Please go ahead, sir.

Puneet Gulati: My first question is on the PDH/PP plant, can you please run down your assumptions on what kind of margins, operating cost are you assuming when you indicate the 20% project IRR and 30% equity IRR?

Vinod Kumar Mishra: Do you want me to run the margins which has been there, see what has happened actually, we have taken an average of last 7 years propane and propylene prices which are basically if you see the pricing is done in India based on Southeast Asia price of this propylene and we are taking those prices so 7-year period what we have calculated, we have removed the unusual year 2021 and otherwise this is all fine and this has in fact given us the more robust number because prices have eliminated any kind of deficiency which may have. So, what we have done, we have taken the average of last 7 years and if you want to know exact number, although it is appropriate or not, but I need to see whether we can give that, but I would like to mention that it has been done by external agency and this exercise is carried out by SBICAPS and they have taken that number based on the average price of propylene, propane and polypropylene. So, if you exactly want to know the numbers, I will have to sit with you, but I can tell you that these numbers are available in the public domain and almost there is a crack of almost, I can tell you $400 if you see 7-year average for the propane versus the propylene and around $600 for polypropylene if you compare propane versus polypropylene. So, this is how I can explain to you that this is there and the IRR is calculated by SBICAPS after taking into account the current scenario in the market.

Puneet Gulati: And more importantly, the OPEX, would there be any OPEX advantages that you envisage versus the normalized numbers, if you can give some comments there?

Debabrata Satpathy: This is Debabrata. Actually today when the board has approved this project and this is message to all the analysts and investors that we will very shortly do another call with few more details what you are asking about, the CAPEX, OPEX and the returns etc., we would like to touch upon this project information today on a high-level basis and go into deeper with Q2 Results, but then we will come up with another call very shortly with all the details of the project.

Vinod Kumar Mishra: In the meantime, high level positions which we can just with **some** higher level assumption which you can just say which are available with us, these are that they will be common jetty for this project. We are going to build another jetty which is in any way was approved by Board, so this is not something which is coming in the project. Secondly, many facilities like utilities we have common and one important thing have been in terms of cold energy which we are going to utilize in the plant. So, this is saving almost Rs. 120 crores-Rs. 130 crores in terms of power cost because otherwise we need some cold energy to cool down that particular box where we are storing these material propylene. So, that way we are saving in terms of energy cost in a big way but details we will work it out and big manner and then we will come back to you, but I can say because of synergy with regasification terminal, major OPEX has been very less as compared to any Greenfield project whereWwe have very high OPEX as compared to our project.

Puneet Gulati: We look forward to the detailed call, but just for the sake of it, initially the plan was Rs. 14,000 crores why has the cost gone up to Rs. 20,000 crores?

Vinod Kumar Mishra: Actually, I would just like to mention that it was initially Rs. 14,000 crores, but later on we also developed one ethane handling facility which was in fact was not envisaged earlier. So, around Rs. 2,500 crores is that ethane handling system whereby we will be building one ethane tank and propane tank is already coming along with the PDH plant. So, because of that, and moreover, if you see other costs, there is a soft cost also if you would like to see total hard cost is Rs. 16,069 crores only, but there is a provision for inflation, rupee depreciation of Rs. 1,900 crores. Some contingencies have been provided by Rs. 41 crores and this IDC is Rs. 1,600 crores, margin money is Rs. 400 crores, so Rs. 4,600 crores is the soft cost over and above the hard cost of the plant. So, that has also been built in this project cost and that is why it has come to Rs. 20,625 crores.

Puneet Gulati: And lastly, any update from the customers on payment of user pay for the previous year?

Vinod Kumar Mishra: We are still in talks with customers and shortly we will be coming back with the solution and payment is still awaited, no doubt, but since we are already talking to them and we are hoping that solution will come out. Maybe in the next quarter, you will find that we are able to work it out.

Moderator: Thank you very much. The next question is from Amit Rustagi from UBS. Go ahead.

Amit Rustagi: Sir, just wanted to understand that you will be doing a another call to explain us, but I wanted to understand that what is the OPEX, what is the EBITDA ,post commission of the project and if you can give it separately like what maybe the EBITDA on ethane facility, on propane to propylene and PDH/PP and finally if you are doing something on the propane handling as well, so what are the different numbers on that, so that we know that how much EBITDA is subject to the commodity, volatility and how much is the EBITDA which can remain consistent?

Vinod Kumar Mishra: I will just mention you are asking, so I will give you the number slightly, but detail you are asking breakup of propane handling and the ethane handling, as such these have not been bid in the DFR, but we will work out, you can say that calculated number, but we will tell you later because that breakup is not readily available, but one thing I can say you that profitability you are asking EBITDA and profit, so we have estimated that from the year it will start operating at 100% capacity, the generation of profit will be to the range of Rs. 2,000 crores. So, it is likely that this will grow, and it will go up to the project level Rs. 7,000 of PAT at the end of this year.

So, initially we can say that Rs. 2,000 crores to start with when it is operating at 100% capacity and EBITDA you are asking is around Rs. 4,000 crores and what else you were asking?

Amit Rustagi: Sir, just the timelines like when you will start commissioning this project, when will be the zero date and what will be the commissioning timelines?

Management: Commissioning will be all those you can say 4 years from now, you can say, 2027 and maybe beginning of 28th.

Amit Rustagi: And sir, in the same breadth, do you have an update on Gopalpur project and the other projects which we are doing now? When are we going to see the 5-million-ton capacity expansion at Dahej and when are you going to make a decision on Gopalpur as well?

Vinod Kumar Mishra: Yes, Gopalpur, actually, we have already finalized the documents and the transaction documents are to be approved by board now again and after that we will start on the project because before finalizing the document and signing the lease agreement with the Gopalpur Ports Limited, we cannot go ahead. So, these documents have been now finalized by our committee. It will go to the board for approval and thereafter we shall start awarding the jobs for construction of various jetty and other facilities of the project and further what we are envisaging is that FSRU which we require for this project because we have envisaged them FSRU LNG Terminals for there we are going for consultant short listing, so that we can work out whether there is suitable FSRU available or not, and at the right price or not. That exercise is now being undertaken and soon we will come to know if there is any FSRU available or not at a reasonable price, if it is not, then perhaps we will go for land-based terminal in later period of the project. Otherwise also, we thought will go for land-based terminal after 4-5 years, 6 years, but in case the availability is poor because of deployment of so many FSRUs in European region because of import by Europe of LNG. So, I think that has to be undertaken and we will come back to you with the information.

Amit Rustagi: Sir, just one observation, from the stock price reaction today, so you have seen that investors and markets are not liking this idea of increasing CAPEX to around Rs. 21,000 crores, but broadly you can give them more confidence by may be slightly increasing the dividend rather than just saying at the similar level of dividend because like you mentioned, you are reporting highest ever profit in the first half of this year and we hope that in the second half of the year performance remains strong and with already Rs. 7,000 crores of cash in hands, debtor's issue getting resolved, I think there should be more reward for the shareholders over next 4 years, I think that only can give them confidence that you are confident about the project, if we start to reduce the dividend, keep it to maybe Rs. 10 a share that will not give way right signal to the shareholders?

Vinod Kumar Mishra: Right now, dividend, we have maintained, and this is an interim dividend Rs. 7 per share, but of course your suggestion is well taken and we will take care, we will convey this to our management that you have to maintain the sentiment of the shareholders and keep the dividend high, but at least I can say that whatever we are paying, we will continue to pay, but we will try for the higher dividend and perhaps let us hope that we will pay. One thing I can say is that even after this project, the cash flow is such robust that it will not impact the dividend payment to the shareholders. So, this will continue even this period of construction. As you know, we are going to raise the debt from the financial institutions or banks, so equity will not be to that extent, only 30% equity will deploy, and it is not an expenditure which would be done in a single financial year. It will be over a period of almost 4 years. So, in a phased manner, this will be done and accordingly the loan will be raised, and I think there should not be an issue as far as the dividend is concerned in future and we will try to further increase it as far as possible.

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

Amit Murarka: Just on the take or pay arrangement, could you help understand like, is it on a cost-plus basis or how is the arrangement?

Vinod Kumar Mishra: Regarding?

Amit Murarka: The arrangement with Deepak Phenolics for the 15-year arrangement, is it on cost plus basis, take or pay basis what all are the tie-ups over there?

Vinod Kumar Mishra: Yes, I will tell you. Because this is not the cost-plus basis, basically on IPP price plus handling charges plus whatever insurance and GST and other cost, so it will import parity price which we are going to ask from them, so import parity price of propylene will be charged from them. Apart from that, we are also charging $41 or maybe whatever number I will let you know later, but handling charges are there, so not only IPP price, but handling charges plus GST and insurance costs, all will be charged. So, if you see the crack between propane and propylene, this is handsome as of now almost $400 per ton. So, it will fetch a good price. It will not be a loss, I think.

Amit Murarka: Is there any advance to fund the CAPEX that we are paying to them given that they are kind of off takers of the CAPEX?

Vinod Kumar Mishra: Advance as such is not there. It is only take-or-pay basis contract is there with them. If they are not able to take at least 90% of the quantity, then take or pay charges will be levied on them. So, it is a kind of like LNG contract per se.

Amit Murarka: But even for the take or pay arrangement, there is no advance that you will take from them because you feel like take or pay arrangements getting dragged on and?

Vinod Kumar Mishra: We are taking this LC will be there and that will cover take or pay also, 45 days LC will be there almost, it is 45 days LC will be there. That will cover take or pay also.

Amit Murarka: And any specific reason to take a 7-year average because like we have seen like off late, generally the crack spreads on Petchem have been quite weak and most of the players are struggling to make any decent IRRs on their investment?

Vinod Kumar Mishra: It is just a cyclical industry and if you see the other industry normally average is taken because it eliminates all uncertainties of any period. So, that is why we have taken 7-year period. If you take only this year price maybe this may be low, but this will not reflect that true picture over a period of time, so 7-year period in fact eliminates any kind of abnormality which may have occurred in this period. So, that is why we are taking care of any kind of uncertainties in any period or some cyclic movements, so all those things are eliminated when you take an average of 7 years or 6 years.

Moderator: Thank you very much. The next question is from Mayank Maheshwari from Morgan Stanley. Please go ahead.

Mayank Maheshwari: I have two questions from my side. First on the project itself, on petrochemical, have you kind of done something around the experience of the PDHs in China and where does Petronet actually kind of stack up better or any competitive advantage that you have, anything that we have done in terms of study relative to China?

Vinod Kumar Mishra: We have not done any comparison with China right now, but in fact, we understand what is been happening in China and in fact they are running their plants very well and I don't think we have done any comparison with the plant in China, but in India we have done all kind of studies in this petchem with PDH/PP and Indian demand supply scenario is fine. We have got study conducted and there is huge demand in future and in case, we are not going to manufacturing, it will be imported into India from somewhere, so what we thought that it is the right time that we should enter the business and the demand in India is going to increase in future and further we have already done some kind of assured contracts with the DPL and they also showed some hydrogen, so what we are doing in fact to great extent we have mitigated our project. So, almost you can say 50% of profitability is assured business in our total project, but I have told you, almost 50% of that will be through assured business with DPL, ethane handling facilities and propane handling facilities. That is assuring us and balance is there, but that will not be a risk to us, it is still. We will be sharing also that at least we are assured that 50% of the profit will be coming from assured contracts.

Mayank Maheshwari: And sir, the second question on more related to like the competitiveness of your project versus let us say, BPCL is starting up around a similar time and some of the others are actually starting up in around 1 or 2 years here and there, so what is the competitiveness of this project that you could kind of highlight to us versus all the others that are coming up in the country?

Vinod Kumar Mishra: We have competitive advantage in terms of two things. One is very obvious that we have our jetty, which is located nearby and in other cases it is not the case. They will have to lay pipeline to bring propane from jetty like in case of GAIL which has for its Usar plant, they have to bring propane from JNPT, which is almost 50 kilometers away. So, that is an advantage. Secondly, this is located at a place which is adjacent to our LNG regasification plant, so we can save in terms of power cost, which is around Rs. 120-Rs. 130 crores because cold energy which is being wasted so far because there is no usage in LNG plant, we can utilize it for cooling purposes in PDH plant. So, that is saving power cost to a great extent almost more than Rs. 120 crores. The second reason is this one. Thirdly, that many utilities are there, which are common. So, common utilities mean there is no additional cost incurred for this PDH/PP plant. So, all this has in fact contributed to giving us competitive edge over others and moreover, as I said that we have attained tie-up with customers which otherwise is not there with other producers. So, that is an advantage, so 3-4 advantages I have told you.

Moderator: Thank you very much. The next question is from the line of Maulik Patel from Equirus. Please go ahead.

Maulik Patel: Sir, anything related to this Qatar contract extension, RasGas, I think earlier you mentioned that at the end of this calendar year, there will be an update on the same?

Vinod Kumar Mishra: Yes, we are still going ahead, and target is that only December 2023. So, we hope that this will be concluded before that and the discussions will go on continuously.

Maulik Patel: Just to get an idea, will it be on the same volume or the higher volume or will it be more attractive than the current price what we are paying to the Qatar?

Vinod Kumar Mishra: We are going for renewal of the contract. Renewal means it is of same quantity, of same thing, Price part we may negotiate, but otherwise the quantity will remain the same.

Maulik Patel: And will it be more attractive than what it is currently, what the Qatar is charging us?

D Satpathy: Maulik, attractiveness is a very relative word.

Maulik Patel: Cheaper than what we are paying today?

D Satpathy: That is what I am telling, although we cannot disclose that part, whether it will be cheaper or the dearer, but whatever we have seen in the past, the havoc of the spot prices, I think it is also a right time to reward the long-term contracts as well. So, probably that will do a lot of good to the industry in the future, but at the same time the negotiation is going on to get the best deal for the country.

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

Kirtan Mehta: One more question on the PDH/PP project, would you be able to share the sensitivity of the IRR to the margin assumption, if the margin assumptions are say, 20% lower than your base case assumption of $200 to propane versus propylene $600 on PP versus propane, how would the IRR change?

Vinod Kumar Mishra: Sensitivity, actually, if you want, we will have to present it to you, I think functionally, we will have to arrange separately because these things cannot be explained in such a manner and perhaps you are asking for sensitivity, so we will show it separately, how we have done it. We have done it on all fronts. What kind of risk should be there? All those have been envisaged and as I have said you clearly that SBICAPS has prepared our report, financial analysis report and they have considered almost sensitivity analysis of 11 scenarios which include increasing product cost by 10% and 5% decrease in product price, all those kind of things have been done and definitely project will vary in each case. It has to be, so we have done all kinds of this. There is an increase in CAPEX, in project cost that has been analyzed, there is any decrease in capacity utilization that has been analyzed, increase in OPEX by 10%, all those things have been analyzed, but these things cannot be explained over the phone like this. So, we will have to make a visual presentation on that. If you want, we will display all those things to you, but right now I can tell you that those things have been taken care and SBICAPS have done all the sensitivity analysis and after that only we have taken a conscious call.

D Satpathy: Yes, to add to that, let us also plan for another call or something. We have to plan which mode, whether like a telecall or a kind of.

Vinod Kumar Mishra: The Microsoft teams can also be like that; we will make a presentation also if you need.

Vinod Kumar Mishra: But it will be always specific PHD/PP only. The rest of the things will be covered here so that it will be the sole question which will remain to be further explained to the market.

Kirtan Mehta: Just one more question on the Dahej expansion, which is underway, could you tell us about the project progress across different modules and the current expectation of the target date?

Vinod Kumar Mishra: This expansion of Dahej terminal is in fact going on and our target is almost March 2025. It should be ready, expansion, so April-May 2025, it should be operational. So, this is how we are going ahead, and the total CAPEX is very low, it is only Rs. 570 crores total from 17.5 to 22.5 MMTPA. So, this is on time and as I said that both the phases from 17.5, this is in two phases from 17.5 to 20 MMTPA and 20 to 22.5, so both will be completed by March 25. So, after that it will be ready for operation.

Moderator: Thank you very much. The next question is from the line of Sanat Kumar from Value Research. Please go ahead, sir.

Sanat Kumar: I have only two questions, one is, what has been the regasification tariff in last years? And the second question is the LNG price, have you seen any hardening of the spot in short-term LNG between the 2 quarters this year?

Vinod Kumar Mishra: As such, there is no hardening of the prices as you are telling. Regasification charges, I should tell you Dahej Terminal, we are charging 59.91 per MMBTU and for Kochi we are charging almost 85.09 per MMBTU. So, this is the tariff for Dahej and Kochi and as far as the hardening of the LNG price is concerned, the spot market is little bit volatile now, but it is around $15 almost, but otherwise long-term prices which we are buying from Qatar is around $12. So, this is how prices are there and they are likely to remain so in the next, maximum winter season, it will go up to $17 or $18, not more than that. This is our anticipation, and this is also anticipation of the market. They are also not anticipating too much volatility in LNG prices in winter season, because Europe has already accumulated more than 98% of the inventory, so there will not be any panic buying by European countries in this winter season. So, keeping that in view, we hope that prices will remain like this from $15 to $17, $18 maximum up to winter season.

Sanat Kumar: And the last question is basically related to the fact that the demand for polypropylene and all those things that we are coming up with, do you see a very healthy uptake in demand in say next 7 years or is it going to be on an average which we have been seeing in India for last 5 years?

Vinod Kumar Mishra: It is going to be updated because we have analyzed everything that how many plants are going to come up in the next 5-year, 10-year period and what is the demand it is going to be. Entire analysis has been conducted by the consultant and he has shown in the consent, we will cover this in the presentation later wherever we are putting all these details, but there is a shortfall still as compared to the demand in terms of supply. So, keeping that in view, we have taken this conscious call because these are the questions normally raised by members in the board also and we have explained it very well that the study has been conducted and in India there is an uptake in the demand and there is time to come and compared to the demand, the supply part is lacking. So, even if you bring this plant, still there is a shortfall in terms of meeting the demand. So, this is how we have, but we will cover this in presentation, we will make a special presentation for

PDH/PP plant, later sometime after informing all of you and this will be shown to you there and what is the demand perspective in the next 5 to 10 years of PDH, it is PP mainly.

Moderator: Thank you very much. The next question is from the line of Niharika from Aequitas Investment. Please go ahead.

Niharika: What has been the regas revenue for the quarter?

D Satpapthy: The regas revenue has been Rs. 598 crores.

Niharika: And update the storage tanks for Dahej as well as Kochi.

D Satpathy: Kochi, there is no storage tank construction right now, but at Dahej it is in full swing and on target.

Niharika: So, we are planning to finish it by September 24, right, is that time?

Vinod Kumar Mishra: Before that it will be completed. Before that, by June, I think it should be completed, next year.

Niharika: And so, I just read an article that Dhamra Terminal started now and the tariff is lower than Petronet by some 1% or 2%, so do we feel that we will be losing some?

Vinod Kumar Mishra: No, this is absolutely absurd news. As far as I know, Dhamra's tariff is higher than Dahej Terminal's tariff. I can tell you tariff is around Rs. 59 of Dahej and that is approximately 60 in Dhamra. It is on the higher side, so you don't get confused, it is not correct.

Niharika: And on the PDH/PP, so with the Deepak Phenolics which we have tied up with, so are we planning to tie-up the whole 100%, say 50% already you have tied up 250 and are we planning to tie up the whole facility, so what is the plan for this thing for that?

Vinod Kumar Mishra: I will tell you again, let me clarify again. Total capacity of PDH is 750 KTA. Out of 750 KTA, 250 KTA will be tied up with one party, which I just told you Deepak Phenolics and 500 KTA of propylene will be converted to polypropylene that should be sold in the market. So, it is like that, but that part has not been tied up because that is market driven and if you look the crack the margins, the spread, which is very high because if you see the propane price it is around 600-700 per metric ton and if you see the prices of PP, polypropylene it is around 1200-1300, so the gap is big. That is why we have decided to come in this business because the margin is very high. Maybe sometimes it is not that high, but that cannot be a reflection for entire period of the project life. It is cyclic in nature, so you cannot say that this will remain only on the lower side. So, what we have done, we have taken the average, while doing the sensitivity we have taken the average of 7-year price, the 7-year price is good to reflect the right price because it eliminates all kind of uncertainties or whatever fluctuation it might have taken over a period of time. So, we feel that even though margins may be somewhere less, if we take the average of 5-6 years, 7 years, it will bring the true picture and that that margin is good as per our analysis.

Niharika: And sir, we were also planning a third jetty at Dahej, which was also supposed to handle propane and ethane, so is this the ethane handling which we are talking about, which is a part of Rs. 21,000 crores or this jetty Rs. 1,700 odds crores for this jetty is altogether different?

Vinod Kumar Mishra: Jetty part we have already got approved because we handle all three products, LNG, ethane and propane, so it is not part of project, it is already undertaken because in any case we have to build the jetty, so we have already done that and CAPEX is around Rs. 1,645 crores Rs. 1,656 crores like that, but this is not part of project.

Niharika: You mentioned some Rs. 2,500 crores of ethane handling that is separate and which is the….

Vinod Kumar Mishra: That is the inside battery limit of plant. The jetty part is different because if you see Dahej jetty, it is 2.5 km away from the plant. So, there has to be a pipeline laid to bring the product to bring this propane, LNG and ethane to our plant. From that point, I am talking of jetty and if you see Rs. 2,500 crores, it is inside the battery limit, we have to create tank for ethane and other facility for operating that tank. So, that costs around Rs. 2,500, which is part of this Rs. 2,0685 crores.

Moderator: Thank you very much. The last question is from the line of Gauri Anand from Old Bridge Capital. Please go ahead.

Gauri Anand: My question was on the future LNG supply, how should we think about it now that we know that Qatar is adding a lot of capacity, we know there is some capacity which is idling in Russia, we know all this large LNG exporting countries are moving to alternate fuels, you are a very formidable player, you are expanding your capacity and our consumption is very small in the global scheme of things, so how should we really think about future availability in light of the supplies coming out of all these exporting nations?

Vinod Kumar Mishra: See, if you look at the supply side of LNG, it is going to increase in future to a great extent because many of the facilities are coming up in the next 3-4 years, maybe by 2027, so almost 150 MMTPA capacities will be more there and even more than that, so what I am envisaging that the availability will be huge and there will not be dearth of LNG in the market and as it looks now that the LNG is in high demand and there is a scarcity of supply, it looks like, but it is after 3-4 years, it will not be so. Qatar is already extending its target from 77 million tons to 126 million tons, so definitely there will be sufficient energy in the market. In India, the consumption is going to increase for LNG because if you look at the kind of thrust which is there at the Government of India to increase the consumption of gas and make India gas-based economy and simultaneously, they also want to increase the share of natural gas from 6% to

15%. So, I think alternative to this natural gas or other fossil fuel is not ready as of now. Maybe after 30-40 years, maybe there and it is still if at all something is to be eliminated, all those like oil, petrol, diesel, coal, they have to be eliminated. Gas will continue for next; I think more than 100 years because it is still a very pollution free and clean fossil fuel and it can complement with renewables, it can complement with other sources of renewable like hydrogen and others. It is a basket of energy. You cannot say any development of energy source at the cost of replacement of others. It is still so many years have gone and coal could not be replaced. See, the first priority of the government is to replace those highly polluting fuels like coal and if at all to some extent, oil, crude oil, all those things. So, these are to be done first. Natural gas has to be promoted and the government will continue to promote it. So, in my view, the consumption of natural gas is going to increase in future. It will not come down and other alternatives will come. They will also be driven because the demand is going in a big way.

Gauri Anand: I just wanted to know on, how should we think about supply security, especially the long-term supply security and if you can specifically offer comment on Russia, sir as much as we could strike a deal and lap up all the crude from Russia, lot of the thing was actually piped into Europe and it is all idling now, is there an evacuation challenge or if you can comment on Russia specifically, that would be helpful?

Vinod Kumar Mishra: Supply side, first I will comment that how much contract we have, India has around 20 million of contracts for energy taking all this together because Petronet has 7.5 million tons Qatar Gas, 1.42 million tons with Exxon Mobil, around 9 million tons and another 1 million, so around 10 million tons you can say we have and apart from the others, GAIL and IOCL and GSPC they also have contracts, so total 20-million-ton contracts are there. Now, if you see the supply side, how we will ensure more contracts are being entered in time to come and you will see that there will be enough long-term contracts. So, the people have realized that there should be long-term contracts only because of the spot prices we have seen in the last 2 years, how volatile they have been in the past 1 or 2 years. So, it is not a supply source which is dependable, so long-term contract is solution and in fact whatever contract we have more contracts will be entered and many buyers in India are going for that kind of contracts throughout the world. The second question is regarding Russian supply. Russia used to supply to a great extent to European countries through pipeline, but as far as the facilities are concerned, there is no LNG facilities kind of things readily available.

V Mittal: They have two projects, one is Yamal and another one is Sakhalin-2, but both of them have long term contracts tied up on the long-term off-takers like Japan and China continue to offtake volumes from these projects. Another project which is Vysotsk LNG project because of the sanctions, that project is now in limbo because they are not able to get technology support. So, there is no new project which is coming up in the near future, except some small projects of 1 million ton or so. There is no surplus LNG supply.

Vinod Kumar Mishra: Question is that how there is supply constrained? Yes, there is supply constrained. Whatever gas is available in terms of energy, it has already been tied up and for balance, there is no liquefaction in supplying the LNG. So, you can say that European gas, which has been curtailed there is no immediate plan of Russia to sell that through LNG route, so this is not for sale as of now. So, I think China is drawing maximum gas through pipeline because China has got a pipeline from Russia. So, they are coming to the Russian rescue. There is no LNG **supply as** sanctions are there on Russia so it is not feasible as of now.

Moderator: Thank you very much. We take this as the last question. I would like to hand the conference over to Mr. S Ramesh for the closing comments. Please go ahead, sir.

S. Ramesh: Thank you. Before I let you go, sir, I would like to ask a couple of questions. One is in Kochi, we still see the capacity utilization is subdued, so given that the LNG prices have declined substantially, do we see improvement in the utilization of Kochi in the second-half or sometime in FY25? How do you see that situation?

G K Sharma: Basically, it is all about the cost of alternate fuel versus LNG. So, yes, we do see opportunity of few customers which went in the year 2021 on oil products after running on gas for a few months and hopefully because oil has gone up and where the European storage almost at 98%-99% and winter prices are subdued as compared to the last year. So, we do expect LNG would be competitive to alternate fuel and capacity utilization could increase, but it is all about like geopolitical crisis now going on between Israel and Hamas, so keeping fingers crossed, it is unpredictable.

S. Ramesh: Then a housekeeping question, can you share the details regarding inventory gain or trading gain and the IndAS impact?

D Satpathy: Yes, trading gain has been Rs. 19 crores and the inventory gain has been Rs. 124 crores.

S. Ramesh: And what about the IndAS impact with the currency impact?

D Satpathy: The IndAS impact is Rs. 161 crores positive at gross margin level, Rs. 37 crores Forex loss and Rs. 8 crores of positive at the other expenses level, then depreciation Rs. 84 crores and interest finance cost Rs. 72 crores.

S. Ramesh: Thank you very much. With that, we drop curtains on this call. Let me thank the management of Petronet LNG for taking time out for this earning call on behalf of Nirmal Bang Equities. I also thank all the investors for participating in this call. Thank you very much and have a good day and wish everybody a happy Diwali and Season Greetings.

Vinod Kumar Mishra: Thank you. Happy Diwali to all of you. Thank you.

Moderator: Thank you very much. On behalf of Nirmal Bang Equities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.