



# Petronet LNG Limited

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CS/PLL/LISTING/Reg-30/2022

Date: 19.05.2022

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 12.05.2022**

Dear Sirs/Madam,

This is with reference to our intimation dated 9<sup>th</sup> May 2022 and 13<sup>th</sup> May 2022 intimating holding Conference Call of the Company scheduled on Thursday, 12<sup>th</sup> May 2022 at 2:30 PM (IST) for Audited Financial Results of the Company for the quarter and year ended 31<sup>st</sup> March 2022 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**  
**CGM & Vice President-Company Secretary**

**Encl:** as above



“Petronet LNG Limited  
Q4 FY2022 Earnings Conference Call”

May 12, 2022



**ANALYST:**           **MR. VARATHARAJAN SIVASANKARAN - ANTIQUE STOCK BROKING**

**MANAGEMENT:** **MR. VINOD KUMAR MISHRA - DIRECTOR (FINANCE) - PETRONET LNG LIMITED**  
**MR. DEBABRATA SATPATHY - GENERAL MANAGER (F&A) - PETRONET LNG LIMITED**



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- Moderator:** Ladies and gentlemen, Good day and welcome to the Q4 FY2022 Earnings Conference Call of Petronet LNG Limited hosted by Antique Stock Broking. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions. 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 now hand the conference over to Mr. Varatharajan Sivasankaran from Antique Stock Broking. Thank you and over to you Sir!
- Varatharajan S:** Thank you Margaret. Good afternoon everyone. It is my pleasure to welcome all the participants and the management to this call to discuss the fourth quarter results of Petronet LNG. I would like to hand over the floor to Mr. Debabrata to take the proceedings forward from the management side.
- Debabrata Satpathy:** Good afternoon. First we would request our Director Finance to give the opening note.
- Vinod Kumar Mishra:** Very good afternoon to all of you. This is V K Mishra – Director Finance – Petronet LNG Limited. First of all I would like to give brief snapshot of the financial result for this particular quarter and FY2021-2022. First highlight is that we have generated first ever highest PBT of 4474 Crores and highest ever PAT of 3352 Crores as against PBT of 3968 Crores and PAT of 2949 Crores. So the growth in PBT and PAT has been 13%-14% respectively and again if you look at the throughput in Dahej terminal as well as the overall throughput in Dahej and Kochi. I would like to mention here that because of the higher LNG prices our volume has not been as high as we anticipated in the beginning of the year, but still we are able to maintain our profitability growth better. If you see the throughput in Dahej terminal has been to the extent of 178 TBTU as against 196 TBTU in the previous quarter and 204 TBTU in the corresponding quarter and total throughput has been 190 TBTU in the current quarter as against 208 TBTU in the previous quarter and 280 TBTU in the corresponding quarter and overall throughput for the financial year 2021-2022 has been 847 TBTU as against 896 TBTU in the previous financial year, and if you go to the financial result of the quarter then it has been encouraging not as good as last quarter but far, far better than the corresponding quarter of previous year. So PBT has been 984 Crores as against 1533 Crores in the previous quarter and 856 Crores in the corresponding quarter and PAT has been in current quarter to the extent of 750 Crores as against 1144 Crores in the previous quarter and 623 Crores in the corresponding quarter. This has been the highlight and the growth of PBT has been 15% whereas PAT has grown by 20% when compared to the corresponding quarter. So this has been the financial highlights and apart from that Company has declared a dividend of Rs.4.50 per share making a total of almost 115% as it was in the last year. So that is all from my side now house is open for the questions.



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**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Abhishek Nigam from B&K Securities. Please go ahead.

**Abhishek Nigam:** Hi! Just two questions for me. On the tariffs of Kochi if you could just give us a sense of how much decline has happened in this going forward and second in terms of the additional committed volumes so when do these additional volumes start coming in and how do we build in ramp up for this?

**Vinod Kumar Mishra:** First question is regarding how much impact it has been. So as I just wanted to intimate you that it has been reduced from Rs. 79.14 per MMBTU to Rs.70 so this is the reduction which has taken place from April 1, 2019 and total impact if you look at it has been in the range of 214 Crores so that has been a hit which we have taken in the last quarter Q4 this year and now all the issues have been settled and going forward it will be charged at the rate of Rs.70 per MMBTU and 5% increment will be there every year so from April 1, 2019 if you charge Rs.70 then plus 5% every year, so that 5% has become now Rs 81 point something per MMBTU, so total I was just mentioning that tariff is Rs.70 with effect from April 1, 2019 and the growth is there 5% each year so it has risen to Rs.81.03 in this year.

**Abhishek Nigam:** On the volumes if you could just give us some roadmap as to how we should build in and how much of the additional volumes?

**Vinod Kumar Mishra:** Volume actually if you must be knowing the history of this contract of Exxon Mobil you must be knowing that we had negotiated the contract way back in 2017 and it has been arrived at that for negotiation whereby we got the price reduced to some extent, we had taken some additional volume to the extent of 1.20 MMTPA, so it has been committed by our offtakers that they will be committing 50% of that it is 0.6 MMTPA they will be committing to our terminal and I think this will be starting from 2026 onwards. From that time till the end of the contract that will be the volume, which will be flowing into our terminal.

**Abhishek Nigam:** Thank you so much.

**Moderator:** Thank you. The next question is from the line of Puneet Gulati from HSBC. Please go ahead.

**Puneet Gulati:** Thank you for this clarification. Just a bit more here. Now there are no more receivables on account of Kochi right is the understanding correct?.

**Vinod Kumar Mishra:** No more receivable on account of?

**Puneet Gulati:** On account of Kochi.



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- Vinod Kumar Mishra:** No it has been settled, it has been completely settled and all have arrived at an agreement and we have in fact reached an agreement written agreement and now it will be the tariff which will be charged at the rate of Rs. 70 from April 1, 2019 it is settled now.
- Puneet Gulati:** 178 Crores credit note has been given?
- Vinod Kumar Mishra:** Yes.
- Puneet Gulati:** So, if I were to look at actual revenue I should be adding this number to the topline right on a normative basis?
- Vinod Kumar Mishra:** If you look at the actual revenue you need to add 214 Crores because this 170 is till December I think, for January to March it is becoming 214, the total year is 214.
- Puneet Gulati:** Secondly on your use and pay charges so first of all can you share what is the service income for the quarter?
- Vinod Kumar Mishra:** Service income for the quarter has been tolling revenue it has been to the extent of, for the quarter you are asking?
- Puneet Gulati:** Yes, for the quarter and full year as well.
- Vinod Kumar Mishra:** For the quarter it is 463 Crores, on annual basis this is 2389 Crores.
- Puneet Gulati:** The number of 83 Crores is over and above 460 Crores right that is how one should read that?
- Vinod Kumar Mishra:** The 463 Crores is after reducing that because we have included it yes 83 we have included because we have charged as income.
- Puneet Gulati:** So 83 is a part of 463?
- Vinod Kumar Mishra:** Absolutely.
- Puneet Gulati:** Any progress on if you can give a bit more detail what is happening on the capex program.
- Vinod Kumar Mishra:** You are asking about capex?
- Puneet Gulati:** Yes.
- Vinod Kumar Mishra:** Capex we have been reiterating time and again that we are already constructing two tanks at Dahej at a cost of almost 1200 Crores and another project which is coming in expansion of Dahej



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we are expanding by 5 MMTPA more so our capacity will increase from 17.5 to 22.5 it will be completed in next three years maximum by 2024 and/or maybe beginning of 2025. So 5 MMTPA and perhaps we are doing in two phases the first phase will be completed in 2024 itself and the next phase 2.5 MMTPA will be completed in next six months. So basically it is a debottlenecking of the existing plant which we are carrying out and through that we are increasing the capacity. Total capex will be to the extent of maximum 600 Crores and we can see that it is a Brownfield expansion, if you go for a Greenfield expansion of such a 5 MMTPA terminal we will have to spend not less than 5000 to 6000 Crores, but we have been able to expand 5 MMTPA only with the capex of 600 Crores, so that is why it is a low hanging fruit we have taken this and the next capex target is jetty, third jetty which we are going to construct with a capex of around 1700 Crores, so this is what is the capex for Dahej terminal we are looking at, apart from that we have ambitious plan of having one terminal on the East Coast which we are planning and if it materializes then it will be costing only say 1500 to 1600 Crores initially and it will be an FSRU terminal and apart from that other things we are looking at are small scale LNG things are also going on, we have already got some LNG dispensing units for four places in Tamil Nadu, Karnataka. Accordingly we are establishing those four LNG stations with the IOCL, the capex is not much but it is a minor because there are huge impact affect is given to this energy usage in transportation sector, so if it succeeds then we can further expand it in other areas also, so this is not a very big capex item. Apart from that as soon as all other things will be cleared by the Board we will convey you the capex.

**Puneet Gulati:** But the petrochemical plant is still on the table?

**Vinod Kumar Mishra:** It is still on because we have not taken Board approval, so we are still doing some studies and detailed feasibility is to be conducted all those things are going on, so we still have to get the approval of Board, but that is on it is again I will discuss with you that it is an opportunity for us that right now there is huge demand for that petrochemical and basically it will be not a very big plan it is on the PDHPP only. So what we are doing is Propane Dehydrogenated Plant you can say. So it is a PDP plant basically there is huge demand for that particular item and if you look at the margins there it is very high. So synergy is there with our business so we are looking at that but only thing after DFR is prepared and it is approved by the Board then only will come to you and say that we are undertaking this.

**Puneet Gulati:** How much have you spent on capex for the two tanks out of 1200 Crores?

**Vinod Kumar Mishra:** We have spend I think 200 Crores maximum so far we have spent 150 to 200 Crores you can take this estimate.

**Puneet Gulati:** What is the timeline for completion for the tank?



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- Vinod Kumar Mishra:** Timeline is only I think 36 months from the date of beginning so it must be completed by 2024.
- Puneet Gulati:** Would you do parallelly the expansion of Dahej?
- Vinod Kumar Mishra:** Yes it is a parallel it is not correlated with tanks.
- Puneet Gulati:** That timeline is also similar 2024, 2025?
- Vinod Kumar Mishra:** Almost similar only it may be exceeding beyond I think 2024 maybe by June or May 2025.
- Puneet Gulati:** Jetty will be after that?
- Vinod Kumar Mishra:** Actually it is in two phases that is what I was telling. First phase will be complete by September, October 2024 and the next phase will be complete by 2025 March or April maybe May next year.
- Puneet Gulati:** The Jetty?
- Vinod Kumar Mishra:** Jetty will be there because we have to award the contract; the approval has been given by Board we will be undertaking that it will take three years to get it.
- Puneet Gulati:** From now?
- Vinod Kumar Mishra:** From now, whenever we start of the zero date.
- Puneet Gulati:** That is all from my side. Thank you so much and all the best.
- Moderator:** Thank you. The next question is from the line of Probal Sen from ICICI Securities. Please go ahead.
- Probal Sen:** Thank you for the opportunity Sir. Good afternoon. I have two questions, one was with respect to the volumes declined even in terms of long-term cargos for this quarter I apologize if you covered it earlier, just wanted to understand that the long-term cargo's pricing still remains fairly favorable, so what has sort of driven the kind of 20 TBTU Q-o-Q decline in terms of even long-term offtake, if you can just give us some sense of that?
- Vinod Kumar Mishra:** Actually it is as per ADP if you look at the annual delivery plan so accordingly there has not been any default, in third quarter it is on the higher side, but this is as per the annual delivery plan so it is not that at each quarter it is equally distributed. So as per the delivery plans with our suppliers which is coming only as per that schedule so it may be less than that, but there is no significant reason that we have not taken we are taking all the long-term cargos whichever has scheduled here so accordingly we have taken.



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- Probal Sen:** It is more of a normal contractual fulfillment rather than any slowdown in demand is what you are saying?
- Vinod Kumar Mishra:** There was no slowdown it is a normal fulfillment of the contract as per the agreed annual delivery plan.
- Probal Sen:** The second question was if I aggregate the kind of capex plan you did mention multiple plants 1200 Crores for the two tank, 1700 odd Crores for the jetty and about 600 odd Crores for the Brownfield expansion which aggregates to about 3500 Crores if I am not mistaken. Now if we look at the financial performance and the balance sheet of our company we are comfortably generating somewhere around 4000 Crores of operating cash flows on an annualized basis. So just to understand that how do we sort of then look at capital allocation in the slightly more medium-term you did mention the polypropylene dehydrogenated plant I am sorry I do not know much about how much capex that would entail but is there anything else on the anvil or is there a capital return or plan that we should look forward to from the company, just wanted to understand how you are looking at the whole capital allocation picture at this point of time?
- Vinod Kumar Mishra:** The initial capex will be low but it will be picking up in the subsequent year maybe two years later. So what I can say that it depends upon the progress of the plant because once you start a plant a lot of materials which are to be imported and there is a lead time for all the materials. So only say in the subsequent period that most of the capex come but initially it will start in a modest manner, but later on it will pick up. The exact plan I cannot give you because too early to do anything premature, but I can only say that it is the wholesome program which we have drawn up and PDHPP plant which comes up then perhaps that will have a huge capex and for that also we will be securing some debt also for that particular plan maybe 70% may be debt so that is our whole idea. So whatever cash we have we will utilize it only to the extent of 30% in our future projects. So I just wanted to ensure that dividend continue to be paid at least at the rate of 100% even if we go for major capex this is our endeavor and perhaps this is a plan also that we should continue to pay the dividend and whatever financing is to be done we should do to the extent of 70% we should do from the market from bankers and 30% equity we can take from our site.
- Probal Sen:** Any other international plans that are there even in the planning stage at this point of time?
- Vinod Kumar Mishra:** This is not the market where we can think of any plan right now because there is no opportunity also, but it is always our endeavor, if we find an opportunity we will think of it in terms of its merit, but right now there is no proposal as such.
- Probal Sen:** Got it, that is very useful, I will come back if I have more questions. Thank you for your time.
- Moderator:** Thank you. The next question is from the line of Sabri Hazarika from Emkay Global Financial Services. Please go ahead.





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**Sabri Hazarika:** Good afternoon Sir. I have got a few questions. First one is what is the current run rate like; I think spot LNG has cooled off also a bit from more than \$30 to around \$20-\$25 now?

**Vinod Kumar Mishra:** It is \$18-\$25 today.

**Sabri Hazarika:** So have you seen any uptick vis-à-vis Q4 average utilization which was like say 80%-81% or is it the same right now?

**Vinod Kumar Mishra:** For this Q4 I have just mentioned that it is now that prices have come down but in March it has been in the range of \$25-\$30. Our utilization in Q4 was not to that extent, if you look at it around 79% on Dahej terminal so that way we can say because of high LNG prices spot LNG is not coming to India in same ratio it was coming earlier year, but as you see I am seeing on the optimistic side that prices today are 18.25 it comes to \$15-\$16 and perhaps it will suddenly start coming, so I am hopeful that prices will come down drastically in next three, four months and then perhaps more cargos will come.

**Sabri Hazarika:** Anything on the coal shortage leading to higher LNG imports for power generation or anything on Russian imports also going up any comment on that front?

**Vinod Kumar Mishra:** In fact it is very difficult to answer because coal import in any case is there no doubt because the gas is so costly that is not possible to use gas for power generation, but I think when it comes to \$15-\$16 then perhaps if even power sector will pick up and they will take gas. In fact I had just seen a circular just two days back there is a circular also where MoPNG has directed GAIL to import LNG to compensate the city gas distribution companies because domestic gas allocation is falling short and they are not having so much of domestic gas, so GAIL has been directed to not only bid for HPHT gas but also they have been directed to import more LNG and blend it with the domestic gas and work out a rate which can be supplied to CGD companies, so it is an encouraging news for us also because more cargos are likely to come now and hopefully if those cargos will come and GAIL has been directed perhaps we are hoping that those cargos will come to our terminal only and that will further enhance our revenue in future.

**Sabri Hazarika:** You mentioned about this 204 Crores impact from that Kochi terminal we said Kochi tariff reset this is like in the numbers, one can adjust it if you have to come up with an adjusted number right?

**Vinod Kumar Mishra:** Yes, it has been adjusted 214 Crores it is not 204 so it has been 214 Crores for settlement of the Kochi tariff issues.

**Sabri Hazarika:** So your profit is lesser by that amount this is one time?



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- Vinod Kumar Mishra:** Towards end we would have been even better whatever we have got adjusted and you see even third quarter we have taken a hit of 65 Crores BPCL settlement that we take both these together almost 275 Crores more than that we have adjusted even then we have been able to generate so much of profit.
- Sabri Hazarika:** Just book keeping relating to that Ind AS impact I think Debabrata would be able to tell?
- Debabrata Satpathy:** At the gross margin level positive 144 Crores then 50 Crores negative as forex loss and 83 Crores depreciation and finance cost 78 Crores.
- Sabri Hazarika:** What would be the trading margins for this quarter which was like around 314 Crores in Q3?
- Debabrata Satpathy:** It is 396 Crores.
- Sabri Hazarika:** 396 Crores for Q4?
- Debabrata Satpathy:** Yes.
- Sabri Hazarika:** Last question Gorgon volumes in Dahej?
- Debabrata Satpathy:** 21 TBTU whole year.
- Sabri Hazarika:** Okay fine I can calculate it then.
- Debabrata Satpathy:** 21 TBTU YTD.
- Sabri Hazarika:** Thank you so much and all the best. I will come back in the queue.
- Moderator:** Thank you. The next question is from the line of Kirtan Mehta from BOBCaps. Please go ahead.
- Kirtan Mehta:** Thank you Sir for giving this opportunity. In terms of FY2023 would you be able to share more color on the volumes do you have the annual delivery plans available which can sort of give us an indication about the volumes?
- Vinod Kumar Mishra:** For next year you are asking for?
- Kirtan Mehta:** Yes.
- Vinod Kumar Mishra:** I think we should not discuss this issue right now, this is something which we have to keep with us disclose it later on, but now it is too early to say anything, but I am saying whatever contracts are there is a flexibility to the extent of 80% they can exercise, so that part is there so maybe that



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100% if they have not done in ADP then perhaps up to 80% they have to do otherwise there is a use or pay clause and perhaps because long-term contract in any case nobody is leaving everybody is very, very eager to take all long-term contracts the only issue maybe in the capacity booking utilization, so that they are doing because prices will come down so perhaps consumption will increase. So whatever may be the annual delivery plan it does not mean that, that is the only cargo we will have. It depends upon the price, if prices are reasonable \$15-\$16 then more import cargos will come. So we are in fact very much harping on those cargos also which will come in future. So in any case we will discuss it later on how much is the ADP I do not have readymade things here for next year.

**Kirtan Mehta:** So in terms of the sort of the long-term cargos cover roughly around 80% of the Dahej volumes is that right understanding?

**Vinod Kumar Mishra:** Yes, if you look at 17.5 I can tell you that you can work out 7.5 MMTPA is RasGas and 1.4 to 1.5 MMTPA is the Exxon Mobil so 8.5 is there so it is almost somewhat less than 50% you can say 17.5, 8.5 divided by 17.5 almost 48%, 50% you can take because some Exxon Mobil volume is also coming to this space. So if you take that also then it will be more than 50% which is through long-term cargos.

**Kirtan Mehta:** In terms of the use or pay contract currently exists on about how much percentage of the volumes?

**Vinod Kumar Mishra:** It is almost 8.25 is there plus I think one more, almost you can say 8.25 you can take it is almost how much percentage I will work it out, but you can work it out.

**Kirtan Mehta:** 8.25 out of 17.5 that is what you are saying.

**Vinod Kumar Mishra:** It is a 47%.

**Kirtan Mehta:** In terms of the 400 odd Crores of charges that have been levied as user pay charges are there any initial sort of indications from the customer in terms of what sort of level would be accepted?

**Vinod Kumar Mishra:** It is as per contract and we are fully confident that we will recover it, it is as per the contract so if they have not utilized then perhaps we have to recover it from them.

**Kirtan Mehta:** It would be open to sort of look at the time compensation particularly for the cases which might be genuine or due to the COVID related impact so how much proportion of this revenue could fall?



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**Vinod Kumar Mishra:** Right now we can say that it is there and nobody has opposed it saying that we will not pay, so let us see what happens in the future, it is too early to speak on these matters what they will do and what we will do. So far nothing is going on, on that aspect.

**Kirtan Mehta:** This year basically while there was sort of 270 Crores of lower impact because of the reversal there was also 415 Crores of the use and pay charges which has been built in the contract which is probably related to the contracts, is that the right understanding?

**Vinod Kumar Mishra:** Right.

**Kirtan Mehta:** Fine Sir. Thanks. I have few more questions but I will come back in the queue.

**Moderator:** Thank you. The next question is from the line of Anubhav Aggarwal from Credit Suisse. Please go ahead.

**Anubhav Aggarwal:** Hi! Sir, the question is on the use or pay contract. So this contract on the service volume how long is this contract let us say if the customer wants to change it when he gets opportunity to change it?

**Vinod Kumar Mishra:** No, it is not a contract which can be changed by the capacity bookers they have to honor the contract so it is not like that we can charge as per the contract it is a firm contract and it is valid I think up to 2035.

**Anubhav Aggarwal:** For everybody?

**Vinod Kumar Mishra:** For everybody, so it is a very firm contract it is not as if there is an escape to it because nobody can think of that.

**Anubhav Aggarwal:** What is the sense the guys who are let us say the service volumes which are lower right now and the tolling volumes are lower right now are they not using gas as a thing or they using any alternative thing right now?

**Vinod Kumar Mishra:** It is not like that what is happening that the customers or offtakers who are having a long-term contract they have no hesitation in bringing the cargos and use the capacity. It is only in those cases all the offtakers who have not tied up a long-term contract sourcing so they are not able to bring so much of cargos but that does not mean that they will not honor the contract if only for the time being that they could not bring, but as and when the price opens perhaps they will also bring and utilize the capacity and one more thing and you are rightly saying that some of the customers have started using other fuels because of high LNG prices. So that is true because in Kochi we have found that some of the customers are not using natural gas if the prices are too high spot LNG but those who are using long-term gas they are utilizing as usual. My only



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clarification in this regard is that it is only very few contracts that those who are not utilizing the natural gas but of course some of the customers are not using the gas and using alternate fuels, but it is not in all the cases, but perhaps the kind of sentiment, kind of enthusiasm which should have been there had the prices been low that is not there, people are not able to import gas this spot gas so that is the challenge.

**Anubhav Aggarwal:** Capex incurred in fiscal year March 2022?

**Vinod Kumar Mishra:** 270 Crores almost.

**Anubhav Aggarwal:** Thank you.

**Moderator:** Thank you. The next question is from the line of Niharika Jain from Aequitas Investment Consultancy. Please go ahead.

**Niharika Jain:** Hello good afternoon. My question is regarding this Kochi capacity so how are you going about it now that even the tariff has been revised and I think they were waiting for some GAIL pipeline to get completed so I just wanted to get some clarity on this Kochi terminal?

**Vinod Kumar Mishra:** Yes, Kochi terminal as I already mentioned that after this Bengaluru-Kochi pipeline consumption has increased, if you look at the capacity utilization this year we have utilized almost 21% capacity of Kochi terminal as compared to 18% last year, but it should have been more than 30% I agree and because prices are so high so people are not able to import spot LNG so that is a big constraint which has been there in the current year and last year i.e. financial year 2021-2022. Otherwise there is no issue and as far as the pipeline connectivity in Bengaluru is concerned that is already going on as I have mentioned in my earlier conferences also that pipeline is already laid up to Coimbatore and it is only a stretch of 250 kilometers from Coimbatore to Bengaluru that is to be completed but that is a big challenge. Now farmers have again disrupted the pipeline construction activity in Tamilnadu that is the reason as the GAIL has informed us and perhaps we have some working out how we can complete and they have suggested to take the pipeline along the roads instead of taking the pipeline to the fields of the farmers, so big challenges are there so although it is only 250 kilometers but it is a big challenge but it will be done GAIL has assured us that they will be doing it and after getting nod from state government of Tamil Nadu we are going ahead and we are hopeful that it should be complete in next one or two years.

**Niharika Jain:** Thank you and I also have one more question on the long-term contracts we have for LNG so I understand there are I think three running contracts two are with RasGas for 7.5 and 1 so basically 8.5 from RasGas and 1.43 around from Mobil Australia, so have we entered into any other long-term contracts in this Q4 or are we in talks with anyone for long-term contracts because I think the new circular also has come where GAIL would be I think needing LNG too for blending for CBD companies so just wanted some thought there?



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**Vinod Kumar Mishra:** That is what I was telling just now that there is a circular from the Ministry of Petroleum where they have clarified that for this shortage in CGD sector domestic air shortage GAIL has been asked to import more LNG so it is specific to GAIL that they have asked to import more LNG and blend it with the domestic gas and then work out a rate and sell it to CGD entities. So that is going on that is an optimistic step Ministry has taken. So now we hope that more LNG will come. The blending could be 70% domestic 30% LNG could be 40/60 60% domestic gas 40% RLNG and rate can be worked out like that. So I think this is going on and that is giving hope to us also that more cargos will be coming to us and perhaps that will further add to our revenues, so that is there.

**Niharika Jain:** Yes, that is actually positive.

**Vinod Kumar Mishra:** But as far as the long-term contracts you are asking long-term contracts we are already going to extend this Dahej for this RasGas contract for Dahej, so that we are already doing and the process is going on. We have started negotiations with the RasGas, taskforce has been constituted and we are working on that because we have to ultimately finalize by December 2023 for extension of the contract and we have already taken a step right now and perhaps that will be finalized, at least that will be extended and maybe that more volume may ask for if there is a good price given by them to us for this purpose so maybe we may extend some volume also, but right now we want to extend the existing one and perhaps as we are saying that more contracts are to be lined up it is not a very perfect environment for negotiating for the long-term contract because the demand is so high and after this Russian Ukraine crisis European countries are after all these suppliers including the Qatar gas and others to have a contract so that is in fact spoiling the market, so for long-term contract also it is not the right environment to initiate, but whatever contract we have that definitely will be expanded and whatever additional volume we can take under that contract we will try to negotiate that.

**Niharika Jain:** Just a clarification December 2023 the quantity would be for the RasGas one?

**Vinod Kumar Mishra:** Actually there is a provision in the contract that five years before expiry of contract we have to finalize that it has to be extended or not, so accordingly that remains till December 2023 so by 2023 will freeze it what is the price, what should be returns and all those things will be finalized. So five years before we are going to finalize all those things.

**Niharika Jain:** Thank you so much. That is all from my side.

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

**S Ramesh:** Good evening Sir thank you very much. The first thought is if LNG prices stabilize with this \$18 to \$20 what is the kind of growth we can expect in terms of your regasification volumes in FY2023-2024 what kind of growth we can expect?



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**Vinod Kumar Mishra:** After this price today I have seen I am very optimistic that more cargos will come now and if it comes to the level of almost \$15 then perhaps it will be good for the gas industry also and people who are using natural gas so I am hopeful that with this kind of pricing certainly there is a good hope that we can expect more LNG cargos coming to India and it is a good sign for all of us and perhaps we can further enhance our revenue.

**S Ramesh:** No if you look at your FY2020 volume you had done 928 TBTU so is that kind of volume possible in the next one year?

**Vinod Kumar Mishra:** What kind of volume you are asking?

**S Ramesh:** So this year you have done 847 TBTU.

**Vinod Kumar Mishra:** 847 we have done.

**S Ramesh:** So is it possible to achieve about 8% to 10% growth in the next one year?

**Vinod Kumar Mishra:** Even more than that we will expect but whatever it happens it is good but we will do whatever we can do to increase it to the maximum possible maybe 5% to 10% we will increase it.

**S Ramesh:** The second thought is now based on this whole gas to be managed by GAIL is there any data available in terms of what is the additional volume of LNG that they might import and they will come to your terminals over the next four to five years because most of that incremental growth will possibly come from the new CGD entities, so to that extent is it possible to give some sense in terms of what the kind of additional cargos you can expect to handle once this comes in a full swing?

**Vinod Kumar Mishra:** You are asking about additional consumption going forward?

**S Ramesh:** Yes, so based on this new arrangement to ensure that the allotment of gas for the preferential segment PNG and domestic PNG is arranged by GAIL by making up the domestic gas shortage to LNG imports is there any data available in terms of what the kind of additional volumes you can expect to do from the imported LNG cargos or the preferential allotments over the next four to five years because whatever is being imported by the existing CGD entities to make up the shortfall is already in the system, so you are talking about future growth potential must be based on the growth in existing entities as well as the expansion of the new CGD entity so is there any data you can share in terms of what is the kind of incremental growth you can expect once that mechanism starts operating in full swing?.

**Vinod Kumar Mishra:** I have holistic data you can say but it is not that year-on-year basis I can give you an estimate what we anticipated earlier that and what has been the government desired to increase the



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consumption of gas by 2030 and if you look at the government estimates very much on the higher side and we expect that by 2030 it should be in the range of almost 600 MMSCMD and if we look at the current consumption is around 163 MMSCMD the form of four times. What I am saying that growth is primarily because of CGD project coming up and also other sectors will be utilizing as it will be network will be spreading to places where a pipeline is not there so I think that part if it is covered by government and the gas pipeline is made in all the remote places then perhaps consumption will increase. The only thing is that pipeline connectivity is not there to some of the remote areas where the demand may be there so latent demand is there but there is no supply network. So I think this is giving a good hope that the CGD entities will be laying pipelines and then the small, small consumer including industrial and commercial consumers will be there. I am telling you that city gas distribution companies will be the biggest consumer of natural gas in future, right now it is fertilizer sectors just consuming almost 49 MMSCMD but in future and if you look at second place CGD is coming in the next place utilizing almost 33 MMSCMD gas whereas power sector is utilizing only 24 MMSCMD as per the data available from PPSE from April to February almost March so it is like that, that CGD entities are using 33 MMSCMD was there. So I think as and when the CGD entities are completing their projects and they start taking gas there will be spearheading in the next four, five years. So that is giving a good hope to us that consumption will definitely increase. The only part that prices which are looking at very high level right now this is because of various geopolitical issues which are going on you know very well Russia Ukraine war had been there and there has been shortage in Europe of gas in the winter season so all those have contributed to this kind of unprecedented rise in energy prices, but otherwise it is not likely to remain at that level always it will come down and then perhaps consumption will further grow.

**S Ramesh:** Just one last thought if you are looking at the CGD business driving the growth in natural gas is not there a risk to that growth from the penetration of electric vehicles in the transportation sector for CNG and what is your assessment of that risk and how do you see that playoffs over the next few years?

**Vinod Kumar Mishra:** Repeat your question CNG and PNG you are talking about?

**S Ramesh:** Yes, so if you are looking at the CGD sector driving the growth for demand for gas in India over the next two years and you take the demand from the transportation sector for CNG is not there an element of risk to that growth from the penetration of electric vehicles particularly in a taxi segment and buses as we go forward so what is your assessment of that risk for the growth in natural gas?

**Vinod Kumar Mishra:** No, I do not see that this is a threat to this CNG transport sector and whatever EV will come it will not automatically replace, even today CNG is there but even petrol and diesel vehicles are also there, they can stay side-by-side and it is not necessary that one fuel coming up means





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driving out the entire CNG, CNG vehicles are still forming very low percentage of the total vehicle segment if at all which is to be replaced there are the diesel and petrol vehicles if at all e-vehicles and e-cars are coming up so I think CNG can still stay, it is not going to be a threat that once e-vehicles will be coming then there will not be any demand of CNG. CNG will continue to be in demand.

**S Ramesh:** Thank you very much and wish you all the best.

**Moderator:** Thank you. The next question is from the line of Iqbal Khan from Edelweiss. Please go ahead. Thank you Sir. I would request you to check your phone line and rejoin the queue. Thank you. The next question is from the line of Amit Saxena from ASI Capital. Please go ahead.

**Amit Saxena:** Sir, I wanted to know the decrease in the profitability from 1140 Crores to close to 750 Crores this quarter so what are the major factors driving it?

**Vinod Kumar Mishra:** Major factors I will just give you one or two items which can perhaps help you in understanding why it has shown as compared to previous quarter you are asking, in previous quarter it is Q3 of 2021-2022 if you look at that then the trading margin has increased at 68 Crores as compared to previous quarter and as compared to corresponding quarter there has been growth. The major factor is of course this has been the trading margin, we have pulled some gas which we were having and that has increased our profitability to some extent so this is a major reason and if you look at other small reasons there are so many things inventory valuation is also up by 50 Crores. So another major reason could be that then perhaps as compared to previous quarter if you see that the higher charges at Dahej in to higher rates all those factors are contributing the 5% hike is also there from January 1. So it is like that, that it has increased as compared to corresponding quarter definitely it has increased but from the corresponding quarter it has not increased because downside is also there we have both many use and pay charges Kochi tariff charges and the lower volume impact has been there, so that way it has not contributed in fact it has reduced but if you compare the corresponding quarter of previous year and current quarter you will find that there has been substantial increase in the trading margin 369 Crores that is a major factor and the investment income has also increased to the extent of 17 Crores and then many other factors are there small, small factors and the inventory valuation is one of them with 30 Crores.

**Moderator:** Thank you. The next question is from the line of Ankur Agarwal from Phillip Capital. Please go ahead.

**Ankur Agarwal:** Good afternoon Sir. Can you please provide a breakdown of the volume in terms of the long-term spot and the volume tied to your trading margin and just to understand further how should we one look at your trading margin going forward if you can provide some comments on that, that would be helpful?



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**Vinod Kumar Mishra:** We are talking about whatever trading we have done you have to know that or overall you are asking?

**Ankur Agarwal:** Whatever trading margin that you have generated, what are the volumes tied to that, how should one look at that?

**Vinod Kumar Mishra:** The trading margins that have been generated as you know during the financial year the spot prices had been at a very high level with about 9 to 10 TBTU of spot volume that we have always given the volume numbers to you these kind of trading margins have been on in the year and as far as your question regarding the projections of trading margins it depends on how the market is, right now the prices have fallen down to about \$20, so it will depend largely on the market but the point is that if the difference between the long-term and the spot prices are not too high then in any case the terminal utilization will go up because people will start time of the spot volume and our offtakers only will start bringing these spot volumes and the regasification contracts will see more volume. So it is either way due to the higher spot prices there might be some volume disruption but the trading margins are there. If these prices come down and the difference is not very high between these long-term and the spot prices in any case the volume growth will be there at the time. So this is what we can tell regarding the trading margin and the volume scenario.

**Ankur Agarwal:** So for this quarter for Q4 9 to 10 TBTU is what the volume growth?

**Vinod Kumar Mishra:** But it is not that, we have said that Q4 only 3 TBTU is there, but overall in the year I told the major trading margin came from about 10 TBTU.

**Ankur Agarwal:** Just one clarification trading margin for the current quarter 396 Crores and what is the inventory valuation gain for the quarter?

**Vinod Kumar Mishra:** 68 Crores.

**Ankur Agarwal:** Thanks.

**Moderator:** Thank you. Ladies and gentlemen due to time constraint that was the last question for today. I now hand the conference over to Mr. Varatharajan Sivashankaran for closing comments.

**Varatharajan S:** Thank you Margaret. I just had a couple of questions before we can close. One if you can provide some perspective somebody ready to go and had for a long-term contract today what is kind of rates which are available and second question is on Kochi earlier we said in the price negotiation we will ask for additional commitment of volume from the offtakers have they committed any incremental volume?



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**Vinod Kumar Mishra:** So first question is regarding?

**Varatharajan S:** If somebody today had for a long term contract what kind of terms are available as of now?

**Vinod Kumar Mishra:** Terms of the long-term contract we are still banking on the contract which has been finalized by RasGas with countries like China and Bangladesh and others, but at that point of time they have contracted with 10.2% of the slope I do not know this is the right environment or not, but we still are hoping that it should be around that and that happens then it will be a favorable contract for future and I think we have already started negotiation but the environment is not like that, that people may agree to it because of lot of turbulence in the market, but still we hope that we will be able to settle this issue and we have enough time more than one year to finalize all those things and perhaps the ramp up you are asking for the revision in Kochi tariff it will be starting in 2026 and as I have said that it will be 0.6 MMTPA which in any case means roughly nine cargos or so. So I think that is how we are planning to do and perhaps this will start from almost ten cargos that is will be coming from 2026 that is what offtakers have committed so far.

**Varatharajan S:** Sure. Thanks a lot. I wish to thank all the participants and the management for taking time out to attend this call. Thank you everyone and have a nice day.

**Vinod Kumar Mishra:** Thank you very much. Thank you.

**Moderator:** Thank you. On behalf of Antique Stock Broking that concludes this conference. Thank you for joining us. You may now disconnect your lines.