



GAIL (India) Limited

“Gail India Limited Q2 FY2018 Earnings
Conference Call”

November 14, 2017



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OTHER SENIOR EXECUTIVES**



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Moderator: Ladies and gentlemen good day and welcome to the GAIL India Limited Q2 FY2018 earnings conference call hosted by Motilal Oswal Securities. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Gagan Dixit from Elara Capital. Thank you, and over to you Sir!

Gagan Dixit: Yes, thank you. A very good evening and very warm welcome to everyone. It is our pleasure to be able to bring to you the management of GAIL led by Mr. Subir Purkayastha, Director of Finance; and Mr. A.K. Tiwari, ED Finance. Mr. Purkayastha will soon join in a few minutes. We also would like to take this opportunity to congratulate the management on it's excellent set of numbers. So with these words, I would now hand over the conference to the GAIL Management. Over to you Sir!

A.K. Tiwari: Good evening. This is A. K. Tiwari, ED Finance, from GAIL. A very warm welcome to you all. I will give the physical and financial performance for the quarter ended September 2017, and that is already with you and the same has also been made available on the GAIL website. I presume that all of you have gone through the same. However, for the benefit of the audience, let me give the following highlights for the Q2 FY2018.

I will read the physical highlights of Q2 FY2018. First of all, overall transmission volume has increased by 4.77 MMSCMD from 100.86 MMSCMD in Q2 FY2017 to 105.63 MMSCMD in Q2 FY2018. Second is, increase in gas marketing volume by 4.13 MMSCMD from 80.51 MMSCMD in Q2 FY2017 to 84.64 MMSCMD in Q2 FY2018. The main reasons are: Number one, increase in APM and ONGC volume by approx 2.09 MMSCMD, supply of long-term LNG/ Spot RLNG by 2.4 MMSCMD. The spot volume has also increased by 2.8 MMSCMD and spot volume has also increased from 1.7 MMSCMD due to off-take by NTPC and CGD and other customers. PMT has also increased by 0.22 MMSCMD.

Now there are some negative volume due to discontinuation of the power pooling scheme, which has resulted in the physical reduction in the volume by 5.62 MMSCMD. So far as the polymer production is concerned, polymer production is 182 TMT in Q2 FY2018 versus 146 TMT in Q2 FY2017. LHC production has also increased by 51 TMT to 332 TMT and there is also an increase in the LPG transmission volume by 87 TMT to 314 TMT. The capacity utilization for NG pipeline is increased to around 51%.

So far as the financial highlight is concerned, increase in turnover excluding GST by 3% from Rs.12,039 Crores in Q2 FY2017 to Rs.12,382 crores in Q2 FY2018, mainly due to increase in the



physical performance. So physical performance was better and that has resulted in increase in the turnover also.

Increase in the PAT by 42% up by Rs.385 crores from Rs.925 crores in Q2 FY2017 to Rs.1310 Crores in Q2 FY2018. The main reasons are increase in the profit from LHC segments, which has resulted around Rs.309 crores, increase in the profit from NG transmission, which has resulted to Rs.213 crores, increase in the profit of gas marketing, which has resulted Rs.89 Crores. So these are the main reasons for increase in the profit in Q2 FY2018. However, there is a decrease in the profit from the Petrochemical segment by Rs.69 crores, mainly due to decrease in the price realization of Rs.8000/MT and increase in the input gas price. So far as Capex is concerned, we have Rs.1,209 crores in H1 FY18, mainly in the pipeline Rs.930 Crores. So these are the brief of the financial and physical highlights, which has been also published. And now I would like to finish my briefing here and start the question and answer session with you all with your consent.

Moderator: Thank you very much. We will now begin with the question and answer session. We will take the first question from the line of Probal Sen from IDFC Securities. Please go ahead.

Probal Sen: Two questions that I have, primarily one, the transmission volumes thank you for laying out how the increase has come about. But I just wanted to get your sense of whether you think this demand trend will continue, particularly, given that you said some additional uptick was done by NTPC. Do you think that this power base demand will actually sustain over the rest of the year? So can we expect this kind of a run rate? That was the first question.

A.K. Tiwari: My colleague, Mr. Rajeev Singhal will reply the question.

Rajeev Singhal: Yes. Good evening. See, this has happened primarily because of poor supply from coal mines. So there was major spurt in demand from power sector and it did get controlled for a while, but, again, we are seeing some possibility, but definitely, this kind of numbers are not possible, but some demand will definitely remain there.

Probal Sen: So sir, is it fair to say somewhere in the midrange what we did in this quarter and last quarter, so somewhere in the 103 kind of a range is what is reasonable number to look at, maybe over Q3 and Q4?

Rajeev Singhal: Yes, perhaps. That looks like, looks like this.

Probal Sen: Sir, the second question was on the LPG and Liquid Hydrocarbon segments. Now you have spoken about this before that the higher rich gas availability is allowing us to obviously deliver much better volumes, because our extraction plants are working better. So for the full year any guidance you can give us in terms of what kind of volumes you are looking at? And the second part here was that we



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have seen prices actually going up again in Q3, so given that will it more than offset the increase in domestic gas cost in your opinion?

A.K. Tiwari: So far as the gas cost for the liquid hydrocarbon is concerned, it may remain the same. But prices are the main factors for that in the Q2 where the prices have decreased, primarily in the Liquid Hydrocarbon sectors. Now the prices have stabilized and it has increased now. In the coming quarter, it is likely that the prices will be increased further.

Probal Sen: Sir, the first part in terms of guidance on LPG volumes. Can we look at Rs.1.2 million kind of number for the full year? Is that reasonable to assume, including other liquid hydrocarbons?

A.K. Tiwari: Yes. Yes, it is going.

Probal Sen: Can it go further, Sir. Do we have the capacity to actually do it assuming more rich gas becomes available let us say by FY2019, can we even increase this run rate even further from here?

A.K. Tiwari: Yes, we are expecting to increase that. That will be there because it depends upon the mix also. We are expecting that it will be.

A.K. Tiwari: It will be 1.2 million. Yes.

Probal Sen: Thank you so much for your time. I will come back if I have more questions.

Moderator: Thank you. We have the next question from Mayur Patel from DSP BlackRock. Please go ahead.

Mayur Patel: Thanks for taking my question. Sir just wanted to confirm one thing, you have done 333,000 metric ton of LPG so the current run rate itself comes to around 1.3 million tons. So is it fair to assume this run rate to continue or seasonally this will go up and down?

A.K. Tiwari: It is fair to assume that it will continue.

Mayur Patel: Okay. Now my next question is on the Transmission business. Just want to confirm there are no write backs or any one off items in this quarter?

A.K. Tiwari: Yes.

Mayur Patel: Transmission, there is nothing?

A.K. Tiwari: In fact it has increased, the volume has increased, and transmission has increased. Our capacity utilization is now 51% in comparison with the previous 49% to 50%.



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- Mayur Patel:** No, that I can see, and the profitability has been very strong. I just wanted to check there is no one time gain or onetime write back of -- nothing is there, right? This is a recurring?
- A.K. Tiwari:** No. There is no one time write back, nothing is there.
- Mayur Patel:** One more question if you can allow me. Petrochemical side, what we can see is the blended revenue is divided by volume, the blended realisation has gone down 20% Q-o-Q, so anything you want to share but this is much more steeper than the benchmark prices HDPE and LLDPE prices. So anything specific you want to share on factors?
- A.K. Tiwari:** It is basically the price realisation, which has crept down, Rs.8000 per metric ton and in Q2. And in the H1, the price is of average Rs.5000 per metric ton. So this is entirely because of the dip in the prices. Otherwise, the stability is there, production has increased, and other things are stable
- Mayur Patel:** And what is the current run rate of the Pata Plant? Is it running at 100% levels?
- A.K. Tiwari:** Pata, there are 2 plants, Pata 1 and Pata 2. Pata average running is around 75% and Pata 2 is running around the 49%, and Pata I on 100%. Presently both are running on 100% capacity.
- Mayur Patel:** Currently, the entire unit, including the old and the new unit both are running at 100%?
- A.K. Tiwari:** Yes, at present, as of now.
- Moderator:** Thank you. We will take the next question from the line of Rohit Ahuja from BOB Caps. Please go ahead.
- A.K. Tiwari:** Yes. So let me tell our Director of Finance, Mr. Subir Purkayastha, has also joined for this session.
- Subir Purkayastha:** Good afternoon, my dear friends. I was slightly delayed in from another meeting, so I am back here now. So please continue.
- Rohit Ahuja:** Thanks for the opportunity. Sir, on the petrochemical side, you mentioned current utilization is close to 100%. So should we kind of assume 200,000 MT kind of volume will continue from this quarter onwards on a steady state basis?
- Subir Purkayastha:** Yes. We are clocking somewhere around 2,200 metric tons per day. So I think yesterday in fact we clocked about 2,600, but a season average of about 2,200, 2300 for the balance period of the we should be able to achieve this 200,000 easily, it should not be a problem.



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- Rohit Ahuja:** All right. On the second question, Sir, on gas transmission, we have seen your realisation per unit improving this quarter compared to last quarter by about 5%, 6%. So can we assume are there any one offs in the transition tariff realisation in regards to any PNGRB order?
- Subir Purkayastha:** No such income in this period. There has been no new tariff declaration by PNGRB as well, it is mainly because of higher transmission volume even particularly towards the far end of the pipeline system where we, of course have got these more prices, and, therefore, it helps to improve the average price.
- Rohit Ahuja:** Right. On the tariff, Sir, you filed the unified tariff mechanism to PNGRB and put up for PNGRB has put up for consultation, when do you expect the final resolution of this and kind of a final order being passed?
- Subir Purkayastha:** Rohit, can you come back again, what is the question?
- Rohit Ahuja:** How the unified tariff, that you have recently the PNGRB has put up a consultation paper, which was filed by you. When can we expect a final decision on that?
- Subir Purkayastha:** We expect that soon after the board is completely formed, because as you know, there are a lack of board members, therefore, no decisions can be taken by the regulator as of now until and unless a sufficient number of board members are in place and the quorum is formed. So I think very soon after all the board members are put in place and the quorum is available. This could be one of those important decisions, which would be taken up by the Board. So how long it will be done is anybody's guess. We have been hearing that it should be done very soon, but soon has also passed for quite some time. So let us hope for the best.
- Rohit Ahuja:** But can we assume this kind of unifying mechanism is like a done deal, because, I guess, you have a cabinet approval for the status mechanism?
- Subir Purkayastha:** It is for anybody to read to how it should be done. Obviously, the process of consultation and decision by the Board will be there and we are quite hopeful that given that as you rightly mentioned, the CCEA approval is there, government will also consider it. It will be an independent decision of the Board. So we are very hopeful that it should done, but as of now, from an outsider standpoint of view, I cannot give you a guarantee on behalf of the Board what sort of decision will be made.
- Rohit Ahuja:** And also in that paper, you have given two calculations, one is GAIL's calculation and other is as per arrived at through PNGRB Regulation Methodology, which is coming to about Rs.57 per an individual?



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Subir Purkayastha: Rohit going into such detailed discussion now would deprive the other members, if you have question now getting into too much of detailing, one which we can have a separate discussion altogether.

Rohit Ahuja: Sure, no problem, Sir, I will get back...

Subir Purkayastha: We are on the quarterly also as I think we can ourselves can correlate into the results.

Moderator: Thank you. We will take the next question from the line of Bhavin Gandhi from B&K Securities. Please go ahead.

Bhavin Gandhi: Congratulations on a great set of numbers. Just wanted to clarify on a couple of things. Last quarter in the opex you had mentioned that you have taken a write back of about Rs.110 Crores in the Pipeline segment, which has resulted in the opex being lower in that segment. So there seems to be no change on a sequential basis in the opex number in the Transmission segment, so I just was wondering should this be a normalized number for you going forward?

Subir Purkayastha: We were not able to get your questions properly.

Bhavin Gandhi: Am I audible now sir?

Subir Purkayastha: Yes.

Bhavin Gandhi: Yes, basically sir, so in the previous in the first Q, you had mentioned that there was Rs.110 Crores write back, which was taken in the Transmission segment. And that's where the opex was lower in the first quarter, but there seems to be no change from first quarter to the second quarter in the opex numbers. So should one assume that this opex is kind of sustainable going forward?

Subir Purkayastha: Kindly give me a couple of minutes let me just check up. Okay. Yes, I have understood the implications now. What really happened was that as we must have mentioned last time during the discussion on Q1 results, we had written back the provision made towards the gratuity, which was made in the month of March and subsequently this expenditure was to be absorbed, not by the company but by the employees themselves. So we had a total adjustment or reduction in the expenditure to the extent of Rs.158 Crores, of which Rs.55 Crores was the impact pertaining to this particular segment. Now since this was reversed when you compare between the two different periods, so the first difference was Rs.110 Crores. So from that perspective the numbers that you get are the real ongoing numbers for the future as well.

Bhavin Gandhi: Sure. Got that. And Sir, the other part as one of the participants asked that on a sequential basis, the Transmission segment tariff seems to have moved up by almost about 8%, 9%. So is that right, the incremental volumes which have come about, which I think was guided in the beginning of the call



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that could not might not sustain, has resulted in this increase of the volumes? Or that is not the case in the increased realizations?

Subir Purkayastha: I think the increase in volume the spurt in increase in volume to some extent is also due to a certain demand coming in from the power sector. This power sector, because they are not certainly constrained on the coal-based power plants to supply the power. So all of a sudden, there was a spurt. The spurt is very much there as of now. But you are rightly on the track, but this situation may not continue for long and over a period of time this would get over.

Bhavin Gandhi: Sure. And just one final thing sir, can you have the debt and cash numbers?

Subir Purkayastha: Pardon?

Bhavin Gandhi: Debt and the cash number as of date?

Subir Purkayastha: Debt is about Rs.4,200 Crores as of September 30, and cash is about Rs. 2,200 Crores.

Bhavin Gandhi: Thank you Sir.

Moderator: Thank you. We will take the next question from the line of Avadhoot Sabnis from CIMB. Please go ahead.

Avadhoot Sabnis: Yes, sorry Sir to bring you back to the transmission issue. As I said, the reported transmission EBIT for the first quarter was around Rs.650 Crores, as that included some Rs.55 Crores, as you said, of the write back. So the actual number was lower because the normal EBIT was lower by to that extent and if I compare that normal number with the reported EBIT for the second quarter that has gone up by Rs.228 Crores or something. Now that increase of Rs.228 Crores quarter-on-quarter is even more than the increase in the revenue. The revenue has increased only by Rs.135 Crores from first quarter to second quarter whereas the jump in EBIT is even more than that. So is there any further clarity you could provide as to why the EBIT has gone up?

Subir Purkayastha: You are talking about the transmission volumes?

Avadhoot Sabnis: Yes. No, Transmission's revenue and Transmission EBIT, if I compare the two, as I said, the increase in the EBIT from first quarter to second quarter is even more than the increase in the revenue. And the revenue would capture all your whatever higher tariffs and everything, right? So the increase in the EBIT from first quarter to second quarter is higher than the increase in the revenue. Especially, as I said, considering that the first quarter actually was lower than what it was.



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- Subir Purkayastha:** No. As I mentioned earlier, Rs.55 Crores because the adjustment that you made of Rs.55 Crores in Q1 is related on the expenditure side, it has nothing to do with our revenue. Revenue we manage on its own movement. But the EBITDA increased the cost for some reason and I am just being advised that another two reasons was that there was a decrease in the repair maintenance cost in this particular segment, so that also increased the EBITDA in the segment. And second was, yes, that is second was because of the higher volumes. Sabnis, another point was that nice point that has been made. You see, when we supply gas to our petrochemical or LHC units, there is an internal use of the services for the transmission. So it goes as an expenditure to the Petrochemical segment or the Liquid Hydrocarbon segment, but as it credit to the Transmission segment whereas, internal use of services is not reflected in the turnover. But is reflected while calculating the segmental profits. This is contributing to another about Rs.35 Crores.
- Avadhoot Sabnis:** So you are saying basically, if the gas goes into petrochem it does not come through in the transmission revenue?
- Subir Purkayastha:** It does not come through the revenue, yes.
- Avadhoot Sabnis:** But I thought there's an adjustment for inter-segment revenue, right?
- Subir Purkayastha:** Yes. So far as the total profitability of the company is concerned, it is neutral, because for one segment it is expenditure and for the other segment it is revenue. So on a segmental performance, Transmission will still tend to show better reflection of the profits as compared otherwise. I said it was a nice point that you observed.
- Avadhoot Sabnis:** The other sort of point I want to ask is there has been quite a bit of reclassification from earlier periods from the unallocated portion to the allocated portion. So basically if I look at, lets say, a segment or an EBIT for, let us say, FY2017, it has gone up Rs.500 Crores related to what was reported, let us say, just in the first quarter. So there have been sort of changes in terms how you are reporting segment wise. So could you provide some clarity on what changes have exactly been made to move from unallocated to allocated?
- Subir Purkayastha:** No. This is comparison between which two periods?
- Avadhoot Sabnis:** If I look at your results, Sir, the current whatever results you are reporting, if I look at the segment wise what you have reported for FY2017 okay for all the segments combined is Rs.6209.86 Crores?
- A.K. Tiwari:** You are on the unallocated segment?
- Avadhoot Sabnis:** I am just looking at the segment wise numbers. The total for segment wise EBIT is Rs.6209.86 Crores for full year last year?



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- Subir Purkayastha:** I am trying to get to the numbers, where are they?
- Avadhoot Sabnis:** The segment results, okay profit after tax.
- Subir Purkayastha:** What happened exactly previously we used to move it from transmission segment to another segment but now from this quarter onward, we have regrouped it back to the Transmission segment.
- A.K. Tiwari:** The transmission charges, which had been moved to the Transmission Service segments. The steam charges, which were there in the other segment has been moved to the Transmission Service segment. There will be a regrouping in there. It is basically the allocation of segmental revenues as well as the profits.
- Avadhoot Sabnis:** That is what I am trying to understand, Sir. What that relocation is? Rs.500 Crores has effectively moved from unallocated to one of the other segments on top, right. So what are the changes that are what I am asking?
- Subir Purkayastha:** Just one minute. So there is an accounting adjustment in that group. It is already segmental adjustment has been done. And whatever there is an accounting adjustment between the segment from the Transmission as well as the other segments.
- Avadhoot Sabnis:** Thank you.
- Moderator:** Thank you. We have next question from Mayur Patel from DSP BlackRock. Please go ahead.
- Mayur Patel:** Sir, just one small thing, is it possible to quantify the shrinkage in segmental revenues because of GST. Say in Petrochemical if revenues must have been reduced because of decline in realisation plus also earlier you said excise duty was part of the revenue and now there are no taxes as a part of the earnings. So what is the shrinkage in percentage terms purely because of GST in revenues?
- Subir Purkayastha:** Basically what was the component of excise duty in Q1. This is what you wanted to know?
- Mayur Patel:** I mean, if before in quarterly in Rs.100 revenue if Rs.12 say if it is being added because of excise duty and other taxes and now this is removed, so Rs.112 has become say Rs.100. So that is a kind of percentage shrinkage, which has happened purely of GST. So same kind of equation if you can give us for the segments it will be helpful. If it is not available, then we take it offline also in the interest of everyone else.
- Subir Purkayastha:** It is not readily available we will work out.
- Mayur Patel:** I will take it offline.



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- Subir Purkayastha:** So that is around 10%, Petrochemical side.
- A.K. Tiwari:** Mayur we do not have the exact numbers. We'll work it out and let you know subsequently.
- Mayur Patel:** I will take it offline with you.
- A.K. Tiwari:** We will work it out and let you know subsequently.
- Mayur Patel:** Thank you.
- Moderator:** Thank you. We have the next question from Pinakin Parekh from JPMorgan. Please go ahead.
- Pinakin M. Parekh:** Thank you very much Sir. My first question is on the petchem segment. Going forward from here, Sir, how should look at the input cost given that both APM prices and spot or the contract prices have moved higher. So given that the headline prices are not moving, should we expect profitability to collapse or fall sharply in the petchem segment from here over the next one or two quarters?
- Subir Purkayastha:** See, this gas remains seasonal. So, yes, this quarter, the current ongoing quarter, which we are into, October, November, December quarter, gas, prices are slightly high. So to that extent, yes, profitability will be impacted, but then crude prices have also increased. So increase in crude price should offset this increase, because this will lead to increase in petchem prices. So only the thing is now whether the increase in LNG prices is proportionate to crude prices or more? So because we have long-term tie-ups, so for us, increase in LNG prices remains proportionate to increase in crude prices. So we are more or less immune to that extent.
- Pinakin M. Parekh:** Sure, Sir, so just to understand clearly the input for the next couple of quarters for petchem in terms of gas would be mostly be the long-term contract linked gas or should we could we see them spot also into other input?
- Subir Purkayastha:** Mostly, it is long term, but around 20%, 30% we balance it with spot also. And the spot includes not necessarily LNG it can be domestic also, which we are buying sometimes. It is available from ONGC and others.
- Pinakin M. Parekh:** Sure, Sir. The second question is just on the transmission side. Given that there was a volume increase driven by the power sector and as coal and gas supplies are ramping up aggressively, should we understand that if the power situation normalizes in the Transmission segment, we can see some of the volumes come off and also some of the tariff increase or the implied tariff that we saw in this quarter also come off, because you may not have to push gas to further distances. Would both of them go together in terms of lower volumes and slightly lower realizations on the tariff side?



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- Subir Purkayastha:** No, actually see, October has already seen very good volumes, entire October. So to that extent, you can say that even in next quarter, we will have the impact of October November, yes, now volumes are diminishing because of coal availability.
- Pinakin M. Parekh:** So volumes will fall and logically some of this transmission tariff and realization increase that we saw in this quarter can also come of, right, with the lower volume?
- Subir Purkayastha:** Yes, yes, it is related to the volume.
- Pinakin M. Parekh:** Thank you very much Sir.
- Moderator:** Thank you. We have the next question from Rakesh Sethia from Morgan Stanley. Please go ahead.
- Rakesh Sethia:** Thank you for this opportunity. Sir, just one question on our preparedness to take U.S. LNG volumes if you could give us some color on where we are in terms of the shipping contracts and when the volumes are supposed to start? Also has there been any more progress about getting those volumes in the market?
- Subir Purkayastha:** Yes, we are placing these volumes in the international market as well as in domestic market also. So because earlier we used to buy every year one medium term contract to cater to domestic demand. This year, we are not doing it. So we will be catching that volume from U.S. volumes. So to some extent, those volumes will be absorbed in the Indian market and some of this we are selling in international market also. So for 2018, we are now quite comfortable.
- Rakesh Sethia:** So for 2018, when you say you are comfortable, are the 100% of the volumes, which are about to come, for which we have an offtake agreement is being sold? Is it the right way to sort of look at those volumes?
- Subir Purkayastha:** Yes, you can say that.
- Rakesh Sethia:** And, Sir, can you give us some more color about what happens 2019 and probably in 2020? How the market is shaping up and how is the progress there, because if I understand currently, another way to place those volumes, something that would be near the new fertilizer plants. But some of these fertilizer plants are unlikely to start before 2020. So any color you can give us on how we are thinking about to bridge this gap probably in 2019?
- Subir Purkayastha:** You see, we are addressing this issue within the country, as well as outside the country. As of now, if you look, we are steadily selling close to about 32 million to 34 million cubic meters of gas per day reported LNG, of which about 17 to 18 is only the long term and the rest is managed through mid-term contracts and spot purchases. So obviously, when the situation will come, we will be as Rajeev



has rightly pointed out, we will be cutting down on the mid-term contracts and the spot contracts. And the current volumes that for which we have contracts with customers would be supplied through these U.S. volumes. But still, there will be some number of cargos which will not be totally defined with any particular customer, which we would like to operate based upon market conditions as it prevails at that point of time. We can tie up the small remaining volume also for the year, particularly 2018. But we are also watching the situation that, how 2018 plans out where the crude moves and what is the spot market kind of situation. So we are keeping ourselves certain cargo for better opportunities, while at the same time trying to tie up as much of volume, both within the country and outside the country. Going forward for 2019, I think, 2019 and 2020, this similar kind of situation should prevail. But, what you have rightly pointed out, that somewhere around 2020 to 2021 we should also see the three fertilizer plants coming in. And before that, we expect to connect our pipeline to the fertilizer plant, which is the currently operating plant, along the Jagdishpur-Haldia pipeline. So we are targeting to complete the pipeline to the fertilizer plant, which will be pretty close to 1.5 million cubic meters of gas per day. That should happen very early around 2019 itself. So then in and around the pipeline systems, we are looking at more customers both in the western part of the country as well as now on the eastern part of the country as JHBDPL pipeline progresses. So, yes, there are some more challenges that we have to overcome. But the kind of confidence that we have evolved over the last 12 months, I would say, is giving us a little bit of confidence that we should be able to mitigate this huge this which was not doing bad at one point of time. The size of that uncertainty has considerably reduced. But this is a work-in-progress and both our marketing team and our team are working out to find a solution to push more and more volumes into the domestic market and at the same time, if there are any basis risk those are being also addressed and I am happy to share that in many of the transactions we have landed up on the positive side, while taking the hedging positions.

Rakesh Sethia: Understood, Sir. So one last question on when does the Dominion Cove volumes are starting? My understanding was the plant is already in the process of getting commissioned. So is there a possibility that we may have to take the volumes as soon, for example, in January or something like that?

Subir Purkayastha: Volumes are expected in India sometime in February, middle or maybe early February or sometime in February. But as per contract, the last date is to arrive this is end of March. But expectations as of now is that this volume should arrive in India sometime in February.

Rakesh Sethia: Thank you.

Moderator: Thank you. The next question is from the line of Amit Shah from BNP Paribas. Please go ahead.

Amit Shah: Just a couple of questions. One on looking at where current LPG prices are looking at what the volume is on the transmission side as well as on the LPG front, would it be fair to say that the Q3 is



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looking similar to Q2? Or are we looking at drastically shift in profitability, looking at spike in crude prices especially from the petchem business?

Subir Purkayastha: Well the petchem business? Yes so far as petchem is concerned, we expect slightly better production numbers in this particular quarter as compared to Q2. But it will not be a huge increase in terms of production quantity. But what we are trying to address is how to reduce the cost of gas input for the petrochemical plant. And more so this will be more visible, particularly in Q4. But yes, Q3 also we are trying to reduce the cost of gas production. And the other big challenge, of course, is the price realization. We have seen that the prices were under a bit of a pressure in this particular quarter. This still continues to be there, but there are still 1.5 months to go, let us see how the situation plans out.

Amit Shah: Okay and just one more question, how much of the U.S. LNG volume is expected in 2018?

Subir Purkayastha: In 2018 in terms of cargo, we are expecting close to 80 cargos.

Amit Shah: Thank you.

Moderator: Thank you. We have the next question from the line of Amit Rustagi from UBS Securities. Please go ahead.

Amit Rustagi: Yes. Sir, good evening. My question relates to U.S. LNG. So we are saying that we are in the process of mitigating risk and 2018, we do not see any problem. But could you give us the details of the shipping arrangements, which we have done? Because that is a large volume, which we are looking at, almost 80 cargos as you mentioned, so what are the shipping arrangements we have done? And which parts we are going to play at this volume throughout the year?

Subir Purkayastha: No, we have already tied up one for bringing the cargos from U.S. And a substantial volume has also been sort of swapped in terms of destination.

Amit Rustagi: That is outside India. You are saying outside India?

Subir Purkayastha: No. The cargo will come to India, but not through our ship, but through some other party ships. So basically somebody as would be supplying the cargos to this country, and he would be starting the volumes to send it somewhere else, so this is particularly a destination.

Amit Rustagi: But you will be supplying U.S. gas to that party at his destination, right?

Subir Purkayastha: No. We will sell it on FOB basis. We will be sell it on FOB basis. He will arrange his own shipping and in turn he will deliver the equivalent amount of LNG within our shores through his own fueling mechanism.



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- Amit Rustagi:** How much percentage of that volume is like this, which is a swapped on a destination basis?
- Subir Purkayastha:** So close to 30% plus has been arranged through this mechanism.
- Amit Rustagi:** Okay. And how much volume is likely to come from one-time charter, which we have done?
- Subir Purkayastha:** How much volume? Yes, 10%
- Amit Rustagi:** And so remaining 60%, sir, if you can give any color on that?
- Subir Purkayastha:** Some volumes have already been sold in the international market, and as moving forward if there is further need to time charter anymore cargos and more ships, so we will be doing it part of the next financial year.
- Amit Rustagi:** Okay. So and Sir, how much volume we are looking to bring in India out of 80 cargos for 2018? Because now have almost mitigated that is, so we would be broadly knowing then how much of that volume is coming in India now much is going abroad?
- Subir Purkayastha:** These are for final discussions there, Amit.
- Amit Rustagi:** Okay. And just relating to petchem, we have done obviously quite well with 180000 output, but could you give us the details that how much the first Petchem plant operated and how much second unit operated?
- Subir Purkayastha:** The first unit operated more than 100%, the second unit operated close to 50%, around 50%.
- Amit Rustagi:** Second unit operated close to 50%, so we can say that if we add 100% for both the units, so can we cross around 220, 230 KTA on a quarterly basis?
- Subir Purkayastha:** So, you see our target for the full year was 700000 tons, around 730,000-odd tons for the full year. I would say that we may not reach 730,000 tons, but certainly, we should be able to cross 700,000 tons mark.
- Amit Rustagi:** Okay. And what is the target for next year now on the MoU side?
- Subir Purkayastha:** Target for the next year are yet to be finalized.
- Amit Rustagi:** So MoU targets for next year are still not known. But what broadly are we looking at in terms of petchem output?



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- Subir Purkayastha:** Close to about 800,000 Tons this is what we would be aiming at.
- Amit Rustagi:** Sir, just last question on the EBIT from Transmission segment. So we have a done roughly Rs.850 Crores of transmission EBIT, so you are saying that there is no one-off in this. So can we expect this kind of number to continue if throughput remains at 105?
- Subir Purkayastha:** Yes, you see as it had been explained earlier also by my colleagues that were hefty response in demand, particularly from the power sector that in this quarter the demand has been very robust, but of late there is a tapering off of the demand coming in from power sector. So for this balance period, 105 would be slightly challenged, but it will be quite higher than what we have achieved in the past on a year-on-year basis.
- Amit Rustagi:** Dabhol is starting to operate now?
- Subir Purkayastha:** Dabhol has been operating for...
- Amit Rustagi:** After monsoons? I am asking after monsoons.
- Subir Purkayastha:** Yes. It has started.
- Amit Rustagi:** And then how many targets and what is a target for Dabhol, for how many cargos for this year, the remaining year?
- Subir Purkayastha:** Around 20-21.
- Amit Rustagi:** Is that from October to March?
- Subir Purkayastha:** Just a moment, Amit. It is around 15.
- Amit Rustagi:** So in the remaining 5 months, we expect to bring 16 cargos in Dabhol?
- Subir Purkayastha:** Yes.
- Amit Rustagi:** Thanks a lot. Thanks for your time.
- Moderator:** Thank you. We have next question from Sanjay Mookim from Bank of America. Please go ahead.
- Sanjay Mookim:** Couple of questions from me. One very quickly on the update on the pipeline in Kerala. There's been some news flow that there is some protests starting again. Is that something to be concerned about?



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- Subir Purkayastha:** No, the work is going on. Of course, you are right, there were some reports about some disturbances happening in certain parts of that pipeline system. But the local government, the highest level is extent of the situation and we are getting full support from the state government as such through police and administration. Yes, but the challenges are there, but we hope that those should be overcome over the period.
- Sanjay Mookim:** You see no slippage from the December 2018 guidance?
- Subir Purkayastha:** No, no. We would not see. December 2018 guidance we do not see slippage. In fact, our efforts has been to do it earlier if it is possible.
- Sanjay Mookim:** Okay. So my question was on the U.S. LNG. Once you have these destination swaps in place, what sort of effective rate will it cost to get the U.S. cargo, let us say, Dahej or Mundhra or Hazira?
- Subir Purkayastha:** What?
- Sanjay Mookim:** What would be the effective freight per BTU, Sir, after the destination swap?
- Subir Purkayastha:** I do not know whether I should be responding to that. It is substantial deduction in the freight cost as compared to had we bought it on our own.
- Sanjay Mookim:** Right. So it will be great if you could give us a ballpark number, Sir. \$0.50, \$1, so what kind of a savings? It would be great for us to model if we can get some indication, sir?
- Subir Purkayastha:** Yes, 50% plus, \$0.50 plus.
- Sanjay Mookim:** That is good enough Sir. Thank you.
- Moderator:** Thank you. We have the next question from Vidyadhar Ginde from ICICI Securities. Please go ahead.
- Vidyadhar Ginde:** My question basically was on this ONGC's gas production from Vashishta, which is eligible for free marketing. That is likely to go up in the second half of the year and maybe more so in the Q4. So are you hopeful or are you likely to get more of domestic gas especially in the fourth quarter from the source? And if yes, is it a done deal or will have to be some bidding process for use in petchem, which is what I was?
- Subir Purkayastha:** Yes. I mean, so far we have no clear invitation coming in from ONGC. I do not know what is the source of your information.
- Vidyadhar Ginde:** ONGC itself, on their earnings call.



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- Subir Purkayastha:** Yes, so they have not discussed so far with us, but certainly if there is some volume, we will be certainly talking to them.
- Vidyadhar Ginde:** But the nature of their arraignment now because it was confirmed that you are already taking some gas from them, so is the nature of the arrangement such that it allows you to take incremental gas? Or that will be a new process altogether?
- Subir Purkayastha:** That would be a new process.
- Vidyadhar Ginde:** Okay. So that you may not necessarily get that gas is it? Or you may get the gas but the pricing may be different?
- Subir Purkayastha:** It is all dependent upon the price. If the price spot that they are willing to accept is what we offer, are willing to pay. This should not be problem, but if they have an higher expectation...
- Vidyadhar Ginde:** So basically does it effectively mean that you are probably the only real player who is interested in buying their gas, with not too much competition?
- Subir Purkayastha:** If they have a large volume, perhaps we are the only player there.
- Vidyadhar Ginde:** Okay. They are already talking of going to some about 3 MMSCMD, 4 MMSCMD probably, in the best case, sometime in Q4 or otherwise sometime early next year?
- Subir Purkayastha:** No. When we see in the past, ONGC tried also offered to market that gas, but cancelled without success. So then they have been discussing with us, because the volume is large, so GAIL is perhaps the only best suited in this situation to offtake because we have the large reserves we can adjust this. So it all depends upon the price at which they are willing to sell.
- Vidyadhar Ginde:** But would it be fair to say that if the gas volume does indeed go up in sometime in the fourth quarter and you will get that at a price of your liking and then that ease some cost pressure on the petchem side?
- Subir Purkayastha:** This is so far, as I said, we haven't had any discussion about Q4. They have not spoken that there is coming...
- Vidyadhar Ginde:** Does the existing...
- Subir Purkayastha:** This is available as and when it is available, certainly we will be willing to talk to them and we would taking that gas at an affordable price, which is absorbable by the market as such.



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- Vidyadhar Ginde:** Right now, whatever little gas you taking from ONGC, is that the cheapest gas you are using for petchem? Or are there are some other sources which are cheaper on a delivered basis?
- Subir Purkayastha:** Yes. Other options as well.
- Vidyadhar Ginde:** No, no, options in the first half or for the second quarter you did use some ONGC gas. Was it the cheapest gas you bought? Or there were some other LNG which came in which was cheaper?
- Subir Purkayastha:** We had other gas also which was sometimes cheaper than this also.
- Vidyadhar Ginde:** Okay. Okay. Okay. But in the winter months, this probably will be cheaper than...
- Subir Purkayastha:** Yes. Because it will be cheaper the spot prices have hardened.
- A.K. Tiwari:** Spot prices you cannot predict.
- Vidyadhar Ginde:** Thank you.
- Moderator:** Thank you. The next question is from the line of Saurabh Handa from Citigroup. Please go ahead.
- Saurabh Handa:** Sir, my first question was on Petrochemicals. I mean, just following up on the earlier questions. Can you just quantify how much of ONGC gas you are using currently? You said around 70% is long term LNG, so to balance 20%, 30%, how much would it be spot LNG and how much would be ONGC?
- Subir Purkayastha:** 20% is ONGC, this is what price marketing friends tell me.
- Saurabh Handa:** Okay. Do we assume this was like almost 0% like one or two quarters back and now it is now at 20%?
- Subir Purkayastha:** No. For the last one year it has been around that much.
- Saurabh Handa:** Okay, fine. So that never really gone below that.
- Subir Purkayastha:** No.
- Saurabh Handa:** Okay. Sir, and just the other question was on the gas transmission. So just to understand clearly, you said some of the gas, which you use internally at Pata for LPG, you do not account for those revenues in the gas transmission, but it does lower your operating costs for the gas Transmission segment? Is that how it works?



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- Subir Purkayastha:** No, it is not reflected in our figure for the turnover because it is intersegmental adjustments, so it is not reflected. The question was that while some Sir has said, “While your revenue has gone up by certain amount, your profit has gone up higher amount.” This is why we tried to explain that in the revenue the transmission charges used for our internal consumption has not been reflected although in the bottomline, it gets reflected, because it is shown as others in the Transmission segment.
- Saurabh Handa:** Okay. Fine. Sir, and the other reason was also that the opex the repair and maintenance cost was lower in the quarter, in the statement?
- Subir Purkayastha:** Yes.
- Saurabh Handa:** Okay. And there was no other reason for higher, it was the difference, that same thing. The allocation you said that some reallocation within some of the unallocated segment to the gas Transmission segment. Is there is a quantification of that?
- Subir Purkayastha:** As Mr. Tiwari had said that certain income, which was coming from some steam generation, which has been booked under this unallocated segment has been now reflected in the transmission segment.
- Saurabh Handa:** And how much for that amount be?
- Subir Purkayastha:** That is about Rs.18 Crores.
- Saurabh Handa:** Thank you so much Sir.
- Moderator:** Thank you. We have next question from the line of Maggie Sun from Hermes Investments. Please go ahead.
- Maggie Sun:** My first question is on petrochemical. Can you please explain the reasons for decreasing utilization in Petrochemical business? And where should we see a turnaround or improvement in the utilization?
- Subir Purkayastha:** In fact, if you compare between Q1 and Q2, already there is a 50% increase in the capacity utilization. It is close to 50% now, which was less than 30% in the Q1. So there has been an improvement in Q2, but this has not been so far as we are concerned it has not been satisfactory improvement. It should have been much more than what it has been because there were still certain issues with respect to receiving of certain grades. And this issue resulted in lower production in Q2 during the later part of Q2 and some early part of Q3 as well. But now those problems have been sorted out. And today, as I was mentioning, like yesterday we had a run rate of close to 2600 tons per day as against the capacity of about 2200 to 2300 tons per day so we have demonstrated that it can run over 100% both the plants put together. But obviously, to run at 20%, 30% higher capacity over the rated capacity of the plant is not sustainable. So assuming that we are able to maintain a run rate of say 2200, 2300 for the balance



period of time so certainly the volume of production in this Q3 and Q4 we expect to be higher until and unless there is some unfortunate situation of any problem in the plant because of producing new grades. What really has happened is that we are trying to introduce new grades, where we face certain issues. So those issues have certainly been resolved and we are now moving on. So until and unless we see similar kind of a situation in the future, we hope that it does not happen like that. We are expecting a better performance in terms of production in the balance period of the financial year.

Maggie Sun:

Okay. And what is the outlook for the petrochemical prices and the input costs?

Subir Purkayastha:

The petrochemical prices have been subdued because there has been severe competition in the market, particularly the commissioning of the OPAL petrochemical plant, and as well as increasing production of the Reliance Facility. So there has been a bit of a pressure on the prices. It is very difficult to say that how long this pressure will be maintained. A lot will depend also on the crude prices has gone up as someone had mentioned. We expect that the IPP should go up. But barring that, as of now, it is very difficult to give a comment that you know how these prices would move. But one thing is what we feel confident is that from current level, it is not likely to go down much. If it goes down, it may go down very slightly, but that will be more of an upward as compared to a downward in the prices. This is what our understanding of the situation as of now.

Maggie Sun:

How about the input cost? What is the outlook over there?

Subir Purkayastha:

On the input cost, yes, the input cost had been higher in the past and it obviously led to reduce the input cost by sourcing a more competitive gas, cheaper gas and in Q2 some success has been made and other marketing feelings also therefore looking to continue that process in the balance period of time. Yes, of course, the spot prices have increased; the spot quantity goes into the LNG. But we are trying to see if we can substitute the spot prices to a long-term gas contract that we have, which would be much more competitive than the current spot prices. So we are keeping on a constant watch on this particular aspect and let us see how it pans out by the end of this quarter. So it will be sort of guidance for the balance quarter as well.

Maggie Sun:

Okay. And my second question is on transmission. The transmissions profit margin is very strong for this quarter, which is a reason. And also I noticed that the tariff compared to the same period last year is also high. What is the reason for that?

Subir Purkayastha:

You see the one big reason is that we had been able to increase the transmission volumes and this increase in transmission volume has particularly come in the higher the far end of the pipeline system where the tariff is higher as compared to the initial part of the pipeline. As you know, we have a zonal concept of the tariff in the pipeline system particularly HVJ/DVPL. So as more gas flows into the northern part of the country, we realize higher tariff. So this has helped to improve the average tariff



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realization for this quarter, and this has been mainly boosted by the fact, as has been mentioned earlier also, that sudden spurt coming in from the power sector. It exposed some times where it was a very tight kind of a situation and there was scarcity of all this power. As a result of it many of the power, particularly NTPC came into the market to source both gas from us for producing power. So this Q2 has benefited from that. In fact, in October also we have supplied a sufficient amount of gas to NTPC to meet the power demands, but, of course, this was short-term phenomenon as the coal supply improves. Also this would be deceiving this kind of demand would be receding and we are already seeing some signs. So going forward, as the sudden spurt goes which was there may not be there, so we would come back to the normal situation of power.

Maggie Sun: Okay. What is the full year Transmissions volume guidance? And do you see this additional volume that occurred in this quarter sustainable for the rest of the year?

Subir Purkayastha: Which volumes?

Maggie Sun: The additional Transmission volumes that you mentioned come from the far end. Do you see it is sustainable through the end of this year?

Subir Purkayastha: If you compare between on a year-on-year basis, there has been an increase of above, close to 6 million cubic meter of gas per day.

Maggie Sun: Okay. And what is the full year guidance?

Subir Purkayastha: And part of that is structural, part of that is not structural. When I say structural means we have got contracts now lined up with our customers, which is on a sustainable basis. The volume, which is not structured, is the volume, which has come about through the sudden spurt in demand in the power sector. So on an average, we should be clocking for the balance to be close to 102 to 103.

Maggie Sun: Okay. And what is the update in the tariff revision for your major pipelines? And what is the update for your new pipeline constructions?

Subir Purkayastha: See, at this point of time, the Board is not constituted in the sense that sufficient number of board members is not present in the board, so they are unable to take any decision. We really do not know when the Board will be complete. But we hope to that as and when the Board is formed, all these cases of tariff realization or declaration will be taken up. It is very difficult for us to predict when this tariff will be declared by the regulator, as I mentioned that the board as of now is not complete.

Maggie Sun: Can you give us some update on your new pipeline constructions?



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- Subir Purkayastha:** The new pipeline constructions are very much on course. A lot of orders have been placed, both on the steel suppliers, pipe supplies as well we have a really lot of main contracts as well. Similarly, lot of procurement orders have also been placed for procurement of line pipe materials, constructions activities are on, we are opening new pipeline segment for construction activity, and the pipelines are on their way to the sites.
- Maggie Sun:** Okay. What is your capex for this year?
- Subir Purkayastha:** Targeted capex is up of 3,500 ballpark number.
- Maggie Sun:** Okay. And my last question is on the U.S. contract. May I know what is the percentage of volumes sourced for this year? And what is the percentage of volume sourced for the next year as well?
- Subir Purkayastha:** Percentage source is 100% contracted quantity is what we have roughly from those two sources.
- Maggie Sun:** Okay. And how about next year? What is the percentage of volume sourced for the next year for regarding those U.S. contracts?
- Subir Purkayastha:** It is 100%, the contract is 100% offtake.
- Moderator:** Due to time constraints, we will take the last question from the line of Rajesh A from Fortune Finance.
- Rajesh A:** Thanks for the opportunity. Sir, my question is on firstly, on the petchem realizations, because if I look at last few quarters, the realizations essentially we have LLDPE and HDPE, but the realization for really earning there at a significant premium to the global prices, now a mix, suddenly has come down. So a significant lost out on the premium actually earning on the global prices so is there anything that has happened?
- Subir Purkayastha:** No. I have really not been able to understand your statement. What did you say?
- Rajesh A:** What I am saying is if I derive the petchem realizations, then for this quarter, it is around \$1230 per ton, okay. But your previous three quarters, it has been around \$1450 to \$1500. You said you would give the number that you publish every quarter. And second thing, if I compare these with the international prices of HDPE and LLDPE those prices are always hovering around \$1140 to \$1160. So if I derive the premium, which we have been earning on the international parity prices, around \$350 to \$380, which this quarter has come down \$200. So I was just trying to gauge as in what exactly has transpired. One thing is that OPAL has come up so?



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- Subir Purkayastha:** You see OPAL has come into the market and Reliance has also increased their production capacity. So this is putting a lot of pressure on domestic prices. I think they maybe higher than what the domestic prices are. In addition to that, there are a lot of imports, which is coming in country, particularly suppliers such as SABIC in West Asia. They are trying to make new inroads into the country to supply their products, because they are finding contraction in the demand their existing process of supply to the Asian part of the world and, therefore, there is also substantial import, which is happening. So all the factors have led to a situation where the prices are a bit under pressure. And if you see we mentioned that the average realization prices for the company has that is at least for gain, has been on the declining mode for the last three or four quarters. So this is the phenomenon that we are seeing domestic prices are higher, prices and not the other way around that you've just mentioned.
- Rajesh A:** So Sir, we can assume that this kind of depressed premium or depressed realizations will be there for time to come? And in relation to international prices I am saying?
- Subir Purkayastha:** Yes, I mean, this is clearly driven by the demand and supply situation, which is prevailing. And on top of that, as I mentioned that there has been a lot of import also happening and therefore, the prices are a bit under pressure, no doubt.
- Rajesh A:** And, Sir, on the raw materials side, this contracts which we have, is it the linked to the six-month moving average of Brent? Or how is it for the long-term contract?
- Subir Purkayastha:** This is three months' Brent.
- Rajesh A:** Three months average of the Brent, so that is actually expected to going up quite significantly because we're actually moving from the oil prices of top \$50 to almost 60-odd dollars now?
- Subir Purkayastha:** Right. Yes this is what we have seen in the recent past. But how far they will move and how long they is something, it is a million dollar question.
- Rajesh A:** Yes, Sir, I appreciate that. Sir, one question on the U.S. volumes, which are untied, and you mentioned that we have around 35 MMSCMD, of which 18 is through long term and around remaining, which is around 15 is short-to-medium term. Which immediate replace by those U.S. volumes, which we have tied up? Now in the small question, which I had is, we know what kind of transmission charges or other transportation charges it will take. So roughly, you have any idea of what are the breakeven spot prices at which, let us say, it will make more sense for those cargos to land in India?
- Subir Purkayastha:** I do not know, it is very difficult to answer. This could be any breakeven price, because everything is all the levers are moving simultaneously. The spot prices are moving now, the crude prices are moving and India prices are also moving. So everything is several moving parts now.



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- Rajesh A:** No, I am saying what is the difference between FOB at U.S. cost and landed in India?
- Subir Purkayastha:** What did he say?
- Rajesh A:** The trends, yes. The difference between let us say, FOB on U.S., which will linked gas and what cost is added by the time it lands here in India?
- Subir Purkayastha:** We will have to add the shipping costs and the regasification costs and the customs duty before it gets converted into that.
- Rajesh A:** Yes that put together, let us say, comes to what price level? As in dollars per will be how much for all these elements?
- Subir Purkayastha:** I mean, it could vary between, which way as we mentioned it could vary between \$2 to \$3 is what possibly could be total overall cost from FOB moving into various stage in India.
- Rajesh A:** Sir, just one last question, any update on the BCPL and Myanmar production volume and any profit numbers that you have?
- Subir Purkayastha:** BCPL has been performing very nice within this period, but there have been some shutdowns that have been taken by the plant for certain maintenance purposes. And on the Myanmar side, the production levels are okay, but the prices because of the volume, it's crude prices in the past, so there the average realization was slightly lower than what we have seen in the previous year. But going forward, we expect this should again also move up in tandem with the crude prices.
- Rajesh A:** So production level would be what?
- Subir Purkayastha:** Our share is close to about 1 million cubic feet of gas per day, this much I have some idea on that. But I need to go through our production but it is close to about 1 million cubic meters a day.
- Rajesh A:** Thank you.
- Moderator:** Due to time constraints, that was the last question. I now hand the conference over to Mr. Gagan Dixit for closing comments.
- Gagan K. Dixit:** Thanks for all the participants and special thanks to the GAIL management for sharing their views on the company's second quarter performance. We then take this opportunity to thank Mr. Purkaysatha's team once again and congratulate them for the excellent set of numbers. Any closing comments, Sir?



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Subir Purkayastha: Thank you very much. I think I should thank all the friends over there to listen really patiently. It is right that some of the answers we have been able to give appropriately and the precise numbers, but we are also working on this and hopefully as and when, in the recourse of time, we shall be able to share more information on the progress of the company going forward. And how we are looking at, particularly the U.S. volumes, which is a major concern for most of investor colleagues there. So I want to just give a reassurance that we are making all efforts, and so far our efforts have been quite successful in tying up of the U.S. volume. And hopefully going forward, we should be able to accomplish on the tasks that we are on at this point of time. Thank you, once again for all your patient hearing and we hope to meet soon.

Gagan K. Dixit: You can disconnect the call now, Sir.

Moderator: Ladies and gentlemen, on behalf of the Elara Capital, that concludes the call for today. Thank you for joining us. You may now disconnect your lines.