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**“GAIL India Limited
Q1 FY2022 Earnings Conference Call”**

August 05, 2021



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ANALYST: MR. NITIN TIWARI – YES SECURITIES LIMITED

**MANAGEMENT: MR. A.K. TIWARI – DIRECTOR (FINANCE) - GAIL
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Moderator: Ladies and gentlemen, good day and welcome to GAIL India Q1 FY2022 Earnings Conference Call hosted by YES Securities Limited. 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. Nitin Tiwari from YES Securities. Thank you and over to you Sir!

Nitin Tiwari: Thank you Karuna. Good evening ladies and gentleman. On behalf of YES Securities, I welcome everyone GAIL India Limited Q1 FY2022 Earnings Call. Today we have the pleasure of having with us the senior management team from GAIL India Limited lead by by Director of Finance Shri. A.K. Tiwari. I will now hand over the call to the management for their opening comments this shall be followed by a question and answer session. Over to you Sir!

A.K. Tiwari: Good afternoon, my dear friends, from investors and analysts community connected through Webex. A very good afternoon and welcome to the Gail’s earning call Q1 FY2022. Thank you all for taking your precious time and showing keen interest in the results and performance of group of Gail. We have declared the results of the first quarter of the year 2021-2022 earlier today and I am sure that you must have got the opportunity to go through it.

I would give you a brief insight of the company’s performance for the quarter ending 30th June 2021. Due to localized restrictions and lockdowns enforced by the various state governments, to curb and set off second wave of COVID-19 the demand in certain pockets were slightly impacted in the quarter as compared to the March quarter; however, the performance is much better as compared to the Q1 of the last financial year when we witnessed a nation wide lockdown.

I would share about the physical performance for the Q1 FY2022 versus Q4 FY2021. Gas marketing stood at 95.95 MMSCMD in Q1 FY2022 as against 91.37 MMSCMD in Q4 FY2021, increase of 5%. The natural gas transmission stood at 107.66 MMSCMD in Q1 FY2022 as against 109.75 MMSCMD in Q4 FY2021, decrease of 2%. The capacity utilization decreased to 52% in Q1 FY2022 as against 53% in Q4 FY2021.

Polymer production which stood at 133 TMT in Q1 FY2022 as against 224 TMT in Q4 FY2021 which is decline of 41%, the decline was mainly attributable to the maintenance activities during the quarter. The plant is now running at full capacity and we are confident



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to achieve 100% production capacity on a full year basis. The polymer sales stood at 138 TMT in Q1 FY2022. Similarly the LHC sales stood at 250 TMT in Q1 FY2022 and LPG transmission stood at 1023 TMT in Q1 FY2022.

Now I would like to give the financial highlights. GAIL achieved gross turnover of Rs. 17,352 Crores in the current quarter as against Rs. 15,472 Crores in Q4 FY2021, increase of 12% mainly due to increase in the natural gas marketing volume, higher natural gas prices, higher LHC prices, which is around Rs. 2,500 per metric tonnes and higher petrochemical prices which is around Rs. 4,500 per metric tonnes. However, this was partly set off due to the lower sales quantity and polymer and marginal reduction in the natural gas transmission volume which I have already explained.

The profit before tax stood at Rs.2,054 Crores in Q1 FY2022 and as against Rs. 2,612 Crores in Q4 FY2021. The gas marketing segment has shown a robust performance which increased by 33%. PBT was Rs. 1530 Crores in Q1 FY2022 as against Rs. 1908 Crores in Q4 FY2021.

I will talk about the consolidated financial results. Q1 FY 2022 versus Q4 FY2021, the turnover in Q1 FY2022 is Rs. 17551 Crores as against Rs.15677 Crores in Q4 FY2021. The PBT was Rs. 2540 Crores as against Rs.3219 Crores and the PAT Rs.2138 Crores as against Rs.2407 Crores.

During the quarter, GAIL received 23 LNG cargos from US, 14 from Sabine Pass and 9 from DCP as per the cargo plan.

The total 15 cargos were sold in the overseas market and the remaining were brought to India either directly or through destination swap.

On CGD front, GAIL is supplying gas to all six CGDs with infrastructure of 80 CNG stations and more than 136000 PNG connections with a cumulative capex of Rs. 832 Crores.

GAIL Gas, which is subsidiary of, 100% subsidiary of GAIL during Q1 FY2022 the gross turnover stood at Rs. 1212 Crores.

If you talk about the capex plans as I have already informed number of times that we have in the coming four to five years we have around 8000 km of pipelines which are there including the JVs and subsidiaries which are associated with GAIL and around 40000 Crores of the capex which are there.



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So these capex plans are being achieved mainly on the various pipeline projects, Srikakulam-Angul pipeline 744 kilometers with an investment of Rs.2700 Crores and completion is by 2022, Dhamra-Haldia pipeline, 240-kilometres investment of Rs. 1200 Crores completion is November 2022, Mumbai-Jharsuguda pipeline, 1955 km investment is Rs.7800 Crores, completion by May 2023.

Gas pipelines in the northeastern states, for 1650 kilometers investment Rs. 9300 Crores. Vijaipur-Auraiya, 1744 kilometers is already commissioned and Dhamra-Angul, Bokaro-Angul, Durgapur-Haldia, Barauni-Guwahati all these pipelines, which are there are under active execution plan and we are doing.

So far as the Pradhan Mantri Urja Ganga pipelines are concerned our total commitment is Rs. 14916 Crores and our actual capex is around Rs. 11600 Crores. We have been receiving the capital grant from the government on a regular basis and till that we have received a capital grant of Rs. 4487 Crores.

As I have already told the GAIL along with the JVs executing various pipelines projects of 10000 km, incurring around 38000 to 40000 Crores.

So far as the CSR plants are concerned various programmes on health and sanitization, education, skill development, so we are doing more than 2% of our profit on the CSR project.

Our plants have run safe and we have ensured that the safe operation is there. We have zero major reportable incidents during the last four years and we are monitoring our HSE performance regularly and all the efforts have been taken. We are also taking various initiatives on the digitalization which as satisfaction to the employees as well as the vendors, customers, contractors, suppliers, and all including our retired employees we are having various initiatives for satisfaction or for taking care of the stakeholders through our various initiatives and we have also taken various measures during this pandemic situation and taking various welfare measures to our employees as well as who are retired employees. So that way 360 degree stakeholder engagement we are trying to have.

This was the brief introduction on the financial results and major highlights of the company. My team is there. I would be happy for your questions and we will be happy to reply for that. Over to you!



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- Moderator:** Thank you very much. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Probal Sen from Centrum Broking. Please go ahead.
- Probal Sen:** Thank you very much Sir for your time. Sir on the petchem you had mentioned that aside the obviously the decline that has happened in this quarter, you are confident of achieving full capacity utilization for the full year. Just wanted to understand does that imply that for the full year we should still assume overall volumes to touch close to 800,000 tonnes despite the shortage in this quarter Sir?
- A.K. Tiwari:** Every year there is an annual maintenance plan which we normally take after close of the account year April, May, or June so in the month of April we took the opportunity of this pandemic situation and we had our maintenance also regular maintenance also and that way we complete our maintenance that is why the production was less but we are more than 100% confident to achieve more than 100% of the plant production, we assure.
- Probal Sen:** The second question with response to transmission volumes we have seen as you mentioned in the first comment that the lockdown did impact demand in certain pockets and there was a small Q-O-Q decline that we saw involving for this quarter. Earlier if I remember sir you had given guidance of around, I think 5 MMSCMD, 6 MMSCMD improvements in overall numbers for FY2022. Do you think there is a need to revise that guidance Sir as of now?
- A.K. Tiwari:** Actually what happened was our own volume was up but the volume which is being transported by other entities was less. That was the reason of the volume otherwise the performance the transmission segment was good.
- Probal Sen:** Against 104 odd MMSCMD that we did in FY2021 we still maintain our broad guidance of around 110, 111 average levels for FY2022?
- A.K. Tiwari:** It will be more than that because our own volumes are getting increased with the upcoming fertilizer plant which is already there and which may consume gradually the volume of around 10 MMSCMD to 12 MMSCMD. So that is going to add the volumes not only in the transmission segment but also in the trading segment. We are confident to achieve more than 110.
- Probal Sen:** Great. One last question if I may. On the trading front, obviously the numbers continue to do better given what we have seen of spot LNG prices versus US prices. So in this quarter that is Q2 that trend is improved even more. Is that a fair way to look that profitability



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should continue to expand even more from the current quarter levels for the trading segment?

A.K. Tiwari: It will be much better.

Moderator: Thank you. The next question is from the line of Amit Rustagi from UBS. Please go ahead.

Amit Rustagi: Congratulations for such a strong performance despite very tough operating environment. My question pertains to any update on the fertilizer plants if you have taken and what is the volume we will do in the Urja Ganga project this year and next year?

A.K. Tiwari: The Urja Ganga pipeline projects, our Sindri-Gorakhpur, these fertilizer plants which are coming up, the volume growth will be around 8 MMSCMD to 10 MMSCMD in a gradual manner and commissioning of this Gorakhpur plants and Sindri plants and other plants are actively being plant so in this financial year it will be 8 MMSCMD to 10 MMSCMD growth will be there.

Amit Rustagi: Sir when spot LNG prices are touching \$14 you think it hurts our petchem profitability as well because we import lot of natural gas as a feedstock for the petrochemical business and do we get any benefit of higher LNG prices in our trading business right now, are we like booking more volumes for the next year or do we have any cargos to be sold for this year?

A.K. Tiwari: Number one question is your petrochemical pricing are concerned so we are not dependent on the cargos or spot prices, we have mix portfolio which are better for the petrochemical plants we supply the gas of that portfolio only so that way as you know we have US volume, we have Gazprom, we have spot also we have so many sources so that way we optimize and we also have that portfolio being used for the petrochemicals. So that I think with the current prices of petrochemicals and with the market condition we are going to have better realization in the petrochemical.

Amit Rustagi: Sir what about the impact of higher LNG prices on our trading portfolio? Do we get any substantial profitability in this year or next year because of higher JKM prices?

A.K. Tiwari: Sure whatever the portfolio is there on the indexation, differences as well as the prices which are there, the volume which are there, the strategy we have including destinations swapvas well as the hedging certainly it is going to increase.

Amit Rustagi: Thank you Sir and wish you all the best and I wish everyone stay safe. Thank you Sir.



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Moderator: Thank you. The next question is from the line of Vidyadhar Ginde from ICICI Securities. Please go ahead.

Vidyadhar Ginde: Thank you. Good afternoon to all. My first question is regarding the first quarter gas trading. So just wanted to ask that you had stated on your last earnings call that some volumes were tied up when oil prices were lower so was a higher proportion of trading volume in first quarter tied up when oil prices were lower and will that proportion reduce as we go from Q2, Q3, Q4?

A.K. Tiwari: That way I cannot answer your point because each cargo has its own strategy, which is tied up, which are being sold in the international market or which are having destination swap as well as so many other things are there. See I would like to just inform to all investors including you that we will be doing better as we have done previous years also we will be doing better in that marketing segment.

Vidyadhar Ginde: When you are saying previous year you are better than your best year which is FY2019?

A.K. Tiwari: FY2019-FY2020.

Vidyadhar Ginde: So you will do better than that also you are saying?

A.K. Tiwari: I am giving confidence to you but if you want cargo wise details, please come to our office.

Vidyadhar Ginde: That I do not want. What I was trying to understand is as oil prices were moving up you must have been more keen to first tie-up volumes even when oil prices is somewhat lower for first quarter but you may not have been in so much hurry to tie up volumes for Q2, Q3, Q4 and that is where my question was that was larger proportion of was it tied up when oil prices let us say 54, 55 or something in the future and our smaller proportion of volumes in Q2, Q3, tied up when oil prices lower that was my question, if you do not want answer that is fine?

A.K. Tiwari: I have been giving you the answer for the past four years. Please listen to me. Your fear has always been there and I have been trying to tell you always that we are doing better and we are seeing the same in the result. Apart from this, what can I tell you?

Vidyadhar Ginde: Sir I am probably one of the most bullish guy for this year and next year if you see my reports. So that is where I am coming from that first quarter performance was lower than my expectation which is where I was trying to understand?



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- A.K. Tiwari:** Pandemic and other things might have impacted. Our strategy could have been hedging. It might be mix, it will be in little less good volume, but this quarter Q2 onwards it will be better.
- Vidyadhar Ginde:** So spot LNG spread for Q2, Q3, Q4 is much better and that is going to help you, will that be one of the key factors which will help you do much better moving forward?
- A.K. Tiwari:** Yes.
- Vidyadhar Ginde:** Lastly, basically in your numbers if you see you have a gas marketing number one in standalone and one on consol which in the last quarter's the consolidated number is higher is that what you capture incrementally in consolidated is it your Singapore or other marketing entity outside India?
- A.K. Tiwari:** The consolidated includes that also.
- Vidyadhar Ginde:** That is the number one should look at.
- A.K. Tiwari:** Yes.
- Vidyadhar Ginde:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Pinakin Parekh from JP Morgan. Please go ahead.
- Pinakin Parekh:** Thank you. My first question is can you give us sense of what was the blended gas cost in the petchem business and how it will trend over the next two to three quarters because we have a situation where spot LNG prices are surging and could even move higher and crude is also surging so just to understand the petchem business profitability?
- A.K. Tiwari:** With the current prices and with the portfolio we have we will optimize the profitability of petchem.
- Pinakin Parekh:** The profitability of petchem should stay at these levels or come off because gas prices are increasing in headline steel prices are flat so volumes will increase but will the profitability percent improve?
- A.K. Tiwari:** See we have mixed portfolio of different gases, different portfolio of sourcing also that will optimize the sourcing of gas for the petrochemical. The profitability will be of the last year



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level or much better than that. With the prices we have seen this 95000 or so per metric tonne are expected to go up.

Pinakin Parekh: Understood. Sir my second question is basically on gas demand in India. Now two to three years spot gas prices are surging and we are still not yet in the peak season of taxes, crude prices are high. Now a substantial part of India's gas demand is met via spot LNG import. In that context should we see kind of progress in India's overall gas demand and related to that when you are talking about the fertilizer plant starting up what is the gas source for the fertilizer plants will they be buying spot LNG or have they already tied up for crude link contracts?

A.K. Tiwari: See so far as the GAIL is concerned, we have long-term contracts we will be giving the access or the supplies through the fertilizer plants to our long-term contracts which is already there as per the agreement and so far as spot prices are concerned, spot market are concerned that we will see. Wherever optimization is there wherever the requirement is there, we will do it. We have substantial volume which has been tied up on the long-term basis so we are not dependent on the spot market but certainly we get advantage of the spot prices for optimization of the profitability or selling in the international market or whatever the situation comes.

Pinakin Parekh: Understood Sir and overall do you think that gas demand in India could be softer over the next couple of quarters given where spot LNG prices are?

A.K. Tiwari: Because these fertilizer plants are coming, CGDs are coming, naturally the demand is there, so demand for the gas sector is going to increase that is obvious.

Pinakin Parekh: Understood. Thank you very much Sir.

Moderator: Thank you. The next question is from the line of Sabri Hazarika from Emkay Global. Please go ahead.

Sabri Hazarika: Good afternoon Sir. Basically what we understand is that your US LNG is actually part of your portfolio, which is blended with the various kinds of gas and which is sold in India based on certain formula and certain long-term contracts and this formula is largely behind us. So in a way the large portion of your marketing margin is dependent on the difference between oil-linked LNG and Henry Hub link LNG. Is that the right assessment?



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- A.K. Tiwari:** Not fully because then we have also the portfolio which has contracted volume with a consumers also, it is not only the difference between the indexation difference between the Henry Hub and Brent linked. There are other factors also.
- Sabri Hazarika:** Formula you are saying it will be like different for different customers so it may not be like a vanilla indexation, is it right?
- A.K. Tiwari:** Yes, it depends upon the demand but we are optimizing wherever is there we have margins and then we tie up with that.
- Sabri Hazarika:** Considering that Henry Hub prices have gone up significantly in the last three to four months, I think it is at 4.1, 4.2 now, is it having any impact on your gas volumes in gas margins in particular because of this increase or you are like still protected depending on what kind of contracts you had?
- A.K. Tiwari:** Indexation difference is favorable to us.
- Sabri Hazarika:** So you consider the current increase in global gas prices is not to have any adverse impact on your gas marketing basically?
- A.K. Tiwari:** No.
- Sabri Hazarika:** That is all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Varatharajan Sivasankaran from Antique Limited. Please go ahead.
- V Sivasankaran:** Thank you for the opportunity. One is GAIL Gas what you mentioned in terms of the number of CNG Stations can you repeat it sir and what is the volumes we are doing currently?
- A.K. Tiwari:** GAIL Gas, you are talking about the GAIL Gas or our own CGD?
- V. Sivasankaran:** GAIL Gas as well as your CGD, what is the number of stations you have currently and what kind of volumes are we doing?
- A.K. Tiwari:** In the GAIL Gas we have more than 675,000 PNG connections and 253 CNG stations and at present we are having the total sales more than 5.5 MMSCMD and it is not only the CNG and PNG, there are other bulk customers also.



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- V. Sivasankaran:** You have mentioned something on the GRM about CGDs?
- A.K. Tiwari:** 6 CGDs we have infrastructure of around 80 CNG stations 136,000 PNG connections and we have invested around 832 Crores. Since some of the cities are to be connected through our grid once that is connected more and more volume will increase so it will take some time.
- V. Sivasankaran:** 80 stations what you mentioned Sir?
- A.K. Tiwari:** Yes 80 CNG stations.
- V. Sivasankaran:** Fair enough Sir. My second question is on your LNG offtake contracts with various terminals if you can show some details as to what is these existing contracts, you have?
- A.K. Tiwari:** LNG contracts with the various suppliers you want to say?
- V. Sivasankaran:** Which terminals make in India Regas terminals like offtake arrangements, you will have?
- Company Speaker:** Dahej has got 4.5, Kochi is 0.43 and we have one more agreement with Dhamra and Dhamra is 1.5 million tonnes and Dabhol is going to be a 5 million tonne terminal that is fully operated by us, presently it is 2 million tonnes.
- V. Sivasankaran:** Thank you.
- Moderator:** Thank you. The next question is from the line of Mayank Maheshwari from Morgan Stanley. Please go ahead.
- Mayank Maheshwari:** Thank you for the call Sir. Just two questions from my end. One was in terms of your LPG volumes they have recovered very well this quarter so are we kind of thinking that most of the issues that we had from supply from ONGC that is largely behind us now?
- A.K. Tiwari:** You are talking about LPG?
- Mayank Maheshwari:** Yes, LPG, liquid and hydrocarbon sales have kind of recovered very well in the first quarter?
- A.K. Tiwari:** Yes that is sorted out.
- Mayank Maheshwari:** That should now kind of come up at the current run rates now going forward correct?



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- A.K. Tiwari:** Almost yes.
- Mayank Maheshwari:** Second question was more related to your cost on the petchem side because of the maintenance, can you just kind of help us understand what would be the potential cost that you have booked at for this quarter on petchem?
- A.K. Tiwari:** Potential cost related to maintenance?
- Mayank Maheshwari:** Any cost that you have booked in this quarter which is extraordinary?
- A.K. Tiwari:** No that is routine type of maintenance is there, annual maintenance always, planned maintenance are there, that is always there. Any major cost is not there. It is routine type of maintenance while other place which are there and many equipment are to be repaired something like that is there. It is no major one off.
- Mayank Maheshwari:** Okay. I am done.
- Moderator:** Thank you. The next question is from the line of Puneet from HSBC. Please go ahead.
- Puneet:** Thanks for the opportunity. Sir can you give some color on what is the status of the four fertilizer plants which are to be commissioned and to draw cash from you?
- A.K. Tiwari:** As far as the four fertilizer plants are there concerned, about the Ramagundam fertilizer, which is already commissioned, HURL Gorakhpur plant is ready and volume is 1.87 MMSCMD and they will take full volume by end of this year. HURL plant is ready, pre-commissioning activity is under progress and the volume is 1.87 MMSCMD, HURL Sindri again the plant is ready and they will take full by May 2022 and pre-commissioning supply will commence in this month only. These are status of these four fertilizer plants.
- Puneet:** Cumulatively, how much are they taking right now and what would be taken at peak?
- A.K. Tiwari:** Peak will be 10 MMSCMD to 12 MMSCMD gradually it would increase but by May 2022 I think full volume will come.
- Puneet:** Currently, how much should we add up to all these?
- A.K. Tiwari:** Roughly around 2.5 MMSCMD, currently together around 2.5 MMSCMD.
- Puneet:** My second questions is if you look at the total gas for the country, as per these new fertilizers and the new CGDs do you see foresee a risk of demand going wrong or do you



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think the demand from gas there is enough appetite to take additional gas even with higher prices?

A.K. Tiwari: Demand will be up certainly 6% to 8% or 8% to 10% growth will be there I expect, the coming CGDs which are there with the coming fertilizers I have already told.

Puneet: Excluding the new sources of demand

Company Speaker: What you are telling is that because LNG prices have gone up would the demand still grow? From the supply side, we have got different type of gases, some of them are not LNG as they are still at reasonable prices and that is why Director Finance is telling that demand will still grow and 5% to 7% is our estimate. The macro level figure that we are talking about.

Puneet: My last question is you can comment other income; the other income was slightly softer? What elements are making this?

A.K. Tiwari: Other income comprise mainly we have received a refund from Income tax department in Q4 on account of our interest and other things. We have settled the Vivad Se Vishwas in Q4.

Puneet: Even compared to Q1 FY2021?

A.K. Tiwari: Again Q1 almost 212 Crores versus 195 Crores maybe 20 Crores difference is there, Q1 FY2021 versus Q1 FY2022 not much of the difference is there.

Puneet: But again we feel down compared to Q2, Q3, Q4 all three quarters were extremely good from 720 Crores.

A.K. Tiwari: Because we have received the dividend and other things also. Dividend as well as refund from the income tax department, if you write, I will share the details also there is no problem.

Puneet: Understood. Thank you so much. All the best.

Moderator: Thank you. The next question is from the line of Nafeesa Gupta from Bank of America. Please go ahead.

Nafeesa Gupta: My question is on the LPG segment we see substantially higher revenues in EBITDA is it account of higher LHC prices in the quarter despite lower sales or is there anything else?



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- A.K. Tiwari:** Prices they are better.
- Nafeesa Gupta:** Sir that is the only reason?
- A.K. Tiwari:** Prices were there and some volume.
- Nafeesa Gupta:** Sir, the volumes are down QoQ?
- A.K. Tiwari:** Only prices. See for the LHC the prices have gone around 51% if you compare with the Q1 FY2021 which was around 28987 and 29000 so it has come to 43000 that has impacted.
- Nafeesa Gupta:** Sir if my understanding is correct for the LPG prices we do maintain a lag of one month to the international prices?
- A.K. Tiwari:** It is lag by one month as compared to the international prices.
- Nafeesa Gupta:** Sir could you help us with the current transmission volumes in the pipeline what would be the current rate if you compare with the Q-O-Q levels?
- A.K. Tiwari:** Gas transportation volume is about 115 million per day, it is around 115.
- Nafeesa Gupta:** Thank you.
- Moderator:** Thank you. The next question is from the line of Mohit Patel from Equirius Securities. Please go ahead.
- Mohit Patel:** Thanks for the opportunity Sir. Just one question when is the Dabhol is getting completed for 5 million tonnes what is the timeline there?
- A.K. Tiwari:** December 2022, next year we are planning but I think December 2022 mechanically to be completed and we are expecting that March 2023 full operations will be there.
- Mohit Patel:** Okay. Sir in Dhamra you mentioned that you have booked about 1.5 million tonnes right?
- A.K. Tiwari:** Yes.
- Mohit Patel:** When is that is likely to be commissioned?
- A.K. Tiwari:** Next year Q3?



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- Mohit Patel:** So that will be in by September, December 2022 right?
- A.K. Tiwari:** Yes.
- Mohit Patel:** Thank you.
- Moderator:** Thank you. The next question is from the line of Yogesh Patil from Reliance Securities. Please go ahead.
- Yogesh Patil:** Thanks for an opportunity. Sir I have couple of questions. As we know the Kochi Mangaluru pipeline is commissioned and stabilized how much volume we transmitted through this pipeline in this quarter and how much ramp up do you expect in the next one to two quarters?
- A.K. Tiwari:** For Kochi to Mangaluru, I think around 3 MMSCMD has been transmitted.
- Yogesh Patil:** Any outlook for the next one to two quarters or one year?
- Company Speaker:** We expect to maintain this or grow by about 0.5 to 1 million next two to three quarters, the section connecting Kerala to Bengaluru through Tamil Nadu that is underconstruction that is the reason for this.
- Yogesh Patil:** Second question is related to unified gas pipeline tariff is there any development from the side of PNGRB and have you heard anything any updates from your side?
- A.K. Tiwari:** No. What was done it is still with the PNGRB and there is no movement further.
- Yogesh Patil:** Last question from my side Sir. Reliance is now producing close to 18 MMSCMD kind of gas from kg basin and how much gas is flowing through the GAIL's pipeline can you give us details if you have. Sir we are trying out figure out if Indian gas consumer switch from the costly LNG to domestic growing cheap gas then will you be able to maintain the same kind of gas transmission volume or that share can be given to someone else like that. So just wanted to figure out how that 18 MMSCMD and how much share is flowing through your gas pipeline?
- A.K. Tiwari:** Presently 4.5 million is flowing through our pipeline of which about more than 1.25 million is our volume, remaining is Reliance volume.
- Yogesh Patil:** Thanks a lot Sir.



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- Moderator:** Thank you. The next question is from the line of Vidyadhar Ginde from ICICI Securities. Please go ahead.
- Vidyadhar Ginde:** Thank you. In the last earnings call, you had mentioned that for FY2023 50% of your trading volumes you are tied up, 30% was tied up but the positions had been kept open and 20% was not tied up so is the situation still the same or it has changed?
- Company Speaker:** For this financial year we are fully tied up now.
- Vidyadhar Ginde:** For FY2023 I am asking.
- A.K. Tiwari:** For FY2023 you are asking?
- Vidyadhar Ginde:** Yes, last call said 50% tied, 30 tied up but not...?
- A.K. Tiwari:** Even for 2023 we have tied up all cargoes, they are allocated which means we do not have cargoes to go.
- Vidyadhar Ginde:** Which was not the case when we did the last call, is that correct?
- A.K. Tiwari:** You yourself have told the market is looking up so things have changed.
- Vidyadhar Ginde:** So you have between the last call and this call tied up the balance also.
- A.K. Tiwari:** Yes.
- Vidyadhar Ginde:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of S Ramesh from Nirmal Bang. Please go ahead.
- S Ramesh:** Good evening and thank you very much. We would like to get some update on the Ratnagiri LNG in terms of any further investment required and what is the kind of expectation on the revenue and profit after tax for this year on the current volumes and what is the kind of growth you can expect in that business once it is fully operational say over the next two years?
- A.K. Tiwari:** Can you repeat? We could not get your question.



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- S Ramesh:** Basically I am asking about the Ratnagiri LNG investment you have, pretty much subsidiary for the Dabhol LNG terminal. So last year you have turned it on and profit what is the kind of outlook for the revenue and profit this year given the kind of pricing you are enjoying and secondly once the breakwater is commissioned and you are able to do the full volume what is the kind of growth you can expect in the Ratnagiri LNG business?
- A.K. Tiwari:** So far 5 MTPA this Dabhol terminal is there so 25% to 30% is being utilized. Last year we had done around 32 cargos so when the breakwater will be operational we are expecting December 2022 or maybe March 2023 also so total 80 cargos can come up. **S Ramesh:**
No further investment required for funding the capex?
- A.K. Tiwari:** No. Whatever is committed that is there, 700 Crores to 800 Crores that breakwater.
- S Ramesh:** Secondly what is the update on your propane gas distribution project, where are you and what is the kind of timeline we are looking at right now the investment?
- A.K. Tiwari:** USAR plant so that around 10000 Crores of investment is there and then we are expecting it will take 36 months maybe three years from now we can say.
- S Ramesh:** In terms of the project timeline where are you as you have done the feasibility study?
- A.K. Tiwari:** That is done. Licenses we have done. We are in the process of awarding major equipment suppliers and everything and even the propane sourcing everything is under progress.
- S Ramesh:** If I may ask a couple of questions, one is on propane sourcing what is the kind of contract arrangement you have in terms of volumes and prices and secondly who is the licensor for the process?
- A.K. Tiwari:** I think we will give updates when it is concluded.
- S Ramesh:** Thank you.
- Moderator:** Thank you. The next question is from the line of Manikantha Garre from Axis Capital. Please go ahead.
- Manikantha Garre:** Just a couple of questions from my side. The first one you said the fertilizer plants are currently taking 2.7 MMSCMD when did this start Sir is it from middle of Q1 or in Q2?
- Company Speaker:** 2.2 to 2.5 is the consumption of Ramagundam plant which is online and 0.1 is the consumption of Gorakhpur. What Director Finance had informed is that the Gorakhpur will



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go to full load which is about 2.1 to 2.2 million cubic meter per day by December and Sindri and Barauni will go to full load by mid of next year though their commissioning will start this month that is what Director Finance had told and Matix is likely to start offtake by next month, they will start actually this month but that will be commissioning period which is already a plan which had run in the past. So that is how we are expecting the full buildup of fertilizer volumes in coming months.

Manikantha Garre: What I am asking is when is first set of volumes work started being taken by Ramagundam plant actually?

A.K. Tiwari: Ramagundam plant started consumption in July 2020, but that is commissioning phase and because of COVID they had some labor problem and all that now they have come to full load. This is what I want to inform you. They have declared commercial operation in March 21 after that they are now consuming more than 2 million cubic meters per day.

Manikantha Garre: My last question is when do we expect next set of pipeline tariff provisions, I am asking in the context of new public consultation document being hosted by PNGRB, I understand that the quorum is not there so if you can provide some guidance there?

A.K. Tiwari: Which pipeline you are talking about?

Manikantha Garre: I think Dabhol-Bengaluru?

A.K. Tiwari: Dabhol-Bengaluru tariff was revised sometime in 2018-2019 and in terms of tariff order the tariff will again be revised in 2022 or 2023.

Manikantha Garre: This is again public consultation document which are being web hosted now we are expected to come up in 2022?

A.K. Tiwari: Which public consultation document you know I do not think any public consultation documents has been web hosted? GAIL pipeline tariff. There is no public consultation at present for any of the pipeline tariff the pipeline that we have Swan LNG connectivity to Dahej that is what proposal being considered as of now.

Manikantha Garre: Thank you.

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



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- S Ramesh:** In the GAIL Gas business, you reported a volume of 5.5 MMSCMD when do you think these volumes will reflect in markets and profit we see in other city gas companies like say Mahanagar Gas, Indraprastha Gas, what is the timeline and what is the kind of growth you expect in this volume say in the next two to three years?
- A.K. Tiwari:** For GAILGAS you are talking?
- S Ramesh:** Yes.
- A.K. Tiwari:** As number of PNG CNG connections are there, number of GAs they have. We expect that around 10% growth will be there.
- S Ramesh:** But it is not reflecting in your profit numbers. The question I am asking is if we compared with other CGD companies when do you think you will be able to increase the margins and returns and during the kind of stage you have already built up of 5 MMSCMD in terms of the profitability of the business?
- A.K. Tiwari:** There are two types of sales they are doing. One is the bulk sale also that is not for the CNG and PNG connection. So total volume of 5.5. MMSCMD is there but so far as the CNG and PNG connections are there that is in the growing stage and we expect that it will grow in the coming years.
- S Ramesh:** Thank you.
- Moderator:** Ladies and gentlemen, due to paucity of time that was the last question. I now hand the conference over to the management for their closing comments. Over to you Sir!
- A.K. Tiwari:** Thank you very much. Thank you Nitin and team. I think, we have tried to give all the answers which have been asked. Now I request if some of the questions might not have not been answered as well as some of the investors want more detailed answer of any of the queries which they have. They can contact me as well as my team and we will be happy to provide the answer to any of the queries which are there. So thank you once. Thank you very much to the entire team. Thank you.
- Moderator:** Thank you. Thank you members of the management. Ladies and gentlemen, on behalf of YES Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.