



“Adani Total Gas Limited Q4 FY 2024 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to Adani Total Gas Limited Q4 FY'24 Earnings Conference Call.

As a reminder, all participants' line will be in listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" and then "0" on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to the Management. Thank you and over to you.

Suresh Manglani: Hello. Good evening, everyone. Let me extend a hearty welcome to all our investors, analysts, funds for taking out their time and participating in today's call on Quarter 4 and Full Year FY '23-24 Results of Adani Total Gas.

First, let me give you the highlights on all our businesses:

With our stated strategy to expand CNG infrastructure network in all our geographical areas, with focusing on laying steel network and CG network to create ecosystem, as well as awareness and easy access to natural gas in the form of PNG and CNG to all our consumers. During the year, ATGL has built 91 new CNG stations, and the network has now increased to 547 stations. Out of these 547 CNG stations, 108 CNG stations are in the CODO and the DODO format, it means they are our full branded stations.

On a steel pipeline infrastructure, the same has now increased to over 12,000-inch kilometer. This is the backbone of CGD infrastructure and helps reaching to large masses across all its geographical area through PNG and CNG network.

On the home front:

We have added 1.16 lakhs new PNG homes in FY '23 - '24. And the domestic home consumers now have crossed 8 lakhs, and the current number as on March 31st was 8.2 lakhs PNG home. We are now chasing 1 million homes in the near future. Similarly for industrial and commercial consumers, the numbers have now increased to 8,331. During the year, we have added 896 new small-scale industries and commercial consumers. With these, our India's footprint along with our JV IOAGPL in CNG stations have crossed 900 stations. And put together, IOAGPL and ATGL now we have 903 states. And we are serving over 9.76 lakhs homes and 9,142 industrial and commercial consumers.

Let me give you an update on our other businesses:

On our e-mobility, as on March 31st we were having 606 operational EV charging points spread across 14 states. Additionally, as on March 31st, we had over 1040 charging points were under commissioning at various stages. With these 1040 plus as well as 606, our EV charging points station will spread to 23 states and 217 cities.

On the bio business, I am very happy to inform you all that as committed, we have commissioned a Phase-1 of Barsana which is near Mathura, CBG, compressed biogas plant which is around 225 tons feedstock per day. It is a diversified feedstock, cattle dung, press mud as well as the parali as well as Napier grass.

We have won tender in addition to the Barsana plant, we have also won the tender of Ahmedabad Municipal Corporation for 500 tons municipal solid waste, and Rajkot for 250 tons municipal solid waste. And we have started working. We already appointed owner engineer for Ahmedabad, and we are working on Rajkot on similar lines.

The new business segment which we are now growing is LNG for transport and mining. So, ATGL has already started development of a couple of LNG stations, Dahej, Mundra and many more places. We have started acquiring not only the land parcel for our own CODO LNG station, but also we have started working on selecting DODO partners for LNG stations. And the year '23 – '24 will see our development of many LNG stations across the country. ATGL has a consumer-centric approach and will focus on providing wider range of sustainable energy fuel to all our customers, which will help in reducing the carbon footprint.

Now, let me share with you the Operational and Financial numbers during the Financial Year '24 and the Quarter 4 of this Financial Year.

During the year, we have increased our volume by 15%,. With the fast acceleration of CNG network, our CNG volumes have grown by 21% to 557 MMSCM which is million metric standard cubic meter in FY'24, as compared to last year FY '23, our PNG has grown by 5% to 308 MMSCM. So, CNG volumes have gone up to 557 MMSCM and PNG volume have gone up to 308 MMSCM, 21% in CNG growth, 5% in PNG growth. The PNG growth is largely due to recovery in PNG industrial segment and new consumers addition on homes and commercial side. On the quarter basis, our CNG volumes have risen by 23% to 149 MMSCM and PNG volumes have grown up by 15% to 83 MMSCM.

On the financial front, let me share with you the full year results first:

Revenue from operations grew to INR 4,813 crores, which is up by 3%. The EBITDA has grown by 27% on a year-on-year basis to INR 1,150 crores, 27% up when I compared to the FY '23. Profit before tax and profit after tax has increased to INR 882 crores, which is profit before tax; and 653 crores, which is profit after tax. Both have grown by 23% respectively when we compare to FY '23.

For the Quarter 4, our EBITDA has increased by 49% to INR 305 crores as compared to last year quarter for FY '23. And the profit before tax and profit after tax have now increased to INR 227 crores and INR 165 crores profit after tax. On the capital leverage, ATGL has a health healthy balance sheet with debt-to-equity ratio at 0.41x. Net debt to EBITDA is 0.89x.

Our credit rating has been reaffirmed at AA-minus by ICRA, with a stable outlook. ATGL, as you are all aware, we have been intimating that has already drawn of capital management plan and will leverage its healthy balance sheet to fund its future CAPEX requirement.

On the front of HSE and ESG, ATGL continues to have a focused approach on the sustainability front and continue to adhere to higher standards of HSE with the aim, and which we already maintain the track record, in future also we'll be aiming the same, zero fatality rate across all our locations. ATGL has ranked 13th under gas utilities category by S&P Global ESG rating. And has become the signatory to the United Nations Global Compact, UNGC. And ATGL continues its initiatives on ESG program like Greenmosphere, which is our signature program, greenbelt development, solarization, water harvesting, etc., across multiple sites.

Lastly, I would like to acknowledge and be thankful to all our shareholders, analysts, fund houses, consumers, dealers, suppliers, business partners, government authorities; and above all, our employees on providing trust and continued support.

Thank you very much.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Varatharajan Sivasankaran from Antique Limited. Please go ahead.

V. Sivasankaran: Firstly, in terms of the APM allocation for CNG and PMG, how much has it come down quarter-on-quarter?

Suresh Manglani: Do you have any other question, Varatharajan ji, or this is the only question you have?

V. Sivasankaran: Yes, I have one more question.

Suresh Manglani: Please ask.

V. Sivasankaran: So, you mentioned about the outlets added. Could you also give us the number of new GAs which have been started, which have started operation during the quarter?

Suresh Manglani: Yes, sure. First of all, thank you, Varatharajan ji, for participating in this call. And I think you have been participating in previous calls as well, thank you for taking your time. On the APM side, as we are aware and we have been reporting, while there has been attempt by government also to make sure that CGD gets maximization of the APM gas. But there is a decline on the APM side. So, during the quarter, we were getting roughly 70-odd, 70%, 72% gas of the APM for PNG home and the CNG. So, around 25% to 28% there was a shortfall, depending upon the days and how we take it. But roughly, you can take 70% odd, 72% roughly we got the APM gas.

But the plus positive side is that the prices of LNG or domestic gas have been moderated, the moderation side has remained. So, to that extent when you see our result, you will find that we have been able to manage through our good portfolio which we have been intimating to all. Our aim is always to build a good portfolio of gas sourcing. So, while there has been a decline on APM

allocation and we hope this is temporary, it will go up again. And the commitment and assurance we see from government authority side, we have been able to manage through our portfolio our reasonable prices gas to be bridged by the gap of APM.

On the newer GA side:

On the CNG front, we are now in across all 33 geographic. While the PNG line, national gas grid is getting built. So, we are also working in tandem and synchronization with the national gas grid developers and making sure that we are developing our connectivity lines so that there is a hookup happening once they are reaching there on the newer GAs. So, otherwise, wherever national gas grid is available, pipelines are available in all GAs, we have done the connectivity and we have started working on the last mile connectivity. In many GAs we already started connecting PNG homes, that's the reason PNG numbers are now increasing on a year-on-year basis. So, on the CNG front, we are available in all geographic areas, correct? Thank you, Varatharajan ji.

Moderator: The next question is from the line of Ketan Mehta from BOB Capital Market. Please go ahead.

Ketan Mehta: You mentioned about the industrial and commercials, basically there is a recovery in the volume. So, could you give us a bit more color around this? Is it primarily recovery against improving competition against liquid fuel or is it also against the propane? And what kind of margins we actually earn in the industrial and commercial segment at the gross margin level?

Suresh Manglani: You have any other question, Ketan bhai?

Ketan Mehta: Second thing, I just wanted a bit more strategic approach in terms of sort of understanding, as the competition with the EV is developing across the market, and as a sort of the Adani Group we have a presence in, both electricity distribution as well as gas distribution. So, do we plan to leverage both jointly at some point of time? And what kind of penetration level do we aim to achieve over the next 5 to 10 years in the GAs we operate?

Suresh Manglani: I think a good question. Let me deal with the second question first, which may be a complex one in the nature, and I will give first question about I & C part to Mr. Rahul Bhatia, who's our national BD head, he will respond to you, while I will touch upon briefly on that as well.

So, I think strategic point of view, this has been the one question which I have received from almost various forum that how do we see EV as a competition to CNG. And our view has been very consistent that we see EV as a complementary fuel along with CNG. And that was a precise reason when EV was being encouraged and incentivized by the Government of India and several state governments. There was one view that we should see this as a problem. The other view was, we should see as a complementary fuel and opportunity. And we adopted the second option. And we still believe that India being such a vast market, I think the mixture of fuels, whether it is MS, will continue to remain, maybe HSD will slightly decline, EV will grow, CNG is going to be growing still, because so many licenses have been granted. Then we will see LNG for trucking coming and future hydrogen will be coming.

So, in our view, I think these all fuels will coexist. They will be supplemented to meet the requirement of varieties of consumers. And we don't see the threat from one to another. We need to ensure that we are targeting the right audience for the right fuel. So, EV has a market segment of two-wheeler and other type of vehicles. CNG has its own target audience, including the existing old vehicles, which you could target. Similarly, LNG would be having the long-haul vehicles, etc. So, Kirtan bhai, we feel that EV would grow. At the same time, there would be a good space for CNG to continue to grow. The time has not come to see the threat of two fuels to each other.

On the I&C side, I think what you are seeing is the volume growth, from our point of view. One is, certainly you have seen the numbers, around 900 new industrial commercials have come. So, they will certainly consume. More the mouth, they will eat more. So, I think these 900 consumers are also consuming the gas. On your point to the recovery in the volume, I think let Rahul give you a little more perspective, because he is the man who is dealing with industrial commercial consumers, he's our national BD head. So, Rahul, over to you.

Rahul Bhatia:

Thank you so much, Suresh ji. Just to give you a perspective in the year which has gone by, which is FY'24, after the Russia Ukraine war we were impacted by the increase in gas prices and our volumes had in the years FY '23 fallen to about 60% of the peak volumes of all our GAs in the industrial segment. But we are happy to say that there's a lot of initiatives which actually increase that number to about 80% of the peak. So, there's been a 25% increase in our volumes in FY '24 over '25.

And to also address your issue regarding alternate fuels, in our GAs, the major alternate fuels are furnace oil, LSHS and LPG. And we continue to engage very closely with our customers. While we do have a standard tariff for our various GAs, but whenever we find that there are customers who are challenged or who find alternate fuels attractive, then we engage with them to enter into short term, medium- or long-term contracts with firm obligations. And to ensure that we are able to give them a value proposition which is attuned, which is attractive vis-à-vis the alternate fuel that they've got.

Lastly, to answer your question about propane, in our existing GAs we don't have so much of challenges or competition from propane. But yes, we are now progressing development of Surendranagar in Gujarat, which is next to the Morbi area of Gujarat Gas. And at that place propane is very prevalent and we are addressing, and we are happy to say that there are several large customers who are now converting from propane to natural gas in Surendranagar. So, we are having good progress and comfort there.

Parag Parikh:

And just to add to that, Parag Parikh here. Just to add to that, if you see even from a quarter perspective, we have only seen a better uptick as far as volumes are concerned. So, on the C&I side we've grown by about 4% to 5% as far as the volumes are concerned. If you go back in terms of Y-o-Y comparison, the growth will only be much better. And this is contributed both, in terms of ensuring or regaining the industrial volumes, as well as growth on the commercial side.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Priyansh Shah: Thank you, everyone, for participating on the Conference Call. And if you have any further questions, please write to us. And thank you for being patient on rescheduling the call by one hour. Thank you so much. Thank you.

Moderator: On behalf of Adani Total Gas Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.