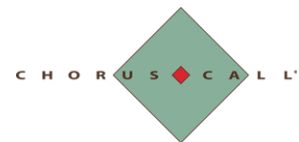




“Adani Total Gas Limited

Q1 FY '24 Earnings Conference Call”

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**MODERATOR: MR. PROBAL SEN – ICICI SECURITIES**

**Moderator:** Ladies and gentlemen, good day and welcome to the post-Q1 FY '24 Results Conference Call of Adani Total Gas Limited, hosted by ICICI 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 star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Probal Sen from ICICI Securities. Thank you. And over to you, Mr. Probal Sen.

**Probal Sen:** Thank you, Zico. Welcome, everyone. Appreciate the time taken to attend this call which is a post Q1-24 result discussion for Adani Total Gas Limited. We have members of the senior management from Adani Total Gas with us. Starting with Mr. Suresh P. Manglani who is the Executive Director, as well as the Chief Executive Officer of the company, Mr. Parag Parikh, who is the CFO, and Mr. Priyansh Shah, who looks after investor relations. So, without further ado, I'll hand it over to management for the brief opening remarks on the results, and then we will get into Q&A. Over to you, sir.

**Suresh Manglani:** Thank you, Probal and good evening everyone. I am Suresh P Manglani. Let me extend a very hearty welcome to all our investors, analysts and funds, who are participating in this call for taking out their time. And today's call on Q1, FY '24 results of Adani Total Gas. Today Adani Total Gas Board met in Ahmedabad and has approved the Q1 FY '24 results.

We are pleased to share the financial results of Adani Total Gas for the quarter one of FY '24. First let me give you the highlights of the CGD infrastructure for the quarter one. Our CNG network has now increased to 467 stations with 88 stations being in a full formatted CODO, Company Owned Dealer Operated, or DODO, Dealer Owned Dealer Operated format.

Our strategy is to focus on creating more CNG stations in the CODO and DODO format. Out of these 460 CNG stations, it includes one CBG station, Compressed Bio-Gas station, which we commissioned in the last quarter, Q4 of financial year '22- '23. This CBG station is located in Varanasi, which is outside our geographical area because CBG is permitted to be set up anywhere in any location in India.

Our steel pipeline infrastructure, which is our backbone, has now increased to 11,124 inch kilometer. This steel pipeline is, as I said, is a backbone for creating CGD infra and supplying natural gas to CNG and more and more PNG consumers.

During this quarter, we added almost 200 consumers per day with 24,000 new homes and now our consumer base has increased to 7.28 lakhs, roughly 7.3 lakhs and we also have 7,615 industrial and commercial consumers on pipe natural gas. In this quarter, we added 180 customers, roughly two customers every day in 90 days period.

With these, our Pan India footprint along with our JV IOAGPL, which is with the Fortune 500 company, IOCL, in CNG stations has reached to 748. So, 467 ours, 281 IOAGPL, total put together 748 stations. And serving over 8.27 lakh homes and 8,228 industrial and commercial consumers along with our JV. With the fast acceleration of CNG network, it is encouraging the

automobile OEMs to develop and accelerate delivery and promotion of CNG vehicles and consumers to opt for and convert their vehicle on CNG is now being available across the country.

Now on the operational and financial part, as you might be aware that in the beginning of the quarter the CGD sector was given a boost by the government of India by approving APM price reforms, which has helped to curb the volatility in the gas prices in the APM part, which is roughly 60% of our total volume which we sell, and brought gas prices down by putting ceiling of a USD6.5 / MMBTU and a floor of USD4 / MMBTU and this has been stabilized for the period of two years.

ATGL consumers, as we have also passed through the benefit which came have benefited, entire CGD industry consumers have got benefited, so is the ATGL consumer. And this is going to help us to build the momentum for both CNG and PNG.

Our volume of CNG and PNG in aggregate basis has grown by 8% to 198 MMSCM as compared to last year in quarter 1 FY '23. On the financial front, revenue from operations stood at INR1,135 crores, up by 2% as compared to Q1 FY '23. With increase in volume and cost optimization, we have achieved highest ever quarterly EBITDA of INR255 crores, up by 12% as compared to year-on-basis quarter 1 FY '23. Profit before tax and profit after tax have grown to INR199 crores, which is profit before tax, and INR148 crores, which is profit after tax, both up by 7% as compared to previous year same quarter.

Besides focusing which is our core business on the CGD side as I enumerated to all of you, we have also now embarked upon the journey on the e-mobility and biomass side. On the e-mobility business, which we incorporated in the new SPV, Adani TotalEnergies e-mobility limited in the Q2 of the last year. We have now already set up 141 charging points across 40 strategic locations like airports and the city in Gandhinagar and various other highways, etcetera. And we have a target to set up almost 3,000 charging points in the near future. We are also developing and looking forward exploring large number of B2B partnership.

For the bio business, we are building one of the India's largest biogas plant in the state of Uttar Pradesh and we expect to commission the phase one of this plant in this financial year '23- '24.

Lastly, on the ESG front, ATGL continues to focus to create positive impact on environment and society at large. We have the unique program called Greenmosphere, which I have been giving you details in every quarter. Greenmosphere is a low carbon society initiative of Adani Total Gas, which focuses on planting more and more trees. We have already planted more than 2.2 lakh plants in this under the Greenmosphere initiative, and large number of more plants are expected to be planted in this under the Greenmosphere.

Similarly, we conduct low carbon society awareness in various schools, and also conducting energy audits for all of our installations. So it's a kind of a holistic program, which we do in ATGL. As you are aware, at ATGL we always adhere to the highest standards of safety. And safety is a precondition to work. We inculcate a strong safety culture at ATGL, which helps us to build safe and reliable network and infrastructure across India. Recently, it's a matter of pride

that ATGL has won FICCI Road Safety Award in the category of Outstanding Commitment in Road Safety by corporates at a conference organized by FICCI recently.

Lastly, I would like to acknowledge and be thankful the role played by our shareholders, consumers, dealers, suppliers, business partners, our employees, and the analysts like yourself, who are participating in the calls and giving us your inputs, where do we all focus. So let me begin the floor for the questions. Thank you very much once again.

**Moderator:** Thank you very much. Our first question is from the line of Kirtan Mehta from BOB Capital Markets. Please go ahead, sir.

**Kirtan Mehta:** Thank you, sir, for this opportunity. I wanted to understand more about the CNG sales traction that we are seeing post decrease in the APM prices. So are you seeing the improving vehicle conversions in your sales area?

**Suresh Manglani:** So, it's a good question. I'm sure it must be in many, many other participants' mind as well that after this reform of pricing, APM pricing, what is the impact, we are all seeing in the CGD industry? I think it's a very good question. And to answer this, since it is a very positive reform, we see a positive impact happening. 18% was a growth on our CNG volume. It will be mix of both, the existing consumer using more CNG now, as well as the conversion which are taking place plus we have added some more stations as well in the newer geographic area. So it's a combination of that. But to, it would be suffice to say that yes, since it is now going to provide a better payback period to the consumers who are converting, it will certainly bring more and more consumers towards the CNG side, and that is what we are witnessing, when we are setting up the newer CNG station, volume throughputs are going up.

Similarly, while you asked the question on CNG side, actually we also see the traction on the PNG side, which is the home consumers, because we immediately passed through the benefit of the reduction in the price. Significantly there was a very good impact on the price reduction. And that's why when you see our turnover percentage going up, it's 2% because of this, that while there was a good growth in the volume, but since we reduced the prices, the turnover impact has been moderated. But we do see the impact on the new registrations interest being shown by our PNG consumers.

So overall, it's a very good support from the government of India to the CGD industry. We all have reciprocated by passing through the benefit. And we are hoping that, this will really sustain and bring the momentum of the good volume, because there is a stability of two years of the APM price as well.

**Kirtan Mehta:** Thank you, sir, for this clarification. Just sort of a follow up, in terms of your 18% Y-o-Y volume growth, significant proportion of this growth is actually driven by the very fast-paced infrastructure addition that is the CNG station that you are undertaking. Is there a way to sort of isolate that and see a like-to-like convergence in terms of are we seeing the more number of vehicle tractions? Is there any way you can share that data?

**Suresh Manglani:** See, One of the important is that that is in a public domain the way OEMs are showing their number of vehicles being sold on CNG. OEMs after OEMs are coming up with a new model.

Today Maruti has come up with so many models. So we are seeing clearly the momentum in the market on conversion. And when we see the RTO data on conversion, that also gives us encouragement that now numbers are going up. So it is not purely, see, newer CNG station takes some more time to develop ecosystems.

So while this quarter we must have set up, it will take another quarter or two quarter for bringing the more volume in the station. It is, as I said, mix of this. We could, next quarter if you want or sometime our team will talk to you. We can see how much is the conversion increase, which is happening segment by segment. That information also can be provided.

**Kirtan Mehta:**

Sure, sir. On the PNG side also, it's encouraging to see that the growth is coming through. I just want to understand, we have been hearing about the deepening competition from propane across different areas. Initially, it started with Gujarat, now we are seeing the impact in the Delhi side as well. So, are you also facing the increased competition from propane in your GAs?

**Suresh Manglani:**

So, one good thing is, Kirtan, you are – seems to be keeping a complete track of the sector. And this is bang on the point, that yes, there has been a good competition, which is being seen by the CGD industry across – in terms of alternate fuels, whether LPG and propane. Also there is an intensification by these LPG and propane suppliers. So we have also experienced, but being consumer-friendly company, company of Adani Group and TotalEnergies, we also have an agility to respond to the market calls. That's the reason, we have certainly been competitive.

We have responded to these calls. We have also given complete understanding of the forward outlook to our consumers that today you may switch, but how the natural gas is going to be coming to you. And wherever it warranted for us to support the consumers, we have supported. So that's the reason overall, while we have seen the competition across our geographic area, because industrial consumers will certainly see which fuel is better for them and cheaper for them. So they are interchangeable, so they are going for propane or LPG.

But we have been able to retain a good volume and some new volumes have been brought in. So overall, that's the reason you see 8% volume growth. PNG is still, we are expecting that more growth should come now as the prices are tightening for the propane and LPG.

**Kirtan Mehta:**

Right, sir. Just responding to sort of your agility, are you also looking to lock in the lower LNG prices, which are available for the rest of the year or particularly for the winter to protect the margins or to continue to offer the competitive gas prices to the customers?

**Suresh Manglani:**

So as we have been saying in every quarter and since you follow this sector so very well, you must be keeping track of our calls, that we have a good portfolio. We have a multi-index, we have multi-tenures, multi-suppliers, so yes, we keep ensuring that, whenever we get an opportunity and if the volumes are required without exposing ourselves, we are locking in, we are putting the volume in our portfolio, and this is a continuous exercise for a CGD company, particularly of the dimension of our size.

When you see a ATGL, 33 geographical area, 94 districts, ever expanding, in size expanding, business expanding. So we keep looking and we are ensuring that, we take the full benefit of

market but not going overboard because we see still the moderation is happening. More domestic gas is also coming up.

**Kirtan Mehta:** Right, sir. Just one last question probably from my side. In terms of the looking at the petrol and diesel prices, do you see a risk of the prices coming down? And in turn, do you see a need for lowering the CNG prices as and when the prices go down?

**Suresh Manglani:** Currently, putting any guess on what is going to happen, petrol and diesel prices at the, as a listed company may not be the right guess actually. What we have always, responded to the market that always we have seen that we have been competitive to the alternate fuel.

We have seen the consumer interest as a first priority, and we have responded to that call always, if you see. So our prices are affordable to consumers. There is a good spread on petro-diesel prices. And as and when market warrants us to take some more responses, we would be able to do that to make sure that consumer wins at the end and our volumes continues to grow.

**Kirtan Mehta:** Thank you, sir. Thanks for this clarification.

**Suresh Manglani:** Thank you, Kirtan. Pleasure talking to you. Thank you.

**Moderator:** Thank you. Our next question is from the line of Yogesh Patil from Dolat Capital. Please go ahead.

**Yogesh Patil:** Thanks a lot for taking my question. So, sir, question is related to propane again. So, government has recently introduced the import duty on the propane. So, how do you see this development based on your understanding, will this duty sustained for long term and this duty is continuing to acquire any new industrial customers? That's my first question.

**Suresh Manglani:** So Yogesh, first of all, thank you for, I think being present on the call, I think regularly. Your voice has become quite conversant to me. Again, a good question. This is the way a sector has to be, know, dynamic when we saw propane prices going down and we were facing a lot of competition, and this came up another good development, at least for the CGD industry, that when the custom duty has gone up, for whatever reason government has seen, they have increased the custom duty.

That has certainly brought some traction on the natural gas demand once again for the industrial consumers. So this is a positive development for CGD industry who are supplying natural gas. And what will be the future development? As I said in the earlier question which was asked by Kirtan, that we have been responding to the market calls.

So even today, we have been providing competitive prices when the market has gone, the propane and LPG, both prices have gone down. Still we have been able to respond and grow the market. And we would continuously be responding to the market calls, whether custom duty goes up further or down, this is the call which policymaker will take. What we need to do in our business is we need to respond to the market calls to sustain and grow our business. And that's what you will see us doing it.

- Yogesh Patil:** Okay. So, sir, my second question, can you please tell us the APM gas share in your priority segment sales for this quarter Q1?
- Suresh Manglani:** Sorry, I didn't follow the question.
- Yogesh Patil:** Yes, so sir...
- Suresh Manglani:** I think Parag will respond to you because he has understood your question. Maybe you are asking some detail on the APM allocation. It is roughly around 86% in the quarter.
- Parag Parikh:** So, Yogesh, as far as the APM allocation is concerned, while we were with a deficit of 19% in Q4 and starting from the month of April, we saw the expert committee getting into implementation. For the quarter, we are at 14%. But if I were to see starting from April to June, there is a downward trend.
- So while we were starting from 19% for the fourth quarter, and it went down, it came to 17% in April, by the month of June, we are almost just about getting down to single digits. So that's the trend, that we are seeing as far as the APM deficit is concerned, but on a quarter basis, we have a deficit of 14%. Does that answer your question?
- Yogesh Patil:** Yes, so it is clearly indicating that the APM gas allocation is inching up. Is that a correct understanding?
- Parag Parikh:** That's correct, Yogesh.
- Yogesh Patil:** Okay. So next question is again related to the same APM and mostly on the policy front. So government is providing close to 90% of APM gas to all the CGD sector, mostly for the priority segment. So do you see any kind of a risk of regulation CNG and DPNG prices in the near future from the side of a government?
- Suresh Manglani:** No actually, if you see this APM pricing has been in existence for a quite long time. It is a stated policy of a government to support larger public interest. We are simply a provider of infrastructure and the PNG and CNG supply to the consumers. So what government has developed is a rightful, right policy, so that the PNG and CNG reaches to the large masses.
- So we don't see any risk of reversal of a government policy of providing APM gas or then bringing any curtailment or any restrictions on the pricing, because the huge infrastructure development is taking place. So I'm sure, whatever was the objective of bringing APM price is being met by the CGD sector in terms of developing and growing the momentum of the infra development.
- Yogesh Patil:** Okay, let me try to reframe this question again. Do you see any kind of a regulation or provision in PNGRB laws or in their book that will directly, indirectly can regulate the CNG or DPNG prices? I think, this is a straightforward question.
- Suresh Manglani:** So I'll give you the reply also. The PNGRB is regulating infra. The tariff which we have to charge when the open access comes on transporting the gas for a third party or compressing the

CNG. So they are regulating the infrastructure part. The commodity is not regulated. Commodity is to be developed.

Commodity is we are getting APM and there are, if you see there are natural competition which we all see. If I have to come to your home to give you PNG, you will see the LPG price which is available to you, plus the money which you give to us for a new service connection. So it is not that CGDs companies are having complete freedom to do, what they want to do it.

At the end, there are several natural competitions, which we face in terms of every consumer. When I give it to you CNG, you need to spend INR40,000, INR50,000, INR60,000 for the kit and you will expect some payback period. You have to sacrifice your boot space. So I think there, and then, there is a petrol price, diesel price, which is available to you or the EV, which is available to you now, or the CNG price. There are adequate natural competition, which CGD company has to mitigate through and offer an attractive value proposition to the end consumer.

And that's what we are doing it. And if you see our pricings, whether in terms of home PNG or a CNG across all geographical areas, have a good spread. It provides convenience, it provides cleaner fuel, it provides reliability. I think that's what the consumer is looking forward. So I don't see any restrictions coming up from PNGRB on the commodity side today.

**Yogesh Patil:** Okay, thanks a lot, sir. It was really helpful. If any more questions, I will come back in a queue.

**Suresh Manglani:** Thank you Yogesh.

**Moderator:** Thank you. Our next question is from the line of Hardik Solanki from ICICI Securities. Please go ahead.

**Hardik Solanki:** Sir, we understand that the EBITDA per SCM for the quarter has more than INR12 per SCM and the last quarter it was 10. So, just want to understand how the gas sourcing is and also want to understand what is our industrial and commercial volume, that is the question number one. Secondly, also you can just give us the growth guidance long term and the area wise growth guidance that would be really helpful?

**Suresh Manglani:** So, Hardik I'll give you a brief answer and then Parag will take the more detailed response to you. You know on the EBITDA per SCM which you touched, it is a resultant of several components. One certainly will be the good gas portfolio, which we have been building and that is resulting into the better margins, which gives us more play to redeploy our cash for the infrastructure development. Second is the opex excellence which we do on a continual basis. So, I think when you will compare and you are analyst so you must be seeing results of all the companies or the other data points. So, you will see there is a good benchmark which we set for the opex in terms of every component. So, it's a resultant of good gas sourcing portfolio development as well as the opex excellence which happens on a continuous basis. That's the reason you see slightly the EBITDA margin has gone up. But more detail I think you wanted. I think Parag will provide to you the other further information. Parag why don't you take it.

**Parag Parikh:** So, I think as far as improvement of margins are concerned, rightly it is a combination of both. The global gas cost coming down, which is enabling us to look at a good portfolio. Also on the



C&I side, whilst APM reduction has been passed on to the end consumer. Similarly, on the opex side, there has been an improvement, which improves the EBITDA margin by almost 10%. So, there's actually out of the 20%, 22% improvement in the per SCM margin, almost half of that is in terms of operational efficiency, while the balance is in terms of having a very active competitive sourcing of gas, especially on the C&I side.

As far as volumes and volume mixture is concerned, we have almost close to about 65% of the overall volumes being comprising of CNG or the transportation fuel, while about 35% is through the PNG. Within that 35%, about 25% of that as an absolute number is industrial, whilst 8% is domestic and 2% is commercial. So, this is the composition as far as the volume breakup is concerned.

**Hardik Solanki:** Okay, and can you also help us to understand the long-term volume growth, even if area-wise it would be helpful? And one more follow up, what are the average gas sourcing costs for the quarter, the RLNG gas sourcing costs?

**Parag Parikh:** So as far as volumes are concerned, increasingly as the newer geographies are now beginning to be built up, they are beginning to get commissioned, more and more proportion of the volume is picking from the newer geographies. If I have to look at the split, we were at almost 85% as far as quarter-to-quarter was concerned on the year-on-year number. That number has gradually come down in favour of the newer geographies as newer geographies have started commissioning.

At this juncture, about close to 74% to 75% is from the existing GAs, while 25% is actually coming from the newer geographies. So, that's as far as the contribution in terms of volume is concerned from old to the new geographies. As far as the gas cost is concerned APM cost is, you know, very well known as we've said if we are able to now source at the cap of the USD6.5 per MMBTU. The blended cost for us is at close to INR31 per SCM. Like I mentioned a little while earlier, there is about a 14% deficit on the quarter on the APM side, which means that is also being in a manner, sourced from the RLNG gas. As far as our C&I portfolio is concerned, C&I is at a little over INR40 in terms of procurement for the quarter.

**Hardik Solanki:** Thank you, sir. That's very helpful.

**Moderator:** Our next question is from the line of Mr. Mayank Maheshwari from Morgan Stanley. Please go ahead with your question, sir.

**Mayank Maheshwari:** Thank you, management, for the call today. A few strategic questions from my side, if you can help on that. The first one was in terms of now that you have been expanding these GAs, can you just give us an idea of where you feel the most excited about in terms of which GAs are kind of doing better than your expectations, where do you think there could be more work to be done and also how are you seeing in specific GAs, break-even in terms of number of quarters, months that you can kind of talk about and a big picture perspective, that will be helpful?

**Suresh Manglani:** So Mayank, thank you for coming on the call. You know on the lighter side, when you ask which GA excites us more, it's like asking a mother which baby you love more. I think all the GAs which we have bided, we have bided with all strategic thinking. Every GA is critical because it

belongs to the people. We are supposed to provide PNG to the people, who are residing in the GA and we have obligation responsibilities. I think it's not that our choice which GA we should develop more, which GA we should develop less. Every baby is equal to the mother and same is all GAs for us, smaller or bigger.

Yes, we would be accordingly putting our team sizes so that we develop GAs with the bigger one or smaller one. Currently, I think if you ask us, we are quite excited because government has done its job of reforming the APM price. We are seeing moderation of the LNG price and domestic gas production is going up. So, that is what is the ingredients which are good for the CGD industry. All we need to do now is to respond to those calls and put up more and more infrastructure and that's what we are doing across all geographic where as I am speaking to you. All 33 GAs we are actually developing the infrastructure and some, even the 11th round GA, large number of CNG stations have been put up and more are coming up.

We are now developing the blueprint on the pipeline and soon pipeline also will get awarded. Detailed engineering work is going on. So I think the excitement is there across all geographical area. Of course, you are seeing the results, existing geographical areas are matured, so they are giving us good numbers. Newer GA 9th and 10th are now, GA's are now started giving better numbers if you see the proportion, whether in EBITDA, volume, or infra, budget, everywhere we are occupying better space. And soon we will see 11th round occupying better space. 11th round has very good geographical areas, whether you call it a Durg, Bhilai, Akola, Amravati, all the geographical areas appears to be quite good.

**Mayank Maheshwari:**

Go ahead sir. So, I think and one related question to this earlier comment that you mentioned around gas sourcing and APM pricing, definitely it helped the CGD sector this year. But the bigger picture thinking, and you can correct me if my understanding is wrong, is that the government is effectively trying to kind of make gas prices more market laying rather than getting more well, reducing its intervention in the gas markets locally as well over the next five years or so. So, is there a thinking process at ATGL level in terms of over the next five years when you have your entire network in play, the gas pricing will be a lot more free. So, will that impact the way you kind of deploying your capital today?

**Suresh Manglani:**

So, you see I see you doing analysis of a sector very extensively and I am the beneficiary of receiving a lot of reports from you and a very good laid out report. I'm sure you are also putting your efforts besides your team. So, you understand this sector well. I think the foundational work is being done through these policy frameworks. We are also responding to these calls of expanding and accelerating our infrastructure.

At the same time, being one of the largest CGD company and always looking for good opportunities to develop a very good optimal portfolio without much exposing ourselves. I think we definitely will be looking for an opportunity to have a longer term tie-up of some volume, mitigating certain risks from our side, that is what the team is working. So, that even if after five years when the gas prices become superior, one the strong foundation has been laid, consumer broad basing has been done and the portfolio has been developed in such a way that we don't cost too much hurt to the end consumer. So, that is what is the job of a responsible management, and that is where we are all working towards it.

**Mayank Maheshwari:** Right, sir. The last thing was more in terms of the new energy and new fuels and talked about CBG in Lucknow. So, like any other things that you have been doing that you want to kind of highlight on the new fuel side that you're trying to do right now?

**Suresh Manglani:** So, actually the DNA for us is that we see what is the challenge in the problem statement and this is where we try to seize the opportunity. And that is where we did when we seized the opportunity for e-mobility as well as the CBG, the biomass. And currently -- one plant is under construction, major one, and others are going to be coming up in the near future. E-mobility is also spreading very well. So the idea is to provide multi-fueling choice to the end consumers. Now, of course, we are looking, the way we are seeing the policy reforms coming up on the LNG for a long haul vehicles.

We saw PNGRB giving the complete clarification on that any company, any entity can set up LNG station and supply the LNG in the liquid form to transport sector. China, Europe and various countries we can see in world already getting almost matured in LNG for a long haul vehicle. So, I think we are also exploring. India has a huge opportunity, 40% of our diesel is consumed by the transport vehicles, heavy vehicles. So, our team is working to see which -- how do we move on this accelerated basis.

We are talking to a lot of industries that can we do the decarbonization of their fleet. So, I think that's another opportunity yet another opportunity which we are looking forward to seize as well as quickly get into that number, business opportunity. So, you will see us setting up LNG stations for transport vehicles particularly the trucks as well as the long-haul buses. So, we will have CNG as our priority fuel which we are developing in 94 districts. EV, Pan India, CBG, Pan India, LNG for transport vehicles, Pan India.

**Mayank Maheshwari:** Got it, sir, very clear. And thank you for taking the questions and best of luck.

**Suresh Manglani:** Keep sending good reports, Mayank. Thank you.

**Moderator:** Thank you. Our next question is from the line of Mr. Probal Sen from ICICI Securities. Thank you. And over to you, sir.

**Probal Sen:** Thanks. Thanks, sir, for the opportunity. I just had a couple of very brief questions. One, you mentioned about the deficit of priority gas for the quarter at 14% and we have seen across the industry that this deficit obviously has been growing. I think it varies between 10% to 13%, 14%, depending on the player. Now, just looking forward, you mentioned about the kind of aggressive expansion plans you have. You yourself, along with IOCL are developing almost 50 new GAs, or partly developed in the process of developing.

Now, as a thumb rule, from what we have seen, any medium-term district will consume around 0.2 MMSCMD in a period of around five years from the start of development. So, if I look ahead over the next three years to five years, with almost 100 new GAs coming through, that's almost a 20 MMSCMD incremental requirement in itself. So, how do we sort of look at the domestic gas supply or the priority gas supply situation? You did mention, of course, about the kind that you are looking out for additional term contracts. But how do we sort of look at margins getting impacted over the medium term.

Given that the priority gas, even and the slightly advantageous price proposed by the government, the quantity of that itself can probably go as low as maybe even 60% in the next few years, given the way the CGD demand is doing. Just your thoughts on that?

**Suresh Manglani:**

So Probal, I think very good question, and I think your maths is correct. India would require more and more gas. We have committed 2070 net zero. And gas in the energy basket has to grow as per our government commitment from today 6.5% or 7% to 15%. So, I think we have to play an important role. Now we need to see there is a commitment by the government in the policy that PNG for homes and CNG for transport, they have committed or that there will be under no cut category, will be provided as a first priority.

Today, APM is coming to us, APM is going to fertilize us, and other priority consumers. We believe that as and when as we start growing, one on the domestic side also a lot of gas is coming. We are actually confident that the larger interest is getting served of PNG for homes and CNG for transport. Entire it's aligned to the government vision if you see whether 6.5% to 15% or net zero going or providing convenient and reliable, safer and better cleaner fuel.

So, we are confident that the way we have seen the reforms happening with vibrancy, we would continue to get the gas. All the city sectors will continue to use government gas, APM gas, which is still available in a sufficient quantity. Today we are not using more than 20 to 23 million and still there's a lot of gas available. And as and when more and more gas discoveries are happening, productions are happening, I think government is agile. I think this larger interest will continue to be served by the government policy and we would be making ensuring that we remain responsible to respond and develop infrastructure on an accelerated basis.

So, we are not having that concern in our mind. While, as I said in the previous questions when I was answering, that as a company of Adani Group and Total Energies very, very large promoter groups, we certainly keep our eyes open to see what opportunities are available, how much we should lock in for a longer term, medium term, and short term. And that's – we'll continue to do it. Our aim would be not to cause much burden or hurt to the consumers, even if tomorrow some dynamic policies are developing.

**Probal Sen:**

Thank you, sir. So, the other question I had is more from a policy perspective. Obviously, the government has done a lot over the last decade to promote gas usage and sort of help out the costs for the operators. So, one of the things that strikes us is that unlike in the NCR region, the move to make state transportation mandatorily convert to clean fuels is something that's perhaps been still a little bit lacking, specifically in Gujarat.

And I specifically refer to Gujarat because that is the state with the most evolved and the most sophisticated gas infrastructure in our country. But do you think that that has actually been a constraint at all in terms of the pace of CNG adoption for some of your existing area, new areas, of course, you have over all of India, so it's not really a factor. But do you think that making it mandatory is something that can actually push CNG usage more aggressively?

**Suresh Manglani:**

See, one thing which we are certainly seeing that almost everyone including yourself and myself we would like to live a cleaner life, more greener life, actually. So, I think that is what even in

the minds of policy makers. You can see regularly, and as you are analyzing the sector, state after state, bus transport undertaking, state transport undertaking after STUs, after STUs, I think we are seeing transition towards cleaner fuel, whether it is CNG or whether it is LNG for long haul buses, or whether it is EV, or tomorrow future, who knows it will be hydrogen. I think each one of the policymaker is looking at how do we decarbonize, because one is you need better India, but also you need lesser import of this oil. So, from both perspectives, I think that good developments are happening.

When you spoke about a decade reform, I think one of the very important reforms which has taken place and which will take place is the constitution of a Energy Transition Committee. And that committee report is in public domain. And if you see they have developed a very excellent roadmap, the plan of incentivization, plan of how do we take it forward on the CNG side, which vehicle we should focus, which vehicle should go for an EV and LNG.

I think it is now with the government of India. I'm sure there will be a lot of deliberations will be happening along with the industry. And you will see more and more boosting up will come, more and more handholding and encouragement will happen and perhaps, perhaps maybe mandatory requirement. But I think directionally what we see in India is that there is a movement to a cleaner fuel and we would be beneficiary of that cleaner fuel on CNG, on EV, on CBG and LNG both, all the four fronts.

**Probal Sen:** Understood, sir. Thank you for that answer. If there are no other calls, can we move to concluding remarks?

**Moderator:** Yes, sir.

**Probal Sen:** All right. Thank you everyone for making the time. I will just ask the management if they have any closing remarks for us, and then we can close the call, sir.

**Priyansh Shah:** Yes, thank you. Thank you, Probal and ICICI Securities for hosting the call. And any questions, any participants have, they can write to us. Thank you so much.

**Probal Sen:** Thank you, everyone. You can now exit the call. Appreciate your time. Have a nice day.

**Moderator:** Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.