



“Adani Total Gas Limited Q2 FY '24 Earnings
Conference Call”

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**MANAGEMENT: MR. SURESH P MANGLANI – EXECUTIVE DIRECTOR
AND CEO, ADANI TOTAL GAS LIMITED
MR. PARAG PARIKH – CFO, ADANI TOTAL GAS
LIMITED
MR. PRIYANSH SHAH – IR, ADANI TOTAL GAS
LIMITED**

**MODERATOR: MR. NITIN TIWARI – PHILLIPCAPITAL (INDIA)
PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Adani Total Gas Limited Q2 FY '24 Earnings Conference Call hosted by PhillipCapital (India) Private 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 PhillipCapital (India) Private Limited. Thank you and over to you, sir. Nitin, sir, please go ahead. Your line is in the talk mode.

Nitin Tiwari: Thank you, Seema. Good evening, ladies and gentlemen. On behalf of PhillipCapital, I welcome everyone to the second quarter and half year earnings call of Adani Total Gas Limited.

From the management team, we have the pleasure of having with us today, Mr. Suresh Manglani – ED and CEO; Mr. Parag Parikh – CFO; Mr. Priyansh Shah who represents the IR.

I shall now hand over the call to the management team for the opening remarks, which shall be followed by a Q&A session. Over to you, sir.

Suresh Manglani: Thank you, Nitin. Good evening, everyone. Let me extend a hearty welcome to all our investors, analyst, funds for taking out their time and participating in today's call on H1 and quarter two financial year '23-'24 results of Adani Total Gas.

First, let me give you the highlights on the CGD infrastructure side as on 30th September 2023. Our CNG network has now increased to 483 stations, which includes one CBG station. Out of 483 CNG stations, 92 stations are company owned dealer operated, which we call it a CODO and dealer owned dealer operated, we call it a DODO format. Our strategy is to continue to increase more and more CODO and DODO format CNG stations in the future.

Our backbone steel pipeline infrastructure has now increased to 11,448-inch kilometer. This forms part of a backbone CGD infrastructure helping company to expand its reach of a PNG and CNG to large masses across all our geographic areas. We have added 27,873 new homes on PNG in quarter two and 51,801 new homes on PNG in the first half of financial year, and in aggregate we are serving 7.56 lakhs homes on the PNG.

Similarly, in the quarter two, we have added 234 new industrial and commercial consumers and 414 industrial and commercial consumers in the first half of this financial year increasing total number of consumer base of industrial and commercial consumers to 7,849. Nearly, we are nearing to the 8,000 marks on the commercial and industrial consumer base.

With these, our pan-India footprint, if I add our JV partner along with the IOCL which we have formed the JV company IOAGPL, Indian Oil Adani Gas Private Limited, if we add the numbers of IOAGPL, our CNG stations have now increased to 785 across all geographical area of Adani

Total Gas 33 and 19 geographical areas of IOAGPL, and our CNG consumer base has now grown over 9 lakh homes. Industrial commercial consumers have surpassed 8,500 numbers.

ATGL continues to progress on the infrastructure front, which will help in converting more and more consumers on PNG and CNG. This infrastructure growth progress has added in achieving superior all around operational and financial outcomes.

Now let me share with you the operational and financial numbers achieved by the company during this quarter July to September and the first half year April to September.

With the fast acceleration of CNG network and recent moderation of an APM gas prices by government of India and consequent reduction in the CNG and PNG prices by the company, we have witnessed increase in the CNG volume by 20% to 136 million metric standard cubic meter for the quarter 2 as compared to the corresponding quarter of the last financial year. So, there is a quarter-to-quarter 20% growth in the CNG volume on the year-on-year basis.

The CNG volume has increased to 264 MMSCM when we take the first half of the year. On a year-on-year, we have achieved 19%. 20% on quarter-to-quarter and 19% on half year to half year basis, this half year versus the last half year of the previous year, while on overall basis, company witnessed the increase in the volume by 10% in quarter 2 and 9% in first year, first half year.

However, in case of a PNG segment, the volume slightly declined by 3% on year-on-year basis to 75 million metric standard cubic meter and 5% declined on year-on-year basis to 145 million largely due to lower alternate fuel prices resulting into lower offtake of PNG by industrial consumers.

So, summarizingly, overall volume has grown by 10%. CNG volume has grown by 20% in this quarter as compared to the previous corresponding quarters of the last year.

On the financial front for the quarter 2 as compared to the last year quarter, it means year-on-year basis, revenue from operations for this quarter has stood at 1,178 crores.

EBITDA for this quarter 2 has increased by 23% to INR 290 crores.

Profit before tax and profit after tax have also increased to 225 crores is the PBT. 168 crores is the PAT, which both were up by 20% each as compared to the previous quarter of the last year.

For the half year April to September '23 versus to April to September '22, our EBITDA has increased by 17% to INR 545 crores. Our PBT and PAT have increased by 14% each to INR 424 crores is the profit before tax for the first half and INR 315 crores is the PAT for the first half year, 14% increase on the PAT and PBT, 17% increase on the EBITDA side in the first half year versus the previous half year.

You are also aware that we have embarked upon adjacent business opportunities on both e-mobility side and the biomass side and let me now give you some snippets on those businesses.

On the e-mobility side, in a very short span of a time, we have achieved, operationalized with energized charging point, 221 charging point across 64 locations, and we have partnered with several B2B partners, and there we have installed EV charging points across India. Soon our plan is that we will extend these 221 numbers to over 3,000 charging points on both B2B format, B2C format, and e-mobility hubs, which we intend to create across the country.

As I am speaking to you, over 600 e-mobility charging points are in several stages of the progress. Many are waiting for the DISCOM connections. The moment it comes we connect, and many are under construction. So, 600 more EV charging points are going to be soon added, and in the soon future we will have 3,000 charging points. The teams are doing a good work on e-mobility side. The plan is that we create more hubs also in the country.

On the bio business side, you are aware that we are building India's largest biomass plant in the state of Uttar Pradesh in Barsana. We expect it is 600 tons per day feed stock plant which has been planned in three phases. The phase one of 225 tons per day, we are expecting that we are striving our best to commission in this financial year by March '24.

You will be all happy that during this quarter two, July to September, company has also won the tender in Ahmedabad Municipal corporation which was floated on Municipal solid waste for 500 tons per day, and we have started the work on the starting the development of this plant in Ahmedabad.

We are also looking forward for both formats, the municipal solid waste in several parts of the country as well as the non-municipal solid waste which will include the agri waste etc. Also in the several parts of the country, we have already identified several locations where our teams are now working.

Further, as a part of our strategy to expand into adjacent businesses, ATGL is also looking towards expanding our footprint on LNG for transport and mining. We already started, we already identified couple of lands, and the LNG stations are now work has been awarded. So, we are developing LNG stations at the strategic location, and we will keep expanding like the CNG station, we will keep expanding the LNG stations also across the country.

So, as you see the company is now becoming more and more of a mobility partner offering CNG, offering e-mobility, EV charging, CBG and soon will be offering LNG for the heavy vehicles as well.

ATGL has been constantly embarking upon digitalization and has created a platform which we have called the SOUL, which will have standardization and automation of multiple operations across the company.

Further, in the journey from customer care to customer delight, ATGL has revamped My Adani Gas app, which helps consumer to carry out all activities at their mobiles, at their desktops which enhances the customer experience and the delightness.

You are all aware that HSC is the most critical aspect which as a gas company we will take care. On the HSC front, we have been adhering to highest safety standards, and safety is the precondition to work as we always announce, and we have continued our holistic approach of enhancing the training to the workmen of the contractors, our own employees, all our stakeholder partners are being trained. Training and safety programs are being run to ensure that we build a safe and reliable CGD infrastructure and maintain a track record of a zero fatality across our all-geographical areas.

ATGL has besides business of CGD, e-mobility, biomass and now LNG for trucking and mining, we are also now we have been focusing on the ESG program, Environmental, Social and Governance program. We have built a very strong platform framework which has been fully backed by our Board of Directors and our promoters. This enables us to create a sustainable growth with collaborative development of the community.

Lastly, I would like to acknowledge and be thankful the role played by our shareholders, analyst, fund houses, consumer, dealers, suppliers, business partners, and all of our stakeholders, and more importantly, and our all employees. Whether they are in corporate office or on sites, project offices, we really complement all our employees for continuously quarter-on-quarter giving superior physical and financial performance. Thank you very much.

Moderator: Thank you very much. We will now begin with the question-and-answer session. We take the first question from the line of Mr. Amit from UBS. Please go ahead, sir.

Amit: Sir, I have two questions, first relating to the LNG for transportation. So, can you give us the size of the market and what kind of market we are trying to cater here? And can we use our some of the existing stations for LNG for transportation or you have to develop the stations from the beginning or from the scratch?

And sir, second question is relating to the recent developments on the EV side in Delhi because we are also having an adjacent GA in that area. So, what do you read of that policy? And will it have any impact on Faridabad GA as well?

Suresh Manglani: Thank you, Amit. I think both the questions are very relevant and pertinent, and let me try and give you the answer for the first LNG for transport.

I think you have seen us giving full impetus to the CNG, and now we are spreading CNG. CNG would cater to a large number of or formats of the vehicle as you are aware. If you see the size point of view, actually 40% of a diesel is consumed by the heavy transport vehicles.

Now that's the size now how much market will get converted. We have the Energy Transition Committee report, which says that we should move towards LNG for heavy vehicles. So, that recommendations are with the government, but what we are also seeing a desire in the corporate world for decarbonization, and that perhaps would help us to grow this market.

We are beginning now. And as we announce our touch points with the corporate, whether it's the FMCG companies or whether any format of a business, we are finding there is a desire that the corporates wants to move away and convert, of course, as a starting with the pilots and then moving toward the entire fleet. They are also looking for what the value proposition that what we are going to be offering because they have certain freight cost today, and there are multiple players involved in this. It's the transporters who are involved, the fleet operators are involved, and then the corporates are involved. Not corporates are not owning these heavy vehicles.

So, we are working out all nuances of these businesses, and we have developed our blueprint. So, we feel that this is, once it takes the momentum and we bring the right value proposition on the table, I think there is a good potential on this side of developing LNG for transport and the mining businesses. This we can see international experience. I think there is a huge momentum in international side that corporates and the transporters are going towards the LNG for heavy vehicles because LNG does provide you a very high mileage per fill. So, that's the part on the size side.

Whether we will develop separate station or we will use our own infrastructure, it will be the mix of two, because wherever we are developing LCNG station, in many places we are developing small scale LNG plants, because their pipelines are not reached currently. Those places, certainly, we would take the full benefit of that location to set up, and depending upon the market potential, we will certainly take the benefit of our location available, LNG is available there. In any case, LNG is coming.

So, we would set up LNG station, and we will strive that we develop the market in the neighborhood so that we use that place, but depending upon how do we get translation of our current demand which we are expecting in India, if we are able to convert several corporate, and we are ready to provide a kind of a customized or dedicated LNG stations as well as we will open, set up open to public LNG stations. So, both formats we will run B2B and B2C, we will be able to set up.

So, this is the beginning of this business development. We are seeing quite positive part of the whole touch points whichever wherever corporates we are going. Our teams are working. Our partners are working. We will update you in the next couple of quarters as we see the growth in this business.

The second question was on the EV side, and I think there is a focus on this policy from Government of Delhi. I think what we are seeing is, you know, there is a market for each fuel. There is a market for the fuel which we can see that in across the country. As I said to you, there

are vehicles formats which would go for a CNG. There are value proposition which we are offering versus EV on the CNG side. So, we believe that we will coexist and CNG will have a growth. We could see there is a large number of vehicles which are available which is millions of vehicles of the existing vehicles are available for us which is a market for a CNG.

So, in our view, while Delhi government has brought the policy, it is a choice of a customer. We believe depending upon the value proposition which we bring on the table for different type of formats of vehicle as well as the customers, we would be able to continue to sustain the growth in the CNG Market.

Amit:

And sir, what kind of, you know, CAPEX plan or targets you are looking for LNG for transportation? Because market potential could be pretty big here. And my sense is that you want to be limited by the GA restrictions which you have in the CNG business today, like grow depending on where the demand is. So, are we putting any targets on the number of LNG stations or CAPEX here?

Suresh Manglani:

So, I think you are doing lot of good homework on keeping yourself updated. I think you are right. There is a huge opportunity, but as you have seen us every time in the Investor Call or Media Call, we have been saying as the SPV of the two very large promoters, Adani Group and Total Energies, I think we have a very robust capital management and allocation process.

Once we develop this blueprint of this business, as we are starting now, you will hear us in the next quarters, some quarter's call that capital allocation once the businesses are married with not becoming the concern, and initially anyway capital allocation requirement will not be very large. So, we anyway have a good capital allocation for our business site.

So, I think putting numbers precise currently may not justify, you know, depending upon how the business is unfolded, but my request would be we would have a discussion in the next couple of quarters. We are focused on developing this opportunity. As I said to you that we have already identified in some of the stations and LNG stations currently are under construction.

So, we hope we will first provide, this is a chicken and egg. Whether we provide stations or people will convert the vehicle, I think we are taking that lead as a company that we would set up LNG stations. And simultaneously, we are talking to the corporates. We are seeing good traction around that. So, I think you wait for getting numbers. Current capital allocation is not as material as we are putting into CGD as well as other business opportunities, but here there will be no restrain or constraints for the capital part. As business requires develop, growth, we will be putting the allocation on the part.

Moderator:

We take the next question from the line of Kirtan Mehta from BOB Capital Markets. Please go ahead, sir.

Kirtan Mehta:

In terms of your previous remark that you believe that the CNG will coexist with EV, but at the same point of time, it can go in the different vehicle classes. How do you see about sort of achieving the penetration level within the GA? What should you be planning it? Is it 35% to 40% for penetration level a good level to optimize to or where we develop our infrastructure or should we look at something like a 15% to 20% sort of a penetration level for the GAs while planning the infrastructure?

Suresh Manglani:

I think you have a very pointed question but let me try and respond to you much better way as well. Actually, see, you saw the growth EV has been there now for a couple of years Fame I, Fame II. There is a lot of exuberance on EV for a supply side incentive, demand side incentive, PLIs.

I think we have seen, and we are ourselves on the e-mobility site, we want to seize that opportunity of e-mobility side. And when I make a statement that will coexist, that testifies you that Adani Total Gas actually is in EV Mobility as well as on a CNG, and we are putting investment both sides. So, I think we believe that we have seen this growth of a quarter 20% over the previous one, while the EV also is expanding.

So, clearly India is seeing a mixed, you know, basket of a fuel which are going to be used. For a pretty long time, we are seeing MSHSD also is growing. We saw EV growing. We are seeing CNG growing, because Indian market is growing, and people are getting now choices. So, I don't think so that we should be putting the precise penetration number. I think market exist for EV and market exists for CNG and big market exist.

Since you are analyst and I am sure you are looking at the OEM exuberance on CNG side as well. While lot of EV models are coming, at the same time we are seeing several CNG models and CNG formats are being introduced. I think we all have to see that these two fuels are not choice for a customer and people are opting it. Penetrations level will be healthy from both the side, and Adani Total Gas is very well placed to seize these both opportunities. So, we are investing heavily. You have seen that our numbers investment is growing on in the CGD side despite our friend asked the first question on Delhi EV policy. We believe market will develop for CNG and market will develop for EV.

Similarly, on other geographical areas, our investment on 11th round, 9th, 10th round, existing GA, everywhere it is continuously going on. So, to my mind, I think we should not put the penetration number in that those precise range as you suggested. I think you should see the positive aspect of both the fuel and Adani Total Gas is poised to see growth in both EV side and CNG side. Maybe my colleague Parag may want to add something, or anybody wants to add anything?

Parag Parikh:

So, I think transportation fuel is dynamic today, very exciting. And therefore, you see even as ATGL we are spreading ourselves across all multi-fuel categories. So, you could see maybe, you know, EV is having a stronger penetration in the two wheelers, CNG could continue to remain

as far as the four-wheelers are concerned, LCVs are concerned. We are setting up LNG stations, and that's primarily because we see on the long-haul trucks potentially a segment where LNG could get adopted. So, again, coming back, too early to put any penetration numbers across all segments, but there could be a customized fuel for different segments within transportation.

Moderator: So, we move on to the next question. We take the next question from the line of Mr. Nitin Tiwari from PhillipCapital. Please go ahead, sir.

Nitin Tiwari: Thank you for hosting this call after perhaps what has been and would have been a tiring day for you given that it was your earnings day as well. Sir, my questions are like, you know, on the bookkeeping side. So, just wanted to understand what your CAPEX has been for the first half of this financial year, and also if you can update us on your long-term CAPEX plan, which you have updated in the past as well that investment that you have planned for development of the 33 GAs that we have? That is one.

And then, secondly, I wanted to understand how would you rate the Ahmedabad, Faridabad and Vadodara GAs? Can we consider them largely sort of saturated now or is there still more demand potential? So, how do you see these GAs panning out in terms of demand? And also, if you can give us some sense, and this is more pertinent especially in the backdrop of electrification that we hear about more often and which you have also like, you know, tried to answer to some extent in the initial questions. So, how do you see like, you know, demand developing in these other geographical areas, the 33 areas that we are holding? So, if we take suppose a 5 year or a 10-year view, so where do you see demand from these areas in your assessment in that timeframe?

Suresh Manglani: So, I think I will answer to you some part of a question and Parag will give you the CAPEX numbers as well as he will add his feedback to you. You know, when you said whether Faridabad, Ahmedabad or existing geographical area Khurja and all have saturated, answer would not be the saturation in that sense that we have largely developed infrastructure. But you know India, the way cities are expanding, in your own city wouldn't identify city 10 years back what it used to be and now what it is actually.

Every area where I go, I see expanding and expanding that area plus the intensification of a population, intensification of a vehicle, old vehicle going, new vehicle coming. I think India is dynamically and very robustly growing even in the existing geographical area. We are seeing volumes growth happening even in existing geographical areas. We are seeing demand coming up from new pockets, untapped pockets, white spots where we need to develop CNG stations or we need to extend the PNG Network.

So, I think India as it is expanding, intensifying. We would continue to have not as large as required for a virgin area, but CAPEX would continue to be there. And we are very happy to see that we have benefited. We are getting benefited of this India's GDP growth or India's growth in terms of every possible aspect.

On the newer GAs demand side, you see, you develop utility for generation. Now Ahmedabad, Faridabad or tomorrow whether Mumbai, Gujarat we develop 30 years back, you are seeing even today Mumbai and other places, some growth is coming, and you continue to grow. You develop for generation, and you see the traction as the infrastructure gets intensified.

So, I think we have just begun in the 9th, 10th round, it takes one or two years for your surveys, permissions, preparations. Then we had a COVID. So, I think intensification of infrastructure is now happening in 9th and 10th round. It's still last mile connectivity is now getting more developed. We are still on the steel and CNG side, and we are little on the LMC side we have developed where we need to bring more and more home numbers and commercial consumers to our side.

So, we see a very good volume growth as we have seen in the existing geographical area. It took couple of years, and then we saw huge growth in the volume. We are expecting similar things to happen in 9th and 10th round, and then we will see the 11th round coming.

So, the good thing is happening that the way we have built the portfolio, we had four existing GAs. We expanded city like Palwal, which was adjust to Faridabad. We expanded, intensified there. We took the full benefit of making sure that Udaipur is fully connected even though it was 100 kilometers away from Chittorgarh where the pipeline connectivity is there. We decided to invest and make the Udaipur becoming completely gasified. So, we take very dynamic decisions, strategic decisions quite while away.

So, I think good portfolio will keep building volume because those areas will become older and the number, the infrastructure yield will start increasing. So, I don't want to put the finite numbers to you that what we will achieve, but I think the track record tells you that we are robustly growing, and I hope that we will robustly continue to grow both on the PNG and the CNG side and the adjacent businesses side. I think I will hand it over to Parag. And if you have supplementary questions, please do ask so that you are fully satisfied. Parag?

Parag Parikh:

So, just to continue to add on a few things on to begin with, you know, in terms of penetrations, in terms of existing geographies and how they grow, you know, even if you were to look at even this quarter results, this quarter itself, existing geographies have grown at a volume of 8%. So, to that extent, you know, while these are relatively mature, we still experience significantly high growth even in the existing geographies.

On the same hand, because the new geographies' volumes keep getting added, you know, what used to constitute about 15% to 17% as far as the newer geographies' volume is concerned, today it is almost 26%. So, both the existing geographies growing and the addition of the volume coming from the new geographies is contributing to the growth. So, that's from a volume perspective.

From a CAPEX perspective, we continue to build our network. As you have seen intensification is there on the 9th and the 10th round. The 11th round geography's intensification will come again in the coming year. Overall CAPEX including commitments, you know, we may be somewhere in the range of about 900 crores, and we would have spent almost 350 crores out of which in the first half of the year.

So, that's the kind of CAPEX that we would have incurred, and we continue to remain with the same CAPEX cycles, on an average 1200 to 1500 crores on an annualized basis.

Moderator: We take the next follow-up question from the line of Kirtan Mehta. Please go ahead, sir.

Kirtan Mehta: Thanks for giving me the opportunity again, and thanks for your answer on the previous question. One more question in terms of these steps that you have been using to incentivize the new vehicles into the region. We have seen recently that Mahanagar Gas has sort of come with a scheme of 1.5 lakh to 5 lakh for some of the heavy commercial vehicles. Have you used some kind of incentive in your structure? And how do you find some of the uptake against the incentive structure?

Suresh Manglani: I hope, Kirtan, you got our answer to the previous question fully. I thought you got disconnected in between. Was our answer was adequate for you?

Kirtan Mehta: Yes, sir. I understand your point of view.

Suresh Manglani: And I hope you also appreciate it.

Kirtan Mehta: Yes, sir.

Suresh Manglani: So, I think on the side of incentive, I think as we always say that not one size will never fit all actually. So, we have been doing these incentives. of course, we are not publicized as we seen the Mahanagar Gas coming up, but our incentives customized ways for convergence of various formats of vehicles has been in vogue for several years now, and we continue to do that.

We also partner many times retrofitters. So, I think we continue to ensure that we capture the market which is available to us in our existing geographical area, and you will see continuously from our side there could be some scheme running in, let's say in Ahmedabad very differently than what we will run in Udaipur and what we will run in the newer GA in Assam or the Tiruppur.

So, I think our teams are quite agile. We have our professionals working in each of our geographical area sniffing through what would work for that market, and that is the way we are customizing, and hopefully, when we see the publicity happening, maybe our teams also do the similar now because social media et cetera are available. So, you will see our schemes launch happening.

We do customer to customer or maybe segment to segment or with OEMs or with retrofitters when they do the conversion, but we have taken the point well noted, that we should do more so that you are also fully aware that not only we are growing volume but we are also ensuring that customers are benefited with these schemes, and we will see schemes being launched dynamically regularly from GA to GA or region to region.

Kirtan Mehta:

Just one more follow-up here. In terms of the cost benefit analysis, how many months of CNG consumption would you think you would be sort of what will be the range that you will be looking at while you are designing the incentive scheme?

Suresh Manglani:

See, you put it yourself, you know, while if you ask public transport operator, he will tell you I need yesterday bases payback. But as a customer, you or I would say if it were 12 to 18 months, 2 years is a good period that I could convert because I will fly the vehicle for a couple of years. I think it is a packaging.

Now you could have a price which CNG offers a very good incentive compared to your vehicle on petrol or diesel. That is one inherent benefit which comes to you which gives you payback. And secondly, when we give some benefit on the conversion, that reduces the CAPEX which you put in. So, I think it will be individual to individual or a fleet operator to fleet operator. His expectation would be necessarily as bare as minimum as possible.

From our side, we will try to balance the interest of both ours as well as the fleet operators or the individual customers who is willing to do, but we believe I think anything, many vehicles, you know, also, you know, it will depend upon what is the mileage you are expected to do every day.

If you are transporting, if it is a LCV, for example, if you are doing 200 to 300 kilometers per day, your payback could be very different from the LCV which is making mileage of 60 kilometers a day. Similarly, if you are using your vehicle only to go to office and come back versus a business house who is using continuously, paybacks will be very different.

So, I think it's a very different packaging which we do. In my view a 12 to 18 months or 2 years is a very good payback, but many of our customers, they get much lesser payback.

Kirtan Mehta:

Thank you, sir, for this color. One more follow-up on the EV policy earlier. EV policy question comes from a perspective of whether it can hamper the CNG demand in the interim with some of the schemes which are not fully backed by the subsidy or the availability of the vehicles? Does it delay sort of the EV consumption as well as the CNG consumption? And does it sort of reduce the intermediate demand? Particularly, I am coming from the angle that like Maharashtra has placed the order for the EV buses, but some of those buses are not arriving, and they are committed to the EV buses and not taking the CNG bus. So, in that sense the.

Suresh Manglani:

Kirtan, actually, as I was saying that there is a market for every fuel. When you gave example of Maharashtra, I am sure you are aware that MSRTC has floated the tender of 5,000 buses on LNG as well. 1,000 buses on CNG as well. So, I think you can see even within the Maharashtra, which you gave me an example, people are opting for a different fuels.

So, I think they are evaluating what is a value proposition of the tender. While there will be a policy which will have a gestation period, which will have some more time, and I am sure there will be consideration and reconsiderations happening for each stakeholder of the government, they would look at every type of a consumer, finally the success of that fuel in particular vehicle format, customer choice has to prevail.

In our view, eventually, everybody wants to have a customer choice to prevail. So, to us, I think we see every fuel having its market and occupying its market. It would depend upon how much market you capture is the value proportion which you put on the table. If I increase my CNG price, customers will go away. If I give a moderate customer price with a good value proposition and also a good quality of service that you are able to come and fill the CNG not in the queue, perhaps you will choose for it.

On the other end, if you give a very good EV charging, fast EV charging, not the 35 minutes customer takes it, you may perhaps see that whether that is good enough versus the high CAPEX which you incur. So, I think it's an evaluation of CAPEX, OpEx, quality of service, sustainability, and the reliability. There are several factors will work and in our view when we are investing in this business, we have evaluated the fuels which are existing, the policies which have been coming. To our view is that the coexistence will continue to be there for the fuels in the quite some time in India.

Rahul Bhatia:

And Rahul Bhatia this side. I am Head of marketing at ATGL. Just like to add one more data point to support what Sureshji is saying, that you might be aware that the Ahmedabad Municipal Transport Service has also taken out a tender to procure about 200 CNG buses very recently a couple of months back. So, they have a total of about 570 buses, 300 of which are on CNG, and they have taken out this tender for 200 more.

So, as Sureshji is saying, you know, there is a sort of a balanced diversified fuel policy that all states and Municipal corporations are taking as they are moving forward, and I think that Adani Gas will be able to possibly leverage itself to take advantage of these diversified sustainable fuels that the country would want to buy.

Moderator:

Thank you. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to the management for closing comments.

Priyansh Shah:

Thank you. Thank you, all the participants, for attending the call, and thanks, Nitin, and the PhillipCapital for hosting the call for ATGL. If any further questions are there, you may write to us. Thank you. Thank you so much, and thank you the management team of ATGL, Mr. Suresh sir, and Parag sir, and the entire team. Thank you.

Moderator: Thank you. On behalf of PhillipCapital (India) Private Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.