"Adani Total Gas Limited
Q4 and 12-Month FY '25 Investor Update Call"
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Moderator: Ladies and gentlemen, good day and welcome to the Adani Total Gas Limited Q4 and 12-Month FY25 Investor Update Call. 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 a touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Suresh Manglani, ED and CEO. Thank you and over to you, sir.

Suresh Manglani: Thank you. Good morning, everyone. Let me extend a very heartly welcome to all our investors, analysts, and fund houses for taking out their time and participating in earning conference call for full year FY25 and also for the Q4 FY25 for Adani Total Gas. At ATGL, like every quarter and for the full year, we have ensured supply of pipe natural gas and compressed natural gas and the safe handling of operations and emergencies on a 24*7 basis in all our geographical areas.

Now, we have 34 geographical area including recently added Jalandhar geographically in the Punjab. Our overriding business principle that safety has to be the precondition to work has laid down strong foundation in building safe behavior, culture within ATGL. All our employees and our partners working for us are being trained on a continuous basis to follow safe behavior in every action they take.

We have continuous training on health and safety for our teams and partners so that our targets of zero fatality is maintained and I am happy to inform you all that for entire year 24-25 and the quarter 4, we have maintained zero fatality as well as excellent HSE track record. Now, let me first give you the highlights on the CGD infrastructure development within ATGL as on 31st March 2025.

Our CNG station network has now increased to 647 stations which includes 123 CNG stations on Company-Owned Dealer-Operated CODO and Dealer-Owned Dealer-Operated DODO format. We have added 100 new CNG stations in the financial year 24-25. As we have been always emphasizing on building up our backbone steel infrastructure, I may inform you all that our steel pipeline infrastructure has now increased to 13,772 inch kilometer.

During the year, we have added 1,750 inch kilometer of steel pipeline this year. On the PNG connection, ATGL added 142,301 domestic connections, the new PNG homes in the year 2024-25. And now, it is serving to over 9.63 lakh domestic homes. So, we are almost now coming closer as a standalone company, closer to serving a million homes.

Along with our JV, of course, we are already serving more than 1.1 million homes. And our industrial and commercial consumer, these are the businesses, we convert them on pipe natural gas. Now, we have reached the number of 9,299. During this financial year, we added 968 consumers for the full year. So, if I may give you some on a thumb rule basis numbers, on an average, we are adding 400 new PNG homes on a daily basis.

We are adding three kilometer of steel and PE pipe on a daily basis. We are opening almost every third day a new CNG station. And we are adding around three new businesses, industrial and commercial, we are connecting pipe natural gas on a daily basis. And if I give you another statistics, we are adding five, roughly last year, we have added five charge points on an e-mobility site on a daily basis.

Let me now give you the update on our other businesses. As you all know that we have two wholly owned subsidiaries. One, Adani TotalEnergies E-Mobility Limited. This subsidiary deals with e-mobility ecosystem. Currently, we are setting up EV charging stations. So, ATEL, we call it in abbreviated form, has expanded its footprint now to 3,401. These are the installed charge points. And out of that, we have already opened to the public fully energized 2,338 EV charge points.

We have spread it across 26 states, more than around 230 cities in India. ATEL is currently the number one airport charge point operator in the country with presence across 21 airports, both on inside and as well as outside the airport. Another subsidiary, Adani TotalEnergies Biomass Limited.

You are all aware that ATBL has been working on setting up the Barsana Biogas Plant, which is closer to the Mathura in UP. So, I'm very happy to announce that now the plant is stabilizing. Today, on average, roughly seven tons per day (7 TPD) is the CBG production.

We also, because we are now manufacturing or producing the organic manure. So, we have also launched a new brand called “Harit Amrit”, that the FOM, Fermented Organic Manure, as well as Phosphate Rich Organic Manure, both organic manures will be branded under Harit Amrit and sold in the market. So, we already started dispatching organic manure now through this ATBL.

Now, let me share with you the operational and financial numbers achieved by Adani Total Gas during this financial year 24-25. On the back of strong infrastructure momentum and operational performance, ATGL delivered a double digit volume growth of 15% for the full year, wherein CNG volume grew by 19% year-on-year basis when I compare last year versus this year. This was primarily back of increase in the volume in our existing CNG station, as well as rolling out the new CNG station.

Our volume growth for the full year on PNG side, which is PNG home, industrial consumer, and commercial consumer, grew by 7%. This is on account of rolling out the pipe natural gas to the newer homes, as well as industrial & commercial consumers. Our overall volume grew by 13% for the quarter four in comparison to the quarter four of FY24.This is on year-on-year basis 13%.

Now, with respect to domestic gas allocation, you are all aware that domestic gas allocation, as well as APM, as well as new well gas, which is what now we started getting, or the intervention natural gas, which comes from the same APM field for CNG, the average domestic allocation for CNG for the full year was 61%. And for the quarter four, the average allocation was 56%.

While PNG continues to get the full allocation of APM gas. For home PNG, we get the full allocation of APM. Recently, post the closure of financial year, from 16th April, there was a reallocation of domestic gas for APM gas for CNG transport sector.

And there we are getting 37% as the APM allocation. And the remaining we are getting from new well gas and combined is 65% APM as well as new well gas till 16th May. And then again, we may see some realignment of allocation of gas, primarily from the new well gas side.

APM allocation is now at 37%. The shortfall in allocation has impacted profitability. With better gas sourcing portfolio along with the cost optimisation initiatives, massive push on digitalisation, operational excellence, and performance improvement plan, which we always do a profitability improvement plan, we call it a PIP.

ATGL, I'm happy to inform you all has been able to navigate the impact which we were otherwise seen on profitability to minimising the impact for this quarter as well as on the overall full year basis. Let me now share with you the financial performance of ATGL. Revenue from operations rose by 12% to INR 5,398 crores.

EBITDA for the full year was INR 1,167 crores. This is up by 1% because last year the EBITDA was INR1,150 crores. Profit before tax was INR 868 crores and profit after tax was INR 648 crores. This is the full year numbers which I shared with you all. Now let me share with you the quarter 4 numbers. Revenue from operation for this quarter January to March grew by 15% to INR 1,448 crores.

EBITDA for the quarter with the developments which I informed you all about the decline in the gas allocation, etc. EBITDA declined by 10% to INR 274 crores. The profit before tax and profit after tax, this is on year-on-year basis. Profit before tax and profit after tax declined by 12% and 10% to INR 198 crores and INR 149 crores. On a quarter-on-quarter basis, there is a slight increase on the EBITDA.

In closing, I would like to say that we remain optimistic about growth drivers that shapes up India's energy transition journey and ATGL's commitment to play a leading role by providing affordable and reliable low-carbon energy solutions for homes, industrial and commercial consumers, and transport and mobility segment. And I would like to acknowledge and be thankful to all our shareholders, analysts, fund houses, consumers, dealers, suppliers, business partners, and above all, our employees for providing trust and continued support.

We will be very happy to take the questions from you. I have with me Mr. Parag Parikh, our CFO, Mr. Navinder Bedi, who is our driving Bio-Business Technical Service Head, and Ravindra Desai, who has joined us now recently on the Gas Sourcing And Business Developments, and Priyansh IR, Head. Preyash Jhaveri, who is our Financial Controller and along with other team members. Happy to take your questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. First question is from the line of Puneet from HSBC. Please go ahead.

Puneet: Thank you so much. My first question is on the sourcing mix. How are you thinking about increasing your sourcing of gas from sources outside of the APM, and is there a plan to do a long-term energy tie-up as well?

Suresh Manglani: Thank you, Puneet. Yes, I think as we are seeing now realignment of policy on APM allocation, but the good part is that CGD remains to be part of a very strong vision of government of India as well as the state government. So, we are seeing that APM gas reduction is being offsetted significantly by priority on new well gas allocation.

Now, new well gas allocation also has become part of a pro-rata allocation, which otherwise earlier used to be on the auction basis allocation. So, we have been assured now that whatever volume we grow, we will get the new well gas allocation, which is again a significant volume as we stated 37% versus we are now getting 65%.

And the third is government decision to also give priority to HPHT gas. The first priority remains on CNG and home PNG. So, these three sources, we see a significant support coming in terms of, of course, the average cost is going up, which as we stated that we are trying to navigate, minimize, because our focus certainly is growth.

Focus is ensuring that we maintain affordability of a price for good -- saving for a consumer to still opt for a CNG. Having said that, of course, as the, you know, company which has 34 geographical area, 95 districts, we have this responsibility to service for a pretty long time on both PNG and CNG side.

We are looking forward always the opportunities to not only source gas on short term and midterm as well as on the longer term basis to make sure that we remain, we develop, prepare ourselves very well on the portfolio which we build to mitigate the downfall which declined, which is happening on APM side. And the weighted average cost is still we make in a manner that we are able to provide both PNG and CNG to our homes and in the transport consumer, but also our main anchor customer industrial commercial for all four together will bring the volume.

So we are building -- Puneet, as you stated, we are building a portfolio, we are having a strategy in place to make sure that we build our portfolio on longer term, midterm and short term. And we will be considering all this plus and we'll have some portion keeping open, very small portion open for the spot buying as well.

So it will be a good mix which will be doing it. And you have seen our track record that despite such a serious decline in 37%, our profitability track record is in front of you all. So I think that we'll try as best that we maintain the good portfolio on the gas sourcing side.

Puneet: So you said 68% is APM plus New well gas. So balance 32%, is it possible to get a breakup between HPHT and LNG?

Suresh Manglani: Yes, we'll give it to you. 65% What we get is today, from April onwards. This is what I stated. So we are getting 37 plus remaining New well gas till 15th of May. That's what the current notification and it may get realigned upward downward that we'll come to know have a clarity.

And HPHT is how much? Entire volume of remaining 35%. We have been able to secure through HPHT. So 100% is being matched through APM, New well gas as well as HPHT volume. Good question, Puneet. Thank you.

Puneet: Second is if you can talk a bit about the e-mobility business. Now you have almost 3,400 installed and 2,300 plus energized. What kind of utilization rates are you seeing there? And what is the unit economics and also what is the revenue contribution and EBITDA if at all on this business?

Suresh Manglani: So again, a very good question, Puneet, actually. This is the one business driver we decided both on sustainable fuel side e-mobility and the CBG side. CBG is coming up in the one plant bio on the Barsana side and you will see our further growth on the CBG side as well. As on e-mobility side, yes, we have been continuously growing on. As I said, last year itself we have set up five EV charge points every day.

I'm very happy to say that it is an EBITDA positive business today for us. Utilization, the two, three segment. One is we have committed segment where we have minimum guaranteed monthly charges for many fleet operators we do it. So that is fully assured on the returns basis is a very good utilization which is coming.

Secondly, we set up on B2B basis. Again, reasonably a good utilization is happening. Airport, of course, we are 21 airport. We are the only charge point operator as per the airport authority of India. They do the very competitive bids and we have won all those bidding. So we are having a very high utilization there as the intensification is increasing at airport. We are getting benefit of that part.

On the B2C side, current utilization is relatively very low. Some places it could be around 3%, some places 1.5% to 2% and some places maybe 5% on an average 2.5%, 3% kind of a thing. Of course, we can see the exact numbers, but my sense is around 2.5%, 3% or less 1.5%, 2%, 1.5%, 2% on a B2C side.

But remember, I think we are very optimistic on the policy front development which is happening on the EV side. So we are not building for today EV charging points. If you see, we are trying to make sure that all strategic location, whether on B2C side, whether B2B side or tourist places, we should build for the future.

So we are very optimistic that given the e-mobility business ecosystem is getting developed, utilization significantly will go on B2C side. But overall on a net basis, we have EBITDA positive business.

Puneet: And how much have you invested so far in this?

Parag Parikh: Today, so I think Puneet, this is still -- we are still seeding these businesses, so relatively very low. Today at this juncture, we would have invested a little over INR 100 crores. So that's really the investment as far as the EV business is concerned. And as we just mentioned, I think it is still early stage ideas to seed the ecosystem.

Likewise, how we were doing it in the CNG side, when you are getting into a newer geography, you are building the ecosystem of CNG stations across our geographical area. Similarly, the current intent is to seed the EV ecosystem. And at the same hand, at least keep an eye to ensure that we continue to remain EBITDA positive.

It's a mixture of both B2B, B2C, and intent would be to continue to build that momentum over the coming year.

Puneet: And lastly, just two things. One is, is it possible to tell what is the investment plan for current year? And what is the breakup of this 3400 charge points between B2B, B2C and the other part?

Parag Parikh: As far as investments are concerned, we will continue to have a similar momentum. So we would continue to invest about INR70 crores to INR80 crores as far as the coming year is concerned. 100-110, what I mentioned is cumulative. We started about 17-18 months back really in terms of the EV business.

So intent is to look at around INR70 crores, INR80 crores as far as the coming year is concerned. As far as charging stations, as we said, 2300 plus are already operationalized. The others are closer towards operations of close to another 1000 charging points. We would want to similarly capability of building almost close to around 1500 to 2000 over the next year, including the ones which are in the commissioning phase.

So that's, as I said, as far as the investment and as far as the charging stations are concerned. You had one more question, am I correct, Puneet?

Puneet: Yes, the breakup between the B2B and B2C?

Parag Parikh: The breakup, as I said, is slightly, I would say the B2B, B2C breakup is slightly different out this juncture because one is a core dedicated B2B stations, but the emerging model is usually getting a minimum guaranteed usage on some of the more public retail charging stations. So one may not be able to break it up into B2B, B2C, but all will boil down to the locations. As we said, now, for example, we have one of the largest charging airport point operator.

We have now close to 21 airports. These are both on the airside as well as on the outside. Now, airside, for example, there is no minimum guaranteed, but the fact that you are on the airside itself allows you to have a dedicated usage. Same way, when you're looking at outside the airports, it allows a better usage because the Ubers and the Olas do not have to pay car parking charges if they were to charge.

So there are nuances around this and not exactly, I will say B2B B2C in its own strict sense, but even in a normal public retail charging station, we try and work towards getting some minimum guaranteed usage on some of the stations, which allows us to keep, as I said, at EBITDA levels positive.

Moderator: Next question is from the line of Yogesh Patil from Dollar Capital. Please go ahead.

Yogesh Patil: Sir, as you mentioned, the clarity on APM allocation is till 16th May and further clarity will emerge later. But sir, as per our reading of government circulars, it is that CGDs will have clarity on APM allocation two quarters prior. So can you give us some clarity how this APM allocation will work going forward?

Suresh Manglani: So, Yogesh, first of all, I thank you for being a consistent participant for our investor call and look forward that you will do the same thing in the future. I think you saw the recent notification which has been published by the Government of India that going forward, they would be giving clarity to us. Today, it's a quarterly clarity, which I stated to you that is a 37%, which has been allocated to us now.

And if you see the better growth, maybe we get a little better also. That two quarter clarity, now we'll be able to see that this will be implemented now. Currently, we are clear that for us, 37% is the APM allocation. But till 15th May, new well gas allocation is extremely good. We have combined 65%. We need to certainly, Yogesh, wait for the clarity which we receive on two quarter basis once it is implemented.

Yogesh Patil: Second question is related to your volume growth guidance for the next year. We have reported closer to 3 MMSCMD volume in a Q4. And so, if you could provide some volume guidance for the next one to two years in terms of the CNG and the PNG, that would be helpful?

Suresh Manglani: So, Yogesh, again, very good and penetrated questions you are asking. You know, our exact volume is almost closer to 3 million now. The March 31st, we close with roughly 2.93 or 2.95, 2.93, I think. So, that is very close to 3 million. We, of course, wish that it should have gone across 3 million. But you understand the CGD sector, you are, you know, holding it very well.

And we hope that this will happen. On the guidance, as we stated in the past also, that we have been maintaining largely a double-digit volume growth. And given our trajectory of new geographical areas, particularly now 11th round, which are going to be connected with the transmission pipeline in expected in this financial year by December or so we are expecting.

And intensification of Jalandhar geographical area, which we recently got, we have started laying our pipelines, setting up CNG station. We hope to give you similar track record of maintaining double-digit volume growth in the future as well.

Parag Parikh: I think pertinent point, Yogesh, pertinent point, you know, is quarter 4, our exit volume is 2.93, annualized is 2.72. So, I think that itself will give you a directional comfort and a view on, you know, how we are seeing the volume trajectory.

Yogesh Patil: Yes, and sir, CNG vehicle additions in your geographical areas during FY '25, any ballpark numbers, if you are started tracking on your geographical area side, it would be helpful?

Suresh Manglani: So, Yogesh, actually, if you see even the OEMs numbers, ultimately, what has happened, Yogesh, the whole CGD ecosystem has now shifted from localization to universalization. What used to be the phenomena that CNG used to be a local fuel of a particular city or a town. Now, the way vehicles have grown over the last couple of years, it has become like a transition volume is also coming up as a significant.

I'll give you an example o f, you know, Udaipur, for example. Local number of vehicles will be very limited. Of course, the ecosystem is getting developed. More of the tourist vehicle will be there because city being smaller, people may be transiting with lesser kilometers per day. Two-wheeler is better, there. But the tourist vehicle which comes to Udaipur or pass via Udaipur to Nathdwara, etc, volume is very, very good.

So, I'm sure, I think we are now looking at how India is transiting on ecosystem on CNG. And the good part is you are able to see that even the last quarter, the number of CNG vehicles sold are higher than the diesel vehicles. So, we are still, and when we talk to OEMs like Maruti, they appear to be still very bullish.

They are having a very good record, this order booking, almost 25% to 30% between. I don't have the exact number, but I think I am getting the sense that it is around 25%-30% of the quarter sale is the CNG vehicles. So, it is giving us a good sense that the key is that how do we keep growing and developing ecosystem and maintain the affordability for the country.

Yogesh Patil: So, sir, I'm just again going back to my question number one, APM allocation. So, touching to again, is that a correct understanding that more clarity will take a time or it will emerge for the two-quarter prior allocation clarification? It will take a little bit more time for you?

Suresh Manglani: No, sorry, Yogesh, please complete, sorry.

Yogesh Patil: So, my question is again on the APM allocation side, is that a correct understanding that more clarity on this APM allocation, where you will get a clarity that two-quarters prior, you will have an idea of what quantity of gas you will receive? It will take time to get more clarity on that side or this is applicable and you have clarity of next two quarters, you will get that much of quantity of gas?

Suresh Manglani: So, Yogesh, a couple of things, one, there is now clarity that government has decided that CGDs, because it is a part of their strong vision, they would like to see the way we all want to see as an investor to grow this CGD business or CGD ecosystem in the country.

The clarity is now given by the government very clearly with the notification which they issued that CGD companies will have clarity on APM allocation two weeks, two quarters in advance, because so that we could make our plan of procuring gas on either from export market or from auctions or from various other sources. So, I think this policy decision is very helpful and we must appreciate that government is giving continuous support and clarity.

Second is, so I think now it is a part of an implementation, it could happen anytime. I do not think so we should say long time or some more time. Clarity has just come, decision has just come and since we have clarity on this quarter, 37% is already been given.

So, that quarter is still continuing, April, May, June. I think this quarter is still there, 37% and the remaining is the new well gas. I think prior to the next quarter, we certainly will have clarity and sooner I think it will happen on the implementation side.

As we stated to you, just see how overall ecosystem is playing. We have APM gas, 37%. We combined with new well gas become 65% and rest of the 35% has come from HPHT. So, overall basis, if you see, it has still moderated our cost because government has given priority on new well gas, government has given priority on HPHT gas and we believe since this is the priority of a government, we would continuously getting support in one or other way to make sure that our portfolio cost remains moderated.

Yogesh Patil: Okay. Sir, last question. In your presentation provided details on the gas sourcing breakup. So, just one question on that side, 22% to 25% of RLNG gas is coming from the multiple linkages or multiple sources. So, can you give us some idea in terms of how much portion is coming from the crude link and how much portion is the Henry hub link for this RLNG part?

Suresh Manglani: So, Yogesh, definitely we will give you the clarity. But just to give you on while my team is taking out the details to give you. Basically, we see largely our focus is to build, as I said, and you have seen our track record on the portfolio part. So, we definitely on 25%, we have Henry hub, we have Brent and as well as we may -- Soumil, anything else you have?

Management: WIM link.

Suresh Manglani: West India marker link. Can you just give them a break up? Break up?

Ravindra Desai: If you talk of see -- so, if you talk of the different indices, so we can say around 20% to 25% is oil link and similar percentage would be around 20% would be Henry hub link and minimum percentage on the WIM link, West India Marker link.

Suresh Manglani: Overall 25% you have, right?

Ravindra Desai: Yes.

Suresh Manglani: Of that you are saying 20%?

Ravindra Desai: Yes.

Suresh Manglani: And 25% Henry hub?

Ravindra Desai: Henry hub.

Suresh Manglani: And WIM link?

Ravindra Desai: WIM link.

Suresh Manglani: And remaining?

Ravindra Desai: Remaining 5% around WIM link. So, overall from the total value, 25% will be Brent link, 20% will be Henry hub link and the balance 5% will be West India Marker link.

Moderator: Thank you. Next question is from the line of Varatharajan Sivasankaran from Antique Limited. Please go ahead.

Varatharajan S.: Thank you for the opportunity, sir. Sir, one point in time, there was discussion about potentially some relief on the excise duty front or possibly some kind of any other scope for relief for CGDs. Are those discussions are now not happening or do we see any scope for this kind of discussions happening in any kind of result in the near future?

Suresh Manglani: Vartarajan, as long as we run the business, we continue to do advocacy as an entity, as the CGD as a sector, through CII, through ASSOCHAM, through the Chamber of Commerces, as well as we see even MoPNG also supporting. So I think advocacy on multiple front continues, as any investors would be looking forward for the improvement in the performance.

And more important here as an Adani group, you know that our main focus is affordability for the consumer. And even the APM prices, when it has gone down, you have seen our calibrated approach of passing through very, very moderately.

So coming back to your question on excise duty, of course, this advocacy has been there on the forefront from our side. We have been requesting government and we have been expecting that this would happen sooner than later. Similarly, on the GST side, and we see from all sides support coming. Finally, we need to see there would be certainly some consideration at the government level on the revenue side, etcetera. So today we are passing on the excise duty impact of 14% to the consumer.

We hope once our voice is heard, excise duty is exempted or moderated down, GST comes on natural gas. This will really significantly bring very, very different perspective for the CGD or as a gas sector as a whole actually.

Varatharajan S.: Fair enough, sir. The other question was about this, as an analyst, we try to assess what is effectively the decline in the APM volume on the part of the producer. And accordingly, what is effectively the cut actually implemented on the CGD sector? So this last cut has left us a little baffled. So is it an annual kind of a volume we are looking at, or is it more like a six-monthly kind of a number? So I am sure, just to get your feedback on it, does it look like a six-monthly thing or an annual number to look at?

Suresh Manglani: No, Varatharajan. I think one thing we should take while you and all of us, we felt that 37% is now a very lower side allocation, but immediately we saw support coming significantly on the new well gas side. So I think we need to see on a calibrated manner. This is the one nominated field which has been depleting for a very long time.

We were expecting that this may continue, the higher allocation may continue a little longer time. But when we saw that this allocation APM is coming down, at the same time, support came on a new well gas side and third, immediately support came on HPHT side. Also, the government made sure that if anybody is taking HPHT higher than what it requires, the resale will be only on a market margin basis.

Just see the kind of policy support which government has put in place that you get APM lower, but it is still $6.75 today. Then you get new well gas, 12% Indian basket, crude basket. Then you get HPHT gas, again, a controlled price, the way it is worked out, combined with the coal, naphtha, etcetera.

And then on HPHT restriction, if you resale, you sell only on a marketing margin. I think combined reading of this should all give you a sense that there is a support which is there for a secondary sector. There is a collaborative efforts of investors, sector as a whole, as well as the authorities, the government, that we must grow this collaboratively. And I think we are seeing that happening.

We are working always, as advocacy, we are doing it that it should come more and more in APM. But let's see, as government has now notified that this will be two quarters in advance, so I think you will have a good visibility, we will have good visibility on APM. We hope, combined with the new well gas, still, and government has written in the same notification, around 54%-55% allocation should continue.

So that is also clarity from government side. They have maintained above 50%. Hopefully, they will maintain it. We, of course, hope that it will go up and up as a business house, as an investor. But I think we need to wait for the clarity which comes from -- on the two quarters in advance clarity.

Varatharajan S.: And on the new well gas allocation, my understanding is that it was 125% of the deallocated APM volume. So once again, was this a one-off kind of thing you expect or do you expect this trend to continue? Obviously, it is a function of the production growth from the APM fields by ONGC. But then there can be some visibility given on that.

Suresh Manglani: See, one of the things which government has now done, that they have said new well gas, earlier it used to be given on an auction basis. It means we were not knowing whether we will get it or not. We did not know who will be able to secure the new well gas actually.

Today, government has now stated that now new well gas also like an APM, there will be an allocation process. So that has brought a huge clarity that now if we sell more, we push volume growth, we are assured to get APM allocated on pro-rata basis, we will be getting new well gas on a pro-rata basis. So that's very good.

Second, investment by ONGC is continuing on new well gas. So it will depend upon how much more new well gas is being able to recover or be explored. We hope this will keep growing while APM field is depleting. So our ratio of above 50%-55% or more will be maintained by the government.

Moderator: Next question is from the line of Kirtan Mehta from BNP Paribas. Please proceed.

Kirtan Mehta: One question on the volume set. Would you be able to give us a broad breakup of the CNG volumes in terms of the different categories of vehicle like cars, three wheelers, taxis, commercial vehicles, LCVs and buses?

Suresh Manglani: So, Kirtan, first of all, I think like Yogesh, I have been always hearing your sweet voice every time in an investor call. And thank you very much for taking out time and participating consistently. And I hope you will continue to do the same. I think the question is very good on the breakup side.

I don't know what purpose it would serve you, but largely two-wheeler is not on a CNG except recently launched Bajaj Freedom bike that is still picking up in a very small proportion because it anyway takes a very small gas. Largely, it is public transport, four-wheeler. And we also see, Ravindra, would you like to give more details? Why don't you give him?

Ravindra Desai: So, if you look at segment-wise overall CNG growth, Auto is around 26.4% is the growth per quarter. And if you look at HPV, this is 0.1% growth. MPV, around 0.3%, LMV 46.6%, LGV 6.5%, LPV 15.1%, HGV 0.5%, Two-wheeler 4% growth, and MGV 0.4% growth. So, this is the share of CNG vehicles of the total CNG sold.

Suresh Manglani: So, I think, Kirtan bhai, actually, we can definitely provide you more penetrated details as it is available in the public domain. At the station-wise, we are across all the stations in the country or our geographical area, we are not capturing a type of vehicle-wise. We may actually do the interpretation on how much is the per fill and we make some -- so that kind of analysis we could do. But I think there are public sources available, as Ravindra was reading to you.

Suffice to say that, you know, 4-wheeler definitely is consistently growing. Now we are seeing the segment on the diesel side, the 407, etcetera small trucks, they are also significantly taking on CNG side. So, the growth is coming up from that side.

Kirtan Mehta: Right, sir. This is useful. One more question was on the E-Mobility side. You talked about around 20, we are covering 21 airports where we have the chargers available. What is the average utilization rate there and how do we see utilize developing over 1 or 2 years, particularly at the airport charger?

Parag Parikh: So, I think, firstly, these airports have been awarded to us. In some of them, we are yet to, you know, install commission as far as our charge points are concerned. Having said that, some of the existing ones which are already in operation are giving us good utilization.

Like I said, there are two sort of utilization. One is which is on the airside and one is on the outside. On the outside, we do see, you know, utilization, you know, to be better compared to a pure public retail charging station, simply from the fact that, you know, it has a locational advantage.

We have seen, you know, in a pure B2C sort of utilization at around 1.5% to 2%, whilst, you know, the more sort of concentrated utilizations have even gone and crossed double digits. So, it is a very wide variety, actually, you know, of the utilization that we have seen between, you know, pure public retail charge points to, you know, some which are more concentrated in terms of locations.

Going forward, like as I said, we do see pickup, you know, both in terms of the EV mobility space and therefore the utilization of these charging points, you know, going up. So, we do see at both the sides the utilization going up. And it will take a little while, if I may say, but our intention is to, you know, continue to ensure that, you know, this 1.5 to 2% keeps getting pushed up on a year-on-year basis.

Kirtan Mehta: Right, sir. One last question, probably on the LNG, long-haul LNG, would you be able to update in terms of where are we and how do we plan to develop it over the next couple of years?

Suresh Manglani: No, I think, again, LNG for transport, as we call it LTM, LNG for transport and mining. Again, we are seeing policies part getting developed. We have already started setting up LNG stations. We have now two stations and some more are under construction. One, Tirupur is operational, and Dahej, is coming up very shortly. And other many places, our stations are under construction at various stages right now.

And we have also taken a view that wherever we are setting up LCNG plant, small-scale LNG plant for feeding the CGD volume, even there, depending upon the how close we are with the market or the highways, we would set up the LNG station. So what we are now looking at is that some sort of a policy development on LNG for transport and mining side.

On the other side, our business development team is working with a lot of transporters and associations to see the interest and depending upon we get this, you know, clarity, we will further boost the investment on LTM side. But currently, we are continuously working and currently, we are actually developing some of these good location LNG stations also.

Kirtan Mehta: Right. At the Tiruppur, what would be the current throughput?

Suresh Manglani: Current throughput will not be very high, I think it must be around 1,500 to 2,000 kgs per day, 1.5 to 2 tons per day. We are expecting up to 3.5 to 4 tons because it is an ecosystem development, as you must have seen since you follow this sector very intensively.

When we started new geographical area, there was no volume. Now, today you see proportion of volume in our basket, it is very good. I think same thing will happen LNG, chicken and egg, whether on E-Mobility side, CBG station side, LNG station side, that who blinks the first.

So I think as an investor, we are investing and we are now continuously developing the market on that side. We hope very soon it will be 3.5-4 tons because we are seeing a lot of interest coming from the truck operators or the long-haul vehicles operators.

Kirtan Mehta: Sure, sir. Just probably one more question if I can add. In terms of the sort of the -- how do you think about the consolidation in the sector with so many players operating and at what stage we can see consolidation coming up in the CGD sector?

Parag Parikh: I think you are seeing the volatility of the sector and any sector volatility on things like APM could emerge as possibilities as far as consolidation of the sector is concerned. So, I would say a lot will depend on how APM as one area unfolds. ATGL in that sense has been a more fuel operator across different fuels. So, we are talking about LTM, EV, CBG, CNG, while some players may be pure play CGD players. So, we do see some of that therefore turning out into opportunities.

I would say as far as consolidation is concerned, slightly away. I would say good about 18 to 24 months minimum before we see some consolidation. So in a 2 to 4 year space, you may see some consolidation in the sector.

Kirtan Mehta: Thank you, sir, for sharing your detailed views. Thank you.

Suresh Manglani: Thank you.

Moderator: Thank you. Next question is from the line of Harshraj Aggarwal from Yes Securities. Please proceed.

Harshraj Aggarwal: Hello. Hi, sir. Thank you for taking my question. There are a few questions. Firstly, sir, could you help us with the volume breakup of the PNG segment in the quarter and for the year?

Parag Parikh: Sure. So, I think if you were to go by the quarter breakup, about two-thirds, as we said, is really constituting CNG. Within the other one-third, or if I were to look at from an absolute overall number, close to about 20% -- 22% is on the industrial side, about 3% to 4% is on the commercial side and the balance 8% is on the domestic. So, that's really the breakup as far as the volume of the PNG is concerned.

It is similar, if I were to say, if you were to look at it from an annual basis to a quarter basis. In the meanwhile, one of the interesting developments has been in terms of contribution of the newer geographies over the existing geographies. So, newer geographies used to contribute about 27%. Now, they are almost a third of the overall contribution of volume.

Harshraj Aggarwal: So, sir, apart from this, now we have seen the propane prices correcting. So, obviously, how do you see the growth happening from the industrial segment?

Ravindra Desai: Yes, definitely. With the softer crude prices, there is some correction in the propane prices. But you might also see that the different indices are also varying accordingly. We have seen that the Henry Hub prices have rolled back from around $4 to around $3 recently. So, the diversification has probably helped us to average out the prices and compete with the alternate fuels like propane and all.

Suresh Manglani: You see, this cyclic changes we have seen in the past. We have been a long-term player and we will be a long-term player. That's the reason I have been emphasizing that as a prudent operator where customers are expecting some stability of the prices and they want us to be as current as possible.

So, that's where the responsibility is on us to build a good portfolio with the various diversified indices. When you said propane is coming down, brent also is coming down. We have good linked brent contracts. And we are also prudent to see how do we build our future portfolio to take these kinds of cyclic pressures. So, I think we will be able to still build our volume on I&C side. In fact, our pressure, our priority is on building I&C volume now, significantly.

Harshraj Aggarwal: Sir one further question on this in terms of the gas pricing. Do you think that the long-term prices which is crude linked or Henry Hub linked would be cheaper than the spot LNG or you see the spot LNG falling to a larger extent? Given the scenario in the last couple of years, the spot LNG has been on the higher side and we have the long-term contracts in place which is cheaper than the spot LNG. So, how you see that scenario changing or what is your view on that?

Suresh Manglani: I wish I could predict these things actually. But having said that, I think spot plays with the events which are happening. Some event here and there happening internationally on Swiss Canal or any other thing geopolitical. Suddenly, you see spot playing its own play, but we have seen that part and that's the reason when I stated in the beginning, we said why we will build this significant or a majority of would be our short-term, mid-term and long-term contracting part. Some portion will keep on a spot so that we can exploit our spot if the market is cheaper.

Our view is that, you know as we are looking at the market currently from 2027-2028 onwards, market is moderating down in the prices. And from that point until 2032 kind of a thing, we are seeing there is a supply side excess happening and that we could always seize the opportunity. On beyond that, again we see some sort of a demand growing.

So, that is the kind of a thing we can suggest. Henry Hub forward curve, of course, today if you look at it, it looks like a bit of a growing higher, but our expectation is that it will moderate down in the future. Brent is the way it is playing since it is multi-country, multi-size issue. We feel it will play in the range bound, you know, price range.

Harshraj Aggarwal: So, last question I have is on the capex. If you could help us, the target for FY26 and where are we going to majorly spend this number?

Parag Parikh: So, I think as far as capex is concerned, we will continue to look at capex which allows us to generate, commercialize and monetize our assets. So, that is where our focus will be as far as rollout of capex is concerned. As you may be aware, we have mentioned it earlier in the past, some of the newer geographies that are awarded to us are yet to get the national grid connectivity.

And therefore, we will do a measured capex as far as the newer 11th round geographies are concerned. And selectively continue to monetize on the 9th, 10th round of the geographies that were awarded. As a number, you know, we did a capex this year of close to about INR900 odd crores and next year, we will continue to do similarly in that range.

Harshraj Aggarwal: Thank you. That is all, sir, from my side.

Moderator: Thank you. Next question is from the line of Somaiah V from Avendus Spark Institutional Equities Private Limited. Please go ahead.

Somaiah V: Thanks for taking my question, sir. So, first question is on the newer GAs. Just wanted to understand this allocation of APM and newer gas. Is there any differential treatment for newer GAs where things are kind of really starting off with an established GA like up in an inflection point, we will get a higher allocation and then it kind of comes down or is it the same, whether it's a new or established GAs?

Suresh Manglani: So, Somaiah, actually the way you see the clarity is that now new well gas would be given on allocation basis, not an auction basis. Depending upon how much new well gas is going to be produced and what is a kind of a volume growth, each CGD comes up. Depending upon that, the pro-rata allocation will happen.

So, this time while the APM declined to 37%, the offset was done through new well gas allocation. Of course, you know the differential is that APM, we have fixed price now from 1st April. It is $6.75 per MMBTU, whereas new well gas will vary depending upon the crude prices. So, India crude basket, ICB, 12% on a monthly basis. So, depending upon how that the ICB will keep behaving, our prices will vary, but it still remains a moderated one.

So, that is what would happen, that more new well gas coming up, more allocation will happen. Tomorrow, if that production is a little lesser or allocation is lesser, then we get lesser allocation. But currently, it looks like that we will be able to get a good offset from the new well gas. And then there is an HPHT, which comes again, there is a priority for first priority when HPHT is on a CNG and home PNG and then only it can be sold to other sectors. So, again, we are ring-fenced there also that if APM is down, new well gas is down, we get HPHT gas.

Somaiah V: Got it, sir. So, I was just trying to understand, let's say 37% of APM allocation. So, this is whether we do it in our established GA or let's say, for example, Jalandhar, that we are starting. So, it will be that 37% which is fixed for both. It is not that something that we are starting because we lack a bit of an operational leverage or something, you get a bit of support in the initial period, higher allocation and later it kind of goes down?

Suresh Manglani: So, this is a good question you asked, actually. I should have clarified in the beginning and I am sorry that there may be some sort of a confusion, but let me clarify. Another tweak of this policy, which was there that since beginning the initial GAs, when you start the development like Jalandhar we started or any other company starting new GA, you get the full support up to 6,000 MMBTU. There is no allocation. You get first priority SCMD, sorry, 6,000 SCMD, not MMBTU, sorry. 6,000 SCMD is a good amount to allow the GA to run on a full APM.

So, if it goes beyond 6,000 SCMD, then you get to come into the allocation process. So, barring that part, if your geographical areas, which are below 6,000 they get a full 100% allocation. Once you are out of this threshold, you come under the normal pro rata allocation, depending upon how much growth you bring, you get a volume.

So, let us say today 37%. Next quarter when it starts, we will sum up, everybody will sum up to the government how much has been the sales of a CGD and how much each CGD has done it and then how much is available on APM. They will allocate pro-rata basis. So, it could be 37, it could be more, it could be less depending upon how the sector will perform. And then there is an offset. Similar allocation is now going to happen in new well gas.

There is no 6,000 here because 6,000 is supported by APM. So, I hope I clarified that. Other than that, there is no other differentiation that newer GAs, which are virgin, which are coming up, 6,000 SCMD full up to that 100% allocation, beyond that pro rata allocation as any other GA happens across the country.

Parag Parikh: This is not a new regulation. This has always been in existence in the past. I hope it clarifies to you.

Somaiah V: Yes, sir. It does. Thank you. So, the second question is on the newer GAs. I mean, in general, what would be a capex that would be required to develop a GA? I understand it is different depending on what is the potential population density square kilometer they are addressing. Everything would be different, but let us say a 0.3, 0.4 MMSCMD potential target GA, what is the capex entailment to get it to that level? That is one. And second, what is the kind of return expectation given where things are today in terms of margins for a new entrant or someone who wants to develop a new GA?

Suresh Manglani: So, Somaiah, again, while we could guess in a generic way that what should be the capex for 0.3, but unfortunately, the way GA geographical areas are now spread, if you see, we have in Ahmedabad, where we are sitting, we have Mumbai, those are the towns which used to be the originally the city gas distribution.

And today, a geographical area has a four districts, five districts, six districts, spread at 20,000 square kilometers. So, bringing 0.3 there could be very easy as well as very difficult. There could be one very industrial good part and suddenly you get 0.5 million. You have a Morbi an example, in one place you get a 7 million volume. So, what is the investment? Very small.

So, tomorrow we will be supplying in Mundra, for example. What is the investment? So, I think difficult to give you generically this answer that how much would be the investment for a 0.3. Suffice would be say that if you see our track record, every CGD, every prudent investor would invest calibrately, initial some money INR50 crores, INR60 crores, INR70 crores, maybe depending upon how far is the connectivity transmission pipeline.

They will invest in the initial investment to start and launch the geographical area and thereafter, you calibrate your investment. You start investing as you start growing the market. And you have seen our track record that all newer geographical area investment has been calibrated, volumes have been growing.

Many geographical areas now more than 0.1, they are crossing, they will be now coming closer to 0.15. That is the way ecosystem happens in CGD. You can see if you have been tracking this sector, all geographical area, whether originally you take from Gujarat, Maharashtra and other, all have grown that way. It is an ecosystem development. It takes some time to build and once you build, it goes on sustainably.

Somaiah V: Got it. Sir, one clarification on the HPHT part. You said one-third is HPHT. So, these are contracts, medium-term contracts, they end up and they come up for renewal. Just want to understand on that?

Suresh Manglani: Yes. HPHT contract, originally the way it used to happen, they used to, depending upon the operator as well, largely it is coming from Reliance BP field currently. So, it used to be put on the auction side and every CGD, depending upon how much is the portfolio bid and how much is the gap, they used to bid for the volume for CNG and home PNG. So, this is our case.

I am not telling you as a policy. Our case is for currently the gap is being filled through HPHT and as you rightly said, if there is a contract which expires, the gap may come shorter. It may be instead of 35% may come down. But what has happened, new phenomena that almost all HPHT gas now which is waiting to produce other than what has been supplied under the original contracts to all the CGDs, remaining is coming on the Indian gas exchange (IGX).

For again, there IGX also the same thing. First priority is for CGDs to bid on IGX like on a spot market but we will get the same HPHT prices and if there is a residual gas available, anybody can bid and take away. So, that is the way there. Do not take it in the sense that one-third is for everybody, HPHT. This is current scenario of ATGL that one-third gap is being bridged through HPHT.

Somaiah V: Just wanted to check if I got this right. So, in case if there is a term contract for us that is ending, because CGDs get a priority, there is not much of a risk. If we choose to continue with HPHT, we can get that quantity? So, is that the right way?

Suresh Manglani: Absolutely. Originally, when we signed the 5 year contracts, for example, that was also to be bidded by the CGD entity. Somebody bidded for 5 years, somebody we have bid for 3 years, some for other year. Whatever contract we have signed, that is getting honored by the respective operator and by us as well.

Somaiah V: Understood. Thank you.

Moderator: Thank you. Next follow-up question is from the line of Yogesh Patil from Dolat Capital. Please go ahead.

Yogesh Patil: Thanks a lot, sir, for taking my question again. Sir, I need some data points on the industry level. What is the total APM and NWG allocation to CGD industry? And if you could provide us break-up in terms of CNG and the PNG domestic side, it would be helpful?

Suresh Manglani: So, Yogesh, one thing is that I was expecting that you will definitely ask supplementary question and you asked it. Very good. I think that shows us that how much interest you are taking in the CGD sector. Parag, would you like to give a break-up?

Parag Parikh: So, I think on an industry-wide break-up, just hold on, I will just calibrate the numbers. So, overall, Yogesh, overall industry is about close to 27. Out of the 27, close to half, about 12.5-13 MMSCMD is on APM. NWG constitutes another close to 4 million.

Yogesh Patil: Okay. Sir, one more question, policy-related. Is it mandatory for biogas producers to sell that biogas to CNG only or CNG consumers or CNG stations? Or the same molecule can be sold to the PNG industrial commercial customers?

Suresh Manglani: No, CBG, it is outside authorization of a CGD. It governs under biofuel policy. MoPNG has been encouraging and promoting development of a CBG in India. So, if let us say a producer or a developer brings the CBG on the plant, it has a complete freedom. It has a complete freedom to sell through its own CBG station, give it to the -- CBG nodal agencies like Gail and other oil marketing companies, or supply it to industrial and commercial consumers. There is a complete freedom on CBG side.

Yogesh Patil: Okay. Thanks a lot, sir. That was really helpful.

Suresh Manglani: Thank you, Yogesh.

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

Priyansh: Thank you, everyone, for participating on the call. And I would also like to thank the management who have shared the insights of the company. And in case of any further additional questions, please do write to us. Thank you. And have a great year. Thank you.

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