“Aegis Logistics Limited

Q3 FY '23 Earnings Conference Call”

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MODERATOR: **MS. RASIKA SAWANT – ORIENT CAPITAL.**

Moderator: Ladies and gentlemen, good day, and welcome to Q3 FY '23 Earnings Conference Call of Aegis Logistics 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 star and zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Rasika Sawant from Orient Capital. Thank you, and over to you Ms Sawant.

Rasika Sawant: Welcome to the Q3 and 9 month FY '23 Earnings Conference Call of Aegis Logistics Limited. Today on this call we have Mr. Raj Chandaria, Chairman and Managing Director; and Mr. Murad Moledina, Chief Financial Officer.

This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations as of today. Actual results may differ materially. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. A detailed safe harbor statement is given on Page #2 of the company's investor presentation, which has been uploaded on the stock exchange as well as company's website.

With this, I hand over the call to Mr. Raj Chandaria for his opening remarks. Over to you, sir.

Raj Chandaria: Thank you very much and good afternoon. I'm joined by our Chief Financial Officer, Mr. Murad Moledina and we will be presenting the FY '22-'23' third quarter results, as well as the outlook for the rest of FY '22-'23' and various business updates.

So, while we strive to deliver good financial performance, which, of course, I will turn to shortly, let me start by reminding everyone that our vision at Aegis is to be the leading provider of logistics and supply chain services to India's oil, gas and chemical industry, which carries with it a duty of care and responsibility to environmental sustainability.

And I'm really proud to state that every new terminal that we have built, whether it be liquid or gas, has improved on energy efficiency and environmental sustainability through better engineering and design, including the new Kandla LPG terminal and this will be the case as we further expand our footprint around the coast line of India and indeed inland as well.

Now turning to our third quarter financial results. I'd like to refer you to my concluding remarks on November 10 at the last earnings call, November 10, 2022, when we presented our Q2 results, where I stated that we had good visibility for the balance of the year and that we were confident that we are going to have an excellent year. And I'm pleased to report that our third quarter performance indicates that, that confidence was indeed justified.

The revenues during the third quarter increased to INR 2,087 crores versus INR 1,214 crores during the year-on-year, primarily as a result of higher sourcing volumes. Normalized EBITDA for the group increased to INR 239 crores in the third quarter versus INR 159 crores in the previous year, a rise of 50% over the previous year and a lifetime high. And profit before tax rose to INR 173 crores as compared to INR 132 crores previous year, representing a 31% rise over the same period last year. And the profit after tax for the group was INR 142 crores versus INR 109 crores for the same quarter last year. That's a rise of 31%.

So the second half of the financial year is off to a good start. And generally speaking, H2 is stronger than H1. And we, therefore, believe that this sets us up for robust profits growth during the rest of this fiscal year. So in summary, FY '22-'23' is tracking well to deliver another strong performance to build further on the profits growth that we saw in FY '21-'22'.

And for a more detailed sort of understanding of the underlying segment numbers and financial details, I'd now like to hand over to Mr. Murad Moledina, our Chief Financial Officer. Can I just hand it over to you?

Murad Moledina: Yes. Thank you. So now to take you through the segment results, we'll first take up Liquid Terminal Division. The revenues for Q3 FY '23 were INR 114 crores, again a lifetime high versus INR 68 crores year-on-year. That is an increase of 68%. The EBITDA for Liquid Terminal for this quarter rose to INR 77 crores versus INR 46 crores in the previous year, which is, again, an increase of 66%.

Now coming for Gas Terminal segment. Revenues were INR 1,973 crores for Q3 versus INR 1,146 crores year-on-year. The EBITDA for Gas Division was INR 163 crores for this quarter versus INR 113 crores year-on-year, again, a rise of 45%. We continue to see growth for Gas Division with sourcing, throughput and distribution volumes improving.

Let me now take you through volume analysis of Gas Division. Starting with throughput volumes, the LPG volumes for the quarter handled at all our 4 terminals, Mumbai, Haldia, Kandla and Pipavav were 9.88 lakh metric tons versus 7.53 lakh metric tons year-on-year, an increase of 31%. The company had good volumes at Mumbai as well as it continues to operate at full capacity with IOC, HPCL and BPCL, all bringing imports at Mumbai. The LPG gantry at Pipavav continues to perform well and is delivering considerable cost savings to our customers, which is again driving improved volumes at Pipavav. Kandla and Haldia too performed well.

The Bulk Industrial segment delivered 1.32 lakh metric tons in Q3 versus 0.3 metric tons year-on-year, representing a 433% growth over the previous year and a lifetime high and margins also improved. With Kandla LPG terminal operationally stabilized, we believe that the distribution business will continue to register impressive growth.

The Commercial and Domestic Cylinder segment, which sells to hotels, restaurants and small-scale industries under the Puregas brand and to the domestic household segment under the Chhota CIKANDER brand were higher with Q3 sales of 19,143 metric tons versus 6,414 metric tons year-on-year, registering a 198% increase. Auto gas sales were a tad lower at 5,061 metric tons in Q3 versus 5,961 tons a year earlier. Margins though remained stable and healthy. The sales volume of sourcing business was 199,622 metric tons versus 125,800 metric tons year-on-year.

With that, I complete my segment analysis. And with that, I would now like to hand over back to Mr. Raj Chandaria.

Raj Chandaria: Okay. Thanks, Murad. Now let me just turn to the business update for the quarter and the outlook for the rest of the year and a quick update on the capital expenditure plan.

So during the year, the Pipavav port has completed its work on making the LPG jetty compliant for handling VLGCs with commissioning now expected once the permits have finally been received. I understand that's underway, which will further improve the competitiveness of Pipavav as an LPG logistics hub.

Work on the IHBL pipeline, that's -- on the KGPL LPG pipeline, to which, if I can remind everyone, both Kandla and Pipavav will be connected, that work continues. All of these key developments are positioning both our Kandla and Pipavav terminals to be the leading gateways for feeding the key LPG pipelines of India going North and into Central India.

The outlook for the second half of this year, we're only into one quarter and there's one more quarter that's left, both Liquids and Gas segments continue to perform well. And it is our expectation that this year's profits will continue to grow robustly. We expect our Liquids business with its leading position in the key ports of India to perform well for the rest of the year, especially in light of the good economic growth in the country. And this applies to...

Moderator: Sorry, to interrupt you, we lost your audio over here.

Raj Chandaria: So I'm just saying that both the Gas and Liquids segments continue to perform well. And it is our expectation that this year's profits will continue to grow robustly. We expect our Liquids business with its leading position in the key ports of India to perform well for the rest of the year, especially in light of the good economic growth in the country, and this applies to the LPG segment as well.

And as I've said in previous earnings calls, we are confident that the Distribution business is going to flourish and add to our base throughput business. As far as new projects are concerned, I'm pleased to confirm that the project work has now commenced full swing on the expansion projects announced last year.

We expect an additional liquids capacity of 50,000 cubic meters to be fully commissioned by the end of this financial year, and we'll continue to give updates in the ensuing quarters as and when the projects progress. As far as our Aegis-Vopak joint venture is concerned, we, as informed previously, the joint venture achieved a successful closure and is performing well in line with expectations. We are constantly evaluating new business opportunities and proposals and are confident that the combination of our strengths will lead to some interesting projects in the future. So that concludes our formal presentation, and we can now take questions. Thank you.

Moderator: The first question is from the line of Digant Haria from GreenEdge Wealth.

Digant Haria: Sir, good to see the volume uptick sustain and even grow. Sir, my first question is you put the macro aside, where we are trying to project the demand scenario for LPG year 2035. So in that slide, I see that we have kept the domestic production of LPG more or less at the same level as it is today. So what is it that you're seeing that domestic LPG production will not change in any meaningful way in next 10 years also. If you could just elaborate that will just help us understand the macro dynamics better?

Moderator: Digant, I'm sorry, but we lost your audio. You volume is not coming very clear.

Digant Haria: Can I -- am I audible now?

Murad Moledina: Yes, go ahead. I think we have more or less understood.

Digant Haria: So my question was that what makes us think that for the next 10 years, the domestic production of LPG is going to remain very negligible and here the imports will be the bigger contributor to sustaining LPG demand?

Raj Chandaria: Actually, the LPG is produced from 2 main sources. One is from refining, oil refining, and number two is from natural gas fields as a byproduct when you extract natural gas. Our contention is that no new major refineries are going to be built in India in light of the changing scenario to move away slowly from fossil fuels. Refinery is a very large investment, and normally, it has a time horizon of 30, 40 years, possibly even 50 years. And while the existing refineries may get small bottleneck...

Moderator: There's a lot of airy sound coming from the line sir. Sir, one moment, let me disconnect and reconnect your line. Ladies and gentlemen, thank you for your patience. We have the line for the management reconnected. Sir, you may go ahead.

Raj Chandaria: Yes. So the question was on why we expect domestic LPG production to remain fairly static. And I would say -- I was answering that basically LPG comes from 2 sources. One is refining from a refinery; and number two, from a natural gas field when you're extracting natural gas. In the case of refineries, we believe that there are no new major refineries being built.

And in fact, other than small debottlenecking that is going on in the existing India refineries, no new capacities coming on, on stream. Furthermore, a number of the important refineries in India, for example, the Bathinda Refinery in the North, one of the -- I think, as a refinery, will be converting their LPG production into higher-value petrochemicals. So in fact, there will be a decrease in the supply of LPG for domestic fuel. And that goes behind our reason why we feel that LPG production in India will be static.

Digant Haria: The second is, last time you updated that on the macro front, there is LPG surplus in the world because the rich countries are not really wanting LPG, they only want the natural gas. Does the macro situation still continue where LPG is abundantly available and much cheaper? And for us, we can replicate success stories like the one we had in Gujarat, elsewhere also.

Raj Chandaria: Sorry, again, the line was a little muffled, but if your question is on the supply side of LPG, the global supply scenario, we, at the moment, don't appear to see a huge problem in the international supply of LPG. Indeed, I think you alluded to the fact that LPG in foreign countries, natural gas is more in demand than LPG, and that is, in fact, correct. That -- LPG comes out from natural gas fields and natural gas is big demand. So LPG automatically will come out. We don't see a major problem in the supply of the -- global supply of LPG.

Digant Haria: Perfect. Last question is on the -- on the distribution part of our business. So also what we saw in Morbi last quarter, like increased volumes. Maybe you can just give some light on could we get more customers there? Did customers start taking more and more gas every month?

Moderator: Your voice is not coming clear at all.

Digant Haria: Okay. I think I'll join back.

Raj Chandaria: Yes. Perhaps we can move to another question and then I'll come back to your question.

Moderator: The next question is from the line of Priyankar Biswas from Nomura.

Priyankar Biswas: Congratulations on a great set of numbers. I think it's echoing. Can you hear me?

Raj Chandaria: Yes. We can hear you.

Priyankar Biswas: Yes. Sir, on the Morbi question, so we had seen a very significant distribution volume growth. But what we are hearing of late is that probably Gujarat gas is effectively cutting their prices sometime from March. And then again, the propane prices are also moving up. So can you just explain the dynamics, how the supply situation works here and what can be the volume outlook for distribution on that basis for maybe even FY '24?

Murad Moledina: Yes. Can I answer that? Morbi pricing and Gujarat Gas, they have already come -- I would rather say, bottomed out. If you look at your prices currently, it's 48 SCM or cubic meters. And if you convert that, so that price -- because India for NG is also tied up with Qatar where for 25 years, you have to take supply from Qatar, which is linked to crude. And that is 12.66% of the crude price +0.60

So that's the kind of agreement, which somehow limits them for -- because their cost is such. So their 48 SCM is a bottomed price, which propane can compete very easily. In fact, till last -- till this month, January, we were cheaper by around 15% -- 10% to 15% than the NG bottomed out price.

Now if you -- your other question was the distribution volumes going forward, we believe Morbi is just one of the markets. There is another market just nearby called Himatnagar in Gujarat and so on and so forth. We are pitching in various industrial clusters where we see a lot of opportunity for propane as a fuel.

We believe that it's clean fuel versus dirty fuel. So those furnace oil anddiesel, all of those have to be replaced. At what speed? How soon? Only time we tell. So the market is huge, we believe.

This is apart from the 7%, 10% growth in demand on account of cooking gas. So this is going to be a top-up where laws, where agencies, they are going to come on hard. This budget itself has actually raised the coal duty by 150% from, I think, 1% to 2.5%. So these things are going to help a lot in the conversion number, both NG and propane are going to benefit out of that. These are the clean fuel. And we would -- we are definitely very bullish on our distribution business going forward.

Can you imagine the whole of last year, we had done 150,000 tons. And now we are doing that a quarter. So that's the kind of growth we have seen this year. Of course, we may not be able to repeat the 4x growth year-on-year. But definitely, a very healthy growth is there, which we believe is going to happen.

Priyankar Biswas: So at least next year on a quarterly basis, can we do a run rate of 120 to 150 broadly, so around this level?

Murad Moledina: I think distribution, we have always said 30% to 40% growth year-on-year is what is normal. Now if such kind of step-ups come where industrial clusters convert. Now if you look at Morbi, I think 70%, 80% of them have converted to propane. So if those kind of step-ups happen, they would be over and above the healthy 30%, 40% growth, which we always believe distribution will give year-on-year.

Raj Chandaria: Yes. I think...

Priyankar Biswas: I think this level is sustainable, right?

Murad Moledina: Yes. Absolutely. Presently, whatever has increased, looks to be sustainable.

Raj Chandaria: Yes we remain quite bullish, but I would just reiterate what Murad said that we can't just extrapolate 400% going forward every quarter, obviously. But we think there is a sustainability to this momentum that has taken place as far as the industrial distribution side.

Murad Moledina: Yes, absolutely.

Priyankar Biswas: Now my next question is like -- you had mentioned that there was volumes in Pipavav were witnessing traction. And the VLGC jetty has just got commissioned, is that what I heard from you? So does this mean that going forward, we should be doing broadly sustainably over 1 million tons every quarter in logistics volumes give and take a few?

Murad Moledina: I think the 9,88,000 tons, which have happened in this quarter, 1 million should be a safe bet going forward for the quarter.

Priyankar Biswas: Okay. Just squeezing in a last question. So you had mentioned in the presentation that some large land was acquired in Mangalore and there was a land acquisition at Haldia as well. So what are the capex -- sorry, so what are the kind of facilities that you are trying to put on there, so Mangalore and Haldia?

Murad Moledina: We have already mentioned in the past that what we are going to execute is 100,000 metric ton of gas and 175,000 CBM of liquid facilities new at Haldia, Mangalore and Pipavav. So these land parcels are at Haldia and Mangalore are where these facilities are going to come up. These are going to be executed at an aggregate cost of INR 1,250 crores as announced earlier.

Moderator: The next question is from the line of Lavanya from UBS Group.

Lavanya Tottala Congrats on a good set of numbers. So I just wanted to understand the capacity that you have highlighted now. Out of that, how much will be coming in -- I mean, in the near term, like FY '24? And if you can help the split between the gas and the liquid capacity that is going to come?

Murad Moledina: Lavanya, we are yet working on the same. What we have come out and said is that 50,000 CBM of liquid capacity is going to be commissioned in FY '23 itself. So that is how far we can go as yet. But in the ensuing quarters, as and when things like permits, etcetera, finalize -- design will finalize, then we will come out with some more specific data on what is going to come up where and in what time horizon. But what we have said is that in 24 months when we announced the last time, these facilities would be up and commissioned.

Lavanya Tottala: So this liquid facility is in which locations, sir?

Murad Moledina: Liquid is in Haldia, which is going to be commissioned by March '23.

Lavanya Tottala: Got it. And on the distribution volume, I just wanted to check what is the contribution of this only Morbi segment in this like 160 kilo ton we have made?

Murad Moledina: We do not give that. It is quite sensitive. So we do not give that number.

Lavanya Tottala: Okay. I just wanted to check on the sustainability because with Gujarat Gas cutting down its prices and if both propane and NG is at a similar level, so despite the conversion of the units to propane, they will still be able to use natural gas if my understanding is right, right?

Murad Moledina: Yes. But the price which you are comparing where you're saying it is same as propane is the price where for NG you have to commit for 3 months. And month-on-month, the price of propane is expected to go down with the winter VCD. So we still are very competitive in that sense. And it will keep selling hopefully.

Lavanya Tottala: Okay. Got it. So any seasonality in this pricing? So there is some seasonality in the price difference, which usually naturals and propane has right, sir. So what is the -- can you help us understand that?

Raj Chandaria: Yes. I mean there's always seasonality. Obviously, there is a winter heating season in the Northern Hemisphere. So prices are always a little more elevated leading up to the winter and then start receding as the winter progresses. And as we enter spring, generally prices come down. So it's not absolutely clear cut, but there is an element of seasonality.

Moderator: The next question is from the line of Himanshu Yadav from Nuvama Wealth.

Himanshu Yadav: Congratulations on a good set of number. First question in relation with Morbi, what I understand is, I mean, you saying that we have a good fighting chance, given by the situation how it went pan out. So would it be fair to assume that quarter-on-quarter basis, we'll be able to continue at a similar rate or do you see some normalization happening in the next quarter or to the coming year?

I understand you don't want to spill out numbers, but we wanted to get an understanding to the point that there should not be no like big negative surprises in the quarter. I mean, the way you see that trend, I understand there's a big opportunity. But I mean such healthy volumes in Q3, I mean, do you think this run rate would kind of continue in Q4 and FY '24? That's first question.

Raj Chandaria: As I've mentioned earlier, I don't think one should extrapolate fully just from Q3 there is going to be a huge 100% or -- 400% increase every quarter, clearly. But...

Murad Moledina: Yes. I think what you're trying to say is that the volumes, which we have achieved in Q3 is sustainable? So answer to that is we believe it is. Like we have said earlier, it is not just Morbi, the distribution sales do not, all of that -- all of it is from Morbi.

There are areas other than Morbi where we sell and we expect the areas to expand. Like we have said, the more and more industrial clusters as the law will tighten and as NGT will come hard like it did on Morbi. So Morbi was actually forced into the conversion to clean fuel. So that is how I think -- we think that more and more industrial clusters will come. So to answer your sense, we feel that whatever volumes have been achieved are sustainable and we'll have a healthy growth rate, which we have just said earlier.

Himanshu Yadav: Right. The second question, the 50,000 cubic liter capacity, which I think will come by FY '23. How should one think in terms of the economics of that facility and the ramp-up over say, two to three years? Will it be the usual way, which liquid had done in the past and should be at similar only?

Raj Chandaria: I think liquids, generally speaking, I would confidently say that it's basically been sold out already. And it's a fairly simple business model that we have. So you can assume more or less 90% to 100% capacity utilization in FY '24 for that 50,000 cubic liters.

Himanshu Yadav: [inaudible 0:32:10] and sir last question is on, [inaudible 0:32:12] I mean last call, you mentioned that they were operating at a slightly lower base as, I mean, they have recently come under our operations. So they'll take some time to reach the efficiency levels, which other, [inaudible 0:32:37] are showing. So some color on utilization and margins for those two terminals?

Murad Moledina: I think we lost you sometime back. So are you referring to Friends terminal, which we have acquired?

Himanshu Yadav: Friends and CRL Kandla, I want to know the...

Murad Moledina: Friends and CRL Kandla, yes, they are doing well, and they are progressing as we would have wished for. So it's healthy growth out there for both the terminals.

Himanshu Yadav: Right. And sir, Kandla LPG terminal, we are just doing distribution volumes as of now, right? There is no offtake by the PSUs as of now?

Murad Moledina: Yes. I think in this quarter, oil companies have also started through-putting at Kandla terminal.

Moderator: The next question is from the line of Chirag from Budhrani Group.

Chirag: I just wanted to know, so where is this liquid facility coming up?

Raj Chandaria: Haldia.

Chirag: Haldia. Any sense on profitability or something? Will it be similar or better than the pursuant capacity?

Murad Moledina: Similar, Similar. Similar to what we have as an average realization. So we just have to add the capacity to our existing 1.6 million. And we should as we have always guided.

Moderator: The next question is from the line of Parth Kotak from Alpha Plus Capital.

Parth Kotak: Congratulations for a great set of numbers. I think you alluded towards the capex of INR 1,250 crores. Capacities that we are talking about, is the understanding correct that the return on these capacities would be, say, mid to low or high-single digits?

Raj Chandaria: Are you talking about return on capital employed?

Parth Kotak: Yes, that's correct.

Murad Moledina: We -- see these new capex, as we have said earlier, will be geared at 0.6. So the cost of debt is lower post tax 5% that would actually put the return on capital double digit, not single digit.

Parth Kotak: And also, if you could help me with the current debt and cash position for the stand-alone entity and the consolidated...

Murad Moledina: Standalone, it's not at all the right way to look at it. But on a consolidated level, we are having net debt negative. So we still have INR 1,200 crores as cash on hand and the debt have actually fallen down to somewhere around INR 650 crores for December end.

Parth Kotak: And lastly sir, when do you expect these 175 kiloliters and 100,000 metric tons of gas capacity to be on stream?

Murad Moledina: We have said 24 months, right?

Moderator: The next question is from Suman from Techfin Consultant.

Suman: I want to go to the green energy side. How do you foresee your hydrogen things coming in? What kind of turnover you expect and when? What kind of market size do you expect then to start?

Raj Chandaria: Yes. I think, look, green energy is something that is definitely on our horizon. We are exploring, of course, with our joint venture partners Vopak, how to move into green energy. In fact, we were in Europe last September, touring all their facilities and all their initiatives on green energy, whether it be hydrogen, ammonia and so on.

And I can confidently say that we are -- at least as far as ammonia is concerned, it's definitely on our horizon, on our radar, and we are quite confident that at some point we will be announcing a couple of ammonia projects. And hydrogen is -- ammonia is like a hydrogen carrier. It's the ability to move hydrogen, which is a very complex and difficult molecule, it's better to do it with ammonia in the form of NH3 and then use it as hydrogen and so on. So it's a bit of a technical issue.

So if your question is, is Aegis looking at green energy? Absolutely, we are looking at green energy, but remember that we're not in the business of producing green energy. we're in the business of facilitating the storage and transportation of that -- of green energy and in whatever shape or form it comes. So I think that's what I'd like to convey on green energy.

Suman: Do you expect some kind of business to emanate in the next financial year?

Raj Chandaria: No. In the next financial year, in '23-'24? I mean, quite possible we will have an announcement whether we will -- we won't be in a position to commission anything, but we will have announcements.

Suman: And any indication, are there some more players who are planning to enter this field?

Raj Chandaria: You mean the field of energy -- green energy?

Suman: Green energy, yes.

Raj Chandaria: Well, I think Adani Group has made major announcements. I think they're going to invest $75 billion in green energy and producing green energy and so on. So I know they are a very serious and credible player. Of course, Reliance also has indicated. So these two big groups have already made major announcements. Now of course, we are in the logistics space. And anything that anybody does in green energy production, whether it's hydrogen, ammonia or any other fuels, we'll be there to help in terms of the logistics. That's what our business is.

Moderator: The next question is from the line of Priyankar Biswas from Nomura Financial.

Priyankar Biswas: This question is in relation to Kandla. So sir, last time I recall that you were highlighting that probably in December, you would be seeing the first LPG ship docking at the Kandla, I mean, from a logistics standpoint of view. So has that taken place, the first LPG shipment by the OMCs?

Murad Moledina: Yes. And absolutely. It has happened.

Priyankar Biswas: And can you give us some volume trajectory for FY '24-'25, like what sort of ramp-up do you see at Kandla?

Murad Moledina: I think, that is a difficult question. We always try our best to see that there is a maximum growth. But yes, Kandla and Pipavav will see most of the growth because Mumbai, as you know, is already reached its maximum limits.

And Haldia, the natural growth is going to continue. So all the healthy growth, which one can see will come from the Gujarat two terminals, Pipavav as well as Kandla. Kandla because of national oil companies stepping in and starting their logistics and Morbi continuing and the pipeline connections, which are going to happen in Kandla. And Pipavav because of the rail gantry, because of the VLGC compliant jetty, because of the pipeline connections. So these two are going to drive the growth of logistics for the next 3, 4 years, definitely, and quite a healthy growth should be.

Priyankar Biswas: So for the next year, at least the minimum growth that you are relatively confident of. So that was what I wanted to ask?

Murad Moledina: I think you should -- whatever run rate we are going to achieve in Q4, I think that run rate if you multiply by 4 for the next year should be quite a nice indicator of what is the growth that would happen in the next year. Or you may, in all probability take the Q3 one because it is little more upside for Q4 and then multiple by it 4. So $4 million plus is sometimes back also we said should be possible in FY '24.

Raj Chandaria: Yes. I think we'll have more visibility as we move towards the end of the year. And I know you'll be there when our annual earnings call in the month of May. And I think we will have a better feel of how the year is shaping out and we'll be probably able to give you a little better feel at that time.

Priyankar Biswas: And this green energy announcements, ideally, when can we expect like you said FY '20 or so like -- is it something like already currently in works? Or is it like you are planning to do something in FY '24?

Raj Chandaria: Yes. I think we are -- the management team is actively involved in discussions with potential users and so on. And so I think probably, let's target Q2 as a kind of – yes, target Q2. So stay tuned.

Moderator: The next question is from the line of Dr. Amit Vora from The Homoeopathic Clinic.

Amit Vora: So as I saw the last quarter -- compared to last quarter, I think the margins are better in the gas and even the liquid sector?

Murad Moledina: Yes.

Amit Vora: So are these kinds of margins sustainable or you see margins improving a little further more for this financial year and the next financial year?

Murad Moledina: We have always said the blended margin rate for distribution business would be somewhere around INR 3,000. We have done a tad better in Q3. We hope and wish we continue doing that, going forward also. But I think safely, INR 3,000 as a margin for distribution blended rate, EBITDA margins are safe to be considered.

As far as liquidity is concerned, all our terminal after the completion of JV has stabilized. And therefore, they have come back to the levels which we have always been talking about, which is INR 3,000 a year for revenue and 65% EBITDA margins there on. So that is, I think, somewhere we are close to that, and we expect to remain so fully.

Amit Vora: The maximum that we can see for now?

Murad Moledina: Yes.

Amit Vora: That is the maximum we can see from now?

Murad Moledina: Yes, yes. Depending on the additional capacities which are going to come in, in liquid, you will see a growth on that count also.

Moderator: The next question is from the line of Khush Gosrani from InCred Asset Management.

Khush Gosrani: Congratulations for a good set of numbers. I just wanted to ask what would be the segmentation of the INR 1250 crores capex between cash and liquid? Has it been decided as of now?

Murad Moledina: No, the work is still on. So like I said, very soon, we'll come out with more details.

Khush Gosrani: Sure, sir. And in terms of -- just one more question. How much time does it take a jetty to reach an optimal capacity utilization?

Murad Moledina: Jetty?

Khush Gosrani: A port, sorry. So let's say in the Kandla how much time will it take for us to reach an optimal utilization?

Raj Chandaria: You mean at the terminal?

Murad Moledina: LPG terminal is always constructed for long term. So it has to satisfy the customers' growth and need for 5 to 7 years once it starts. So accordingly, you can safely assume that, let's say, you start somewhere at 20%, 25% capacity utilization and grow 15%, 20% every year there on so that the 5, 7 years of growth trajectory of the customer is taken care of.

Khush Gosrani: Okay, sure. And in terms of then we would be signing contracts that way, right?

Murad Moledina: There is nothing like signing. The contracts are always in place to use the terminal, and it depends on the growth the customer has in this business, which is LPG growth, and that is a macro picture which has already been discussed many times over in the past. And also our presentation carries that. So as the LPG demand increases 7% to 10% overall and imports, if you look at is 15%. So that is the kind of growth which translates into your terminal logistics volumes.

Khush Gosrani: And this growth would be increasing because the refining capacity is not increasing in India?

Murad Moledina: Yes, that's right.

Khush Gosrani: As the demand goes, right?

Murad Moledina: Right. Demand keeps growing and the local production is stagnated.

Moderator: As there are no further questions, I would now like to hand the conference over to Mr. Raj Chandaria for closing comments.

Raj Chandaria: Right. Thank you very much. As I said, we are, of course, pleased to present a good set of results. I would like to say that the management team has performed exceptionally well during this last few months to really deliver sustainable trajectory for the company. We're really proud of them. And we expect at least to finish off this financial year '22-'23' on a similar high note. And I know a lot of you are eagerly awaiting an update on the outlook for the next year.

So please stay tuned. And thank you. With that, I'll close the call. Thank you.

Moderator: Thank you very much. On behalf of Aegis Logistics Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.