"Aegis Logistics Limited Q4 FY'23 Earnings Conference Call"

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MANAGEMENT: **MR. RAJ CHANDARIA – CHAIRMAN AND MANAGING DIRECTOR – AEGIS LOGISTICS LIMITED**
MR. MURAD MOLEDINA – CHIEF FINANCIAL OFFICER – AEGIS LOGISTICS LIMITED

MODERATOR: **MS. PAYAL DAVE – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 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 then zero on your touchtone phone. Please note that this conference is being recorded.

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 exchanges as well as the company's website. With this, I now hand the call over to Mr. Raj Chandaria for his opening remarks. Thank you, and over to you, sir.

Raj Chandaria: Thank you very much. Yes. Good afternoon, everybody. I'm joined by our Chief Financial Officer, Mr. Murad Moledina, and we will be presenting the Q4 and FY '23 financial results, various business updates and the outlook for the full year of FY '24.

Before I move on to discussing the financial performance for the full year of 2023, I'm pleased to inform you that the Board of Directors has recommended a final dividend of INR1.25 per share for the face value of INR1 for the financial year ended March 2023. And with this, the full year dividend, including the 3 interim dividends already given during the year works out to be 5.75 per share -- INR5.75 per share for the face value of INR1 share, i.e., that's 575% of the face value.

So I'd also like to draw your attention to our new vision and mission statement, which reflects the change in the global business environment. As you all know, India is not insulated from the problem of climate change. And India's international commitments have now put us firmly on a path to sustainability. As a company that is building and operating energy infrastructure, we believe we can play our part in moving India from using dirty fuels to cleaner fuels. And our core purpose of vision, therefore, is to support India's transition towards a more sustainable future. And our mission is to store and distribute both liquids and gases in a safe and sustainable manner.

Now our strategy, of course, remains consistent with this mission. And in that regard, 2023 has been a very eventful year. –In FY '23, we delivered growth through a combination of mergers and acquisitions and organic growth. And we have now embarked on the largest capex implementation in the history of the company, and I'm pleased to say that it's progressing well, and I'll cover this in more detail later in the call.

So just to highlight the financial numbers, we have once again delivered record-breaking performance in FY '23. The revenues increased by 86% to INR8,627 crores versus INR4,631 crores on a consolidated basis. The EBITDA of INR804 crores was an increase of 37% compared to FY '22 and the highest ever. The profit after tax was INR511 crores, representing a growth of 33% over FY '22 and this resulted in an earnings per share of INR13.19 when -- as compared to INR10.19 in FY '22, which is an increase of 29%.

I think you will agree with me that these results are consistent with our quarterly updates during the past year. It is the outcome of a successfully executed joint venture with Vopak. The acquisition of an additional 0.5 million cubic meters of liquid capacity, a flawless ramp-up of the new Kandla LPG terminal, and take-off in the distribution business. Furthermore, as the new projects now being implemented are commissioned, we are confident that the positive momentum that we saw in FY '23 will be sustained in FY '24 and onwards. Now before I move on to discuss specific business updates, let me hand over to Mr. Moledina, to give you more details on the performance of each division. Murad, can I hand over to you?

Murad Moledina: Yes. Good afternoon, everyone. Both our divisions delivered a record performance in the last year. Let's first take up liquid division. The revenue for FY '23 was INR417.9 crores, a lifetime high versus INR270 crores in FY '22. That is an increase of 55%. The EBITDA for the year for liquid rose to INR271.5 crores versus INR195 crores in the previous year, which is again an increase of 39%.

Gas division. Revenues in FY '23 was INR8,209.2 crores versus INR4,361 crores in FY '22, a growth of 88% year-on-year.

The increase in revenue was largely led by increasing volumes in the sourcing business, which increased by 66% in the last year. EBITDA for FY '23 was INR532.2 crores versus INR390.2 crores in FY '22, delivering a growth of 36%. We continue to see growth for Gas division with increasing volumes in all subdivisions, sourcing, throughput and distribution. Let me give you the volume details of each.

Throughput volumes. The LPG volume for Q4 FY '23 ended at our 4 terminals: Mumbai, Haldia, Kandla and Pipavav were 8.77 lakh metric tons versus 8.01 lakh metric tons in Q4 FY '22. That is an increase of 9%.

For the full year of FY '23, we handled 33.3 lakh metric tons versus 28.6 lakh metric tons in FY '22, an increase of 17%. This was despite lower volumes at Haldia on account of taking up upgradation of both the jetties during the year where we handle LPG.

The jetty at Pipavav has also now been upgraded to handle VLGC. The LPG rail gantry at Pipavav continues to perform well and is delivering considerable cost savings to our customers, which is driving improved volumes.

Mumbai continues to operate at full capacity with IOC, BPCL and HPCL, bringing imports. Kandla LPG terminal is also fully operational and has started to deliver on our expectations.

Let's see distribution volumes, commercial and industrial. The commercial and industrial bulk segment handled 1.31 lakh metric tons in Q4 FY '23 against the 0.45 flat metric tons in Q4 FY '22, registering a growth of 193%. And for the full year FY '23, the segment handled 4.74 lakh metric tons versus 1.38 lakh metric tons in FY '22, an impressive growth of 243%. This is a lifetime record performance for this division and with stable margins.

With Kandla LPG terminal operationally stabilized, we believe that the distribution business will continue to register impressive growth going forward.

Autogas sales were lower at 4,880 metric tons in Q4 versus 6,180 metric tons in Q4 on year-over-year. However, for the full year FY '23, the Autogas sales were 20,228 metric tons versus 21,700 metric tons in FY '22. The margins in this business continue to remain stable.

Sourcing volume. The sales volume of sourcing business in Q4 FY '23 was 2.37 lakh metric tons versus 2.70 lakh metric tons in Q4 FY '22. For the full year '23, the sourcing volumes were 8.95 lakh metric tons versus 5.56 lakh metric tons in FY '22, a growth of 61%. As reported previously, we expect this increase in volumes to continue throughout the calendar year of 2023. With that, I would now like to hand over the line back to Mr. Raj Chandaria to give you an update on capex and outlook going forward.

Raj Chandaria: **Thank you.** Okay. So now let me turn to the business update for the last year and the outlook for the coming year and an update on our capex plan. For the liquid division, we expect our liquids business with its leading position in the key ports of India to perform well for FY '24, especially considering the good economic growth in the country.

The liquids expansion of 50,000 kiloliters at Haldia, which we referred to as H5 is now complete and fully commissioned. The additional 5,50,000 kiloliters acquired from Friends Group during the last year is now available for use for the full year of FY '24, and our capacity expansions at Kochi of 50,000 kiloliters and Mangalore of 70,000 kiloliters will be commissioned towards the end of FY '24.

I'm really pleased to announce that we have now added JNPT to our net list of terminals, which -- and are currently building liquid tanks with a capacity of 1,10,000 kiloliters as a first step. We expect to commission this in mid-2024. So in summary, at the moment, we have just commissioned 50,000 kiloliters of liquid tankage and have an additional 230,000 kiloliters under construction, which will be fully available in FY '25.

As far as the Gas division is concerned, during the last year, Pipavav port completed its work on making the LPG jetty compliant for handling VLGCs, with commissioning now expected once the permit -- final permit has been received, which will further improve the competitiveness of Pipavav as a logistics hub.

In the last year, we were in the process of connecting to the Kandla Gorakhpur LPG pipeline for both Pipavav and Kandla LPG terminals and looking up to the Jamnagar LPG pipeline for the Kandla terminal.

So in future, these terminals will become critical and leading gateways for the feeding of the key LPG pipelines of India going north and into Central India. The additional capacity of 3,000 metric tons of spheres at Pipavav is progressing well and expected to be commissioned in Q2. I'm also pleased to inform you that the construction of a new cryogenic LPG terminal at Pipavav with a capacity of 48,000 metric tons is underway. And I'm also excited to confirm that the commencement of work at Mangalore of what -- when completed, will be India's largest cryogenic LPG terminal with a capacity of 80,000 metric tons.

Let me repeat that. It will be India's largest cryogenic terminal with a capacity of 80,000 metric tons at Mangalore port.

So in summary, an additional static capacity of 131,000 metric tons of static LPG terminal in capacity is currently under construction. We expect the distribution business, which performed well in FY '23, to continue to grow. We continue to expand the footprint of our network of fuel stations and cylinder filling plants with the completion -- recent completion of an additional filling plant at Pipavav.

Lastly, the Aegis Vopak joint venture, AVTL, has achieved a successful financial closure in the last fiscal year. Our management teams are now fully integrated and performing well. We are together constantly evaluating business opportunities and proposals and are confident that the combination of our strengths will lead to some interesting projects in the future. We are extremely well capitalized for future growth projects, and we'll keep you updated as we make further progress in this direction.

So in summary, all these developments position us very well to continue executing on our mission while storing and distributing bulk liquids and gases in a safe, sustainable manner. And in doing so, we remain confident to be able to deliver good financial results in FY '24 as well.

So with that, I conclude my formal remarks, and I can now open the floor to questions and answers.

Moderator: Thank you very much. The first question is from the line of Priyankar Biswas from Nomura.

Priyankar Biswas: **Congratulations for the decent quarter.** My first question is I missed the numbers for the commercial and bulk volumes for 4Q FY '23. So if you can repeat that first?

Murad Moledina: 136.1 -- 136,100 metric tons.

Priyankar Biswas: No, no. So I am saying within the distribution, what's the split of commercial and...

Murad Moledina: Industrial is 131,230 metric tons.

Priyankar Biswas: Sir, the next question is, I'm sure you would be aware that today, the Saudi CP prices have been cut down quite sharply. So I guess, more than $100 plus. And at the same time, what I understand is that Gujarat Gas has also have been cutting these P&G prices also parallelly.

So how is the dynamics shaping up? And what sort of distribution volumes, let's say, can we expect in the first half?

Raj Chandaria: So I think in our last conference call in February, we had talked about this, and it's been a recurring theme that everybody has been questioning that how do we compete with pipe natural gas or CNG or -- and so on.

And we've consistently said that these 2 fuels will continue to exist. We did have a sort of an upsurge in the distribution volumes in the Industrial segment as we opened up our Kandla terminal.

And we cannot predict exactly how the prices will move. But we are very confident that the position that we have of the industrial supplies, not only in Kandla terminal, but in Pipavav, Haldia and to a limited extent from Mumbai, will always be now competitive with alternative fuel like natural gas.

And with the experience that we got in the last year of supplying to industry, I think we are pretty confident. We are always competitive on the cylinder side, of course, which has been an old established business and Autogas as well. But even on the Bulk Industrial supply, we are pretty confident that we will be able to maintain the kind of volumes that we have had in the last financial year.

Priyankar Biswas: Sir, let me revert the question. What I meant was, like with the cut in LPG prices that the Saudis have announced, so like if you have to factor that into today, so what would be the ballpark discount versus pipe natural gas today?

Murad Moledina: The differential, I think, remains versus LPG -- I mean, propane versus natural gas would range -- the differential in pricing would always be between 10% to 20% will always be there. Propane would be cheaper to natural gas. But with this cut by Saudi in the CP, we expect to earn a bit more in the first half year.

Priyankar Biswas: So maybe 20% plus, I mean after this sharp cut would be the right thing to do?

Murad Moledina: I will not be able to commit to that. But yes, it will be quite good. Yes.

Priyankar Biswas: And sir, there was somewhat of a dip in the liquids margin in this quarter. So any reason for that?

Murad Moledina: Nothing specific. It would probably be because of the mix. So quarter-to-quarter, the mix of products stored in liquid terminals do change depending on the demand supply situation. So no specific reason.

It was perfectly a normal quarter, and we expect liquid to grow year-on-year. The capacities which are coming up and the kind of growth we are experiencing, I think that would be maintained. Probably, the growth will be there in FY '24 also.

Priyankar Biswas: Just squeezing one last question. So for the Mangalore, Pipavav, you have said that new cryogenic facility is being added. Can you give us some idea? You give the static capacity, what should we consider as the annual capacity, like in 1 million-tons times? That would be my last question.

Murad Moledina: I think for Pipavav, we are setting up this cryogenic terminal mostly to cater to the KGPL pipeline, which has already reserved 1.5 million tons to be throughputted out of Pipavav. Anything more than that would depend on how the demand -- the experience in the area.

As far as Mangalore is concerned, we have said that it would be somewhere around 4 million tons of throughput capacity.

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

Chirag: Just wanted to get a sense on this JNPT liquid unit. What is the potential? And sir, the cryogenic unit that you have talked about, what is the revenue and profitability potential?

Raj Chandaria: So let me just take up JNPT, and thank you for asking that question. JNPT is, of course, a major port, second port of Mumbai or possibly the first port of Mumbai and MBPT being second port in terms of size and capacity.

And we have always felt that, that was a strategically very important port for us to be involved in. So we have successfully been able to get a position there. As I said, we are putting -- starting off with Phase 1 of 110,000 kiloliters of tankage, liquid tankage. And it will be commensurate with the profitability that we have observed in liquids in all the other ports. So no significant difference.

But I think this is just the start as we move on and we are able to sort of understand the market dynamics and so on, I'm sure we'll be putting more capacity in JNPT. So really excited about that. What was your second question?

Murad Moledina: I can take that. That is the cryogenic. So as we have said earlier, that Pipavav cryogenic is to cater to the KGPL pipeline throughput of which 1.25 million is planned in the first phase and then increasing to 1.5 million out of Pipavav. So that would be the kind of throughput we expect from the Pipavav cryo terminal.

As far as Mangalore cryo terminal, it would somewhat be in line with Kandla. So the projections, et cetera, what we have said for Kandla would also be for Mangalore cryo terminal.

Chirag: So in terms of profitability, does the cryogenic have a higher profitability potential?

Murad Moledina: The cryo terminals have potential of growth in volumes. So you can do so much more in a cryo terminal and it would last you that we can cater to the customer growth for the next 7, 10 years. You would have enough capacity to be able to cater to the growth the customer would get in the business going forward. So cryo is therefore very, very important in that sense.

Raj Chandaria: And also, I think the vast majority of ships now -- large ships, transporting gas are all cryogenic ships. So this is the way the world is moving. And the larger the ship, the lower the cost of it.

Chirag: Okay, sir. And sir, and on the volume numbers, could you -- there's a fall in Autogas business. So what is it on account of? And secondly, can you give the breakup of the bulk gas and industrial distribution number? I think I missed that number, Q4 numbers?

Murad Moledina: Commercial and industrial as said, and it is 131,230 tons for Q4. As far as Auto LPG is concerned, we are working, and we expect -- even though the volume for Q4 were lower, I think we somehow managed almost the same for the year. But I can tell you, the margins which come out of Auto LPG are unaffected, and we continue to earn what we did the previous year.

We are working on increasing the Auto LPG volumes. There is so much to do in all the areas, whether it's logistics, sourcing, distribution, Auto LPG, you will see going forward.

Chirag: Okay. Sir. And lastly, sir, any guidance on throughput volume for FY '24?

Murad Moledina: We do not give guidance on throughput volumes. However, we maintain and we have said in the past that we see an EPS growth visibility for the year from 22% to 27% of a CAGR of 25%. We maintain that, yes.

Moderator: We have the next question from the line of Digant Haria from GreenEdge Wealth.

Digant Haria: Sir, my question is on the LPG business. The non-retail part of the LPG business. So retail has grown in volume by 3x in this year. But when I look at nonretail, it has grown by 5%. So if you can just comment a little bit on like why is the growth number slightly lower? And what is a sustainable number to look at in the nonretail part of the LPG business?

Murad Moledina: For throughput business, which you were saying, we have grown by 17% and not 5% over the previous year. That is number one. You probably are talking quarter-on-quarter. I'm not sure. And we expect this growth to be more -- or to grow more the next year because you will see the full effect of Kandla the next year, and that will be good.

I have always said in my interaction that you have to look at terminal by terminal. So if you look at Mumbai, it's already 100%. So there's nothing -- very little scope to grow in Mumbai. But the capacity is still there to count, but growth would be very limited. As far as Kandla is concerned, it just started during the year and took time to stabilize and is now at a very healthy run rate.

Pipavav also is as per our expectation. Now when you come to Haldia, Haldia will have a natural growth of 10%, 15% year-on-year as the demand of the customer rises or grows year-on-year. So when you aggregate, the effect of all of this may not necessarily come out by the percentage statistics of 17%, but we expect growth and we are adding static capacities, which will give step-up growth going forward also to the Logistics division.

Digant Haria: Right sir. Sir, second question is on the retail LPG business. Sir, quarter-on-quarter, there was some dip. So is there some seasonality or it is just like a temporary phenomenon? And what are we -- like have we explored more areas other than Morbi where this retail business can be grown in a similar fashion? That's it from my side.

Raj Chandaria: Yes. Of course, now with the experience of Kandla terminal being available to further expand into the distribution of LPG, we are definitely taking that same experience and trying to apply it to all the other LPG terminals. I would say, Haldia and Mangalore when it comes up, we'll have definitely good scope and so on. And so I think we are definitely -- we don't refer to retail anymore. We're just calling it the distribution business because it encompasses commercial, small industries, larger industries and Autogas.

So we just put it all together and call it distribution. Yes, somebody has also asked a question about Autogas. There are ups and downs in this business. Sometimes we decide that there is more diversion of LPG from some illegal activities going on. And we can't really control that. So the demand does fluctuate for the Autogas section.

But as I said, we look at now really at a total of 15,000 tons, while it is very attractive margins out of the total figure of -- out of 4,70,000 tons -- yes, Autogas was 20,000 tons. So while definitely it's an important business for us in terms of unit margins, it's not -- a little fluctuation here and there doesn't really bother us. We are focused on the big picture.

Digant Haria: Sir, and this 4,70,000 tons of distribution business, can we treat this now as a base number and like build upon this?

Raj Chandaria: Yes. I think I would say, yes. I think we can probably take that. Yes.

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

Lavanya: So just one question on Kandla. So can you help us understand the exit utilization of Kandla, any sense on how it did in Q4?

Raj Chandaria: Can you speak up a little bit? I didn't hear that.

Lavanya: Sorry, I was just checking on Kandla exit utilization, how the utilization rate of Kandla was in Q4?

Murad Moledina: It was at a run rate of more than 70,000 tons per month.

Lavanya: Okay. Got it. And on JNPT, how does that work? Sir, I mean did we take some land in JNPT where we can expand going ahead? Or how is it in JNPT that we are planning to expand capacity?

Raj Chandaria: Right now, we have one parcel of land on which we are -- which we tendered for and we successfully won. I'm sure there will be other opportunities. So as I said, as far as we are concerned, this is our first step. This is what we call Phase 1. And as more opportunities come up for acquisition...

Murad Moledina: Yes. Just to add here, I think please look at history. The same thing happened in Kandla. We've started with 1,40,000 kiloliters of liquid. If you look at Haldia, then Mangalore. So we -- this is just like that a beginning in a new major port. And we are hopeful we will be able to repeat what we did in other ports in JNPT also.

Lavanya: Got it. Last question from my side, sir, on I mean, liquid section. So margins have improved last quarter. So is it right to assume that we still have potential to improve the margins in liquids as the product mix improve in Kandla. Is the assumption right there?

Murad Moledina: Yes, I think so. But it all depends port to port and terminal to terminal once the product mix finally we land up with. So we remain extremely flexible. So what is important is to grow revenues and grow our -- how we fare in the industry. So the entire focus is on growing liquid revenue quarter-on-quarter, year-on-year. And I think we are well on course for that.

Moderator: The next question is from the line of Sandeep Dixit from Arjav Partners.

Sandeep Dixit: I do have a couple of questions. So The first one was on capex. In one of your slides, you have mentioned the number of INR4,500 crores in the JV with Vopak. Can you assure us some color on what exactly is this? Does this include that INR150 crores that you had already mentioned?

Murad Moledina: Yes. So INR4,500 crores is the joint business plan of our JV with Vopak to be done over a period of 5 years, beginning from 2023, all the way up to 2027, of which quite a few of those projects have already kicked off as we have been updating quarter-on-quarter.

Sandeep Dixit: So this INR4,500 crores, would it be possible to give some breakup of -- this is for example, the cryogenic facility come under that, no?

Murad Moledina: Yes. So like we said, this is a plan of INR4,500 crores. And what we have announced are specific projects, I repeat, Pipavav, 48,000 metric tons of cryo; Mangalore, 80,000 metric tons of cryo; and then 50,000 kiloliter of Haldia liquid; 70,000 kiloliters of Mangalore liquid; 50,000 kiloliter of Kochi liquid. So these are out of those which are already underway, and we will keep doing that over a period up to 2027 and achieve INR4,500 crores of what we plan as new capex. Greenfield, Brownfield, acquisitions, whatever comes our way.

Sandeep Dixit: And that's sort of a related question to that is that your debt levels have gone up sharply in this year, right? In short term, long term put together is about INR1,900 crores. Where do we see debt picking up?

Murad Moledina: We have agreed with our joint venture partners that this INR4,500 crores, which we envisaged in our plan for Capex will be funded with the financial covenant of debt gearing of 0.6%. But it doesn't mean it starts with 0.6% upfront. So it will be endeavored to reach 0.6% gearing so that there is a very healthy equity return for both the partners from these capex. These are long life capex with a life span of around 40 years.

And they are -- there has been out quite a cash generation. And therefore, going for that at 0.6% financial gearing is quite healthy. So we will endeavor to do that. And it may not necessarily be at any particular point of time that you measure it. We are, on a console basis, still net debt negative. We have more cash than we have debt on console level.

Sandeep Dixit: The other question was regarding your EBITDA margins. What would be -- what should we consider as a stable level of EBITDA margin? The reason I'm asking this question is if I look at the last 8 quarters, it has come down from somewhere in the range of 15% in June '21 to about 9% in March '23. What's your sense of where should we see this EBITDA margins at?

Murad Moledina: Okay. Again, it is statistics, very misleading. What you are comparing EBITDA with capital employed also includes cash on hand. So -- and some evaluation in that of freehold land. But we will split those out and take actual capex, then we have always said that infrastructure capex in our line of business would generate an EBITDA between 15% to 20%. So that is what you should consider current capex as well as going forward capex, that would be the EBITDA generation.

But while you are applying EBITDA over the capital employed, you'll have to actually take into account cash, etcetera, which are still not deployed because the capex has happened over a period of 18, 24 months, it just doesn't generate overnight into cash-generating assets. So that is how...

Sandeep Dixit: I think you're referring to the ROCE numbers, whereas I was referring to just earnings before income tax, EBIT?

Murad Moledina: I'm sorry, I got it wrong. So again, in case of revenue to EBITDA, you will have to understand that our sourcing business is a very low-margin business, and you cannot put that -- you cannot use that to work out the EBITDA percentage. So because my sourcing revenue has increased substantially by around 61%, you see that fall off from 15% to 9%. But the sourcing business is just $1 per ton earning business.

It has got -- it actually contributes very little to the EBITDA. So if you strip that out, the sourcing business revenue and then compare the EBITDA, my gas EBITDA would come somewhere around 90% and liquid EBITDA would be somewhere around 65%.

Raj Chandaria: And that's why we report EBITDA separately segment-wise because that enables you to calculate the margins, EBITDA margin as a percentage of top line independently to each activity.

Sandeep Dixit: I appreciate that, and thank you for that. But, I mean, from where you stand right now, do you expect sourcing to be an integral part of the Aegis?

Raj Chandaria: Sourcing is -- while definitely not the most profitable business in terms of absolute numbers, it's a part of our overall strategy of being an integrated supplier of LPG from the sourcing, shipping all the way through to distribution. And it really gives us a -- along with our joint venture partner Itochu, it gives us a tremendous window into what's happening in the business.

So I think it's fair to say that sourcing will always remain a part of this business as long as we are in the LPG business.

Sandeep Dixit: So clarification on that point, can you expect proceeds to be pretty much the same revenue as it is now? Will it go up...

Raj Chandaria: Sourcing has 2 components. One is the pricing of gas, which, of course, is not within our control. And higher the price or the lower the price, it doesn't really affect our profitability. But it does affect the overall numbers topline -- the revenue number. And the second part is the ability to secure on a tender basis the contracts in which we work very closely with our joint venture partners with Itochu.

So for example, a year before last, we weren't successful, and our sourcing volumes went down. But last year, we were very successful, and we got -- and saying with this year, we've got significant business on the sourcing side. So as we get more and more strong in this -- in the India supply business, along with our joint venture partner, Itochu, it's our hope that we will win our fair share of tenders.

Moderator: The next question is from the line of Gazal Gupta from JM Financial.

Gazal Gupta: My first question is related to the logistics segment. So for this quarter, we did a volume of 877,000 versus 988,000 for the last quarter. So sir, just wanted to understand why was there a decline in the logistics throughput volume? Because last quarter, when we had a discussion, then it was mentioned that we can assume a run rate of 1 million tons going forward. So just wanted to understand on that front.

Murad Moledina: 3.3 million is what we did in this year. And we had said that for the next year, I don't think we give volume guidance as far as throughput is concerned. But we expect the growth in the next year for reasons we have already said earlier that Kandla will be fully -- we will be able to capture full value the next year. So we expect to be as close to 4 million as possible in the next year. Yes, that is possible.

As far as quarter-to-quarter, there are always factors which have to be taken into account, including year ending inventory management by customer, et cetera. But there's not been any specific reason for the volume for Q4 versus Q3. We are very comfortable and confident of the volumes for the next year also.

Gazal Gupta: Okay. Sir, how much growth can we expect in this particular segment in terms of volume for the next year?

Murad Moledina: We have already said we expect to be as close to 4 million as possibly the next year.

Gazal Gupta: Okay. Sir, one more question. So I missed the volume numbers for the distribution segment. So the total number was 136,000 out of which you said industrial was 131,230. What was the breakup for domestic and Autogas?

Murad Moledina: So Autogas, we've already said in our call, 4,888 tons. And for Commercial and Industrial, we -- stay together, we don't actually bifurcate between the two.

Moderator: We have the next question from the line of Dr. Amit Vora from The Homeopathic Clinic.

Amit Vora: Sir, I would like to know the new capacities that we are adding in cryogenic and liquids is over and above the existing -- just wonder where it is? Over and above the existing capacities for Gas and liquid? Am I correct?

Murad Moledina: Yes.

Amit Vora: And do we have total 16,85,000 KL for liquid currently?

Murad Moledina: Yes, 1.6

Amit Vora: And what is the capacity that we are using right now? What is the scope of...

Murad Moledina: All of it.

Amit Vora: Are we using 10 lakh currently or 12 lakh or complete 1,685,000 currently?

Murad Moledina: All of it. All of it. We are using all of it.

Amit Vora: All of it. And you said it that another 2 lakh 30,000 is coming in next 1 or 1.5 years?

Raj Chandaria: Correct.

Murad Moledina: Yes, in addition to 50,000 commissioned recently.

Amit Vora: One more suggestion, sir, this time's PowerPoint presentation was a little more not clear as much as Q3, Q2 PowerPoint presentations were more clear. So if you -- annual Q4 numbers were not given in this time's PowerPoint presentations.

Murad Moledina: Yes. What we will do is for Q1, Q2, Q3, we will focus on quarterly numbers. When it is year ending, we will focus on the whole year's numbers.

Amit Vora: Just one last line. Also, if possible, next presentation could include segmenting distribution of gas -- how much is revenue from sourcing, distribution and throughput if that is possible.

Murad Moledina: Yes, we note your observation. Will try.

Moderator: We have the next question from the line of Piyush Sharma from Stingray Capital.

Piyush Sharma: I just have one question. Can you tell us the status of the Kandla Gorakhpur LPG pipeline, please?

Murad Moledina: The work has already started at our manifold, at our premises building off manifold in Pipavav port. They have said that it should be operational or commissioned by end of 2024.

Management: Also it has got delayed from June, July '23 to the end of '24.

Murad Moledina: Yes, these are cross-country pipelines. So always those things do happen.

Raj Chandaria: I think the construction is undertaken by IHB, which IndianOil, Hindustan Petroleum and Bharat Petroleum, their consortium. And given our experience with the Mumbai Chakan pipeline with other pipelines, I think these organizations do not work in the same way as the private sector works necessarily. So I would temper one's expectations about the exact commissioning date.

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

Priyankar Biswas: So this is more of a strategic question. So I understand that this INR40 billion, INR45 billion would be spent until FY '26. So in that case, as a result of this capex, so what sort of exit EBITDA or tax that you are aspiring to, let's say, in FY '26 or '27?

Murad Moledina: Priyankar, we have already said that we expect a growth of 25% year-on-year on our EPS. Based on this fact that INR4,500 crores of capex will come on stream. And as we have said, that we expect an EBITDA generation out of capex employed of 15% to 20%. So even where you work, I mean, you would get the same numbers.

Priyankar Biswas: So since you are deploying, let's say, INR4,500 crores, so even if I take 20% of that, so you are saying that it can probably at something like INR800 crores, INR900 crores to the EBITDA in a steady state.

Murad Moledina: Yes, exactly. Almost similar to the EPS growth guidance, which we keep repeating, 25% CAGR growth from FY '22 to FY '27.

Priyankar Biswas: Also this quarter, the other income was very high. So any particular reason for that?

Murad Moledina: That is the auction valuation, which happens at year-end for the JV, which we have done. So it is towards that.

Priyankar Biswas: And just squeezing in one last from my side. Last time I recall in the February call, you have spoken about possibly 2 ammonia terminals that may be planned. So anything on that?

Raj Chandaria: We are continuing to push on these green initiatives, specifically on ammonia. There is hectic activity going on. But I think at this point, we're not ready to formally announce any specific projects, but we are working hard on this. And definitely, we will keep everybody informed the moment we have something concrete to report.

Priyankar Biswas: So maybe in 3 to 6 months, can we hear something on this front?

Raj Chandaria: Possible. Yes, I think we can definitely -- well, I think we can say that, yes, within 6 months, we will be coming back to you with some information.

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

Chirag: Sir, three questions. So can you give the packed LPG that is the cylinder volume for FY '23, sir?

Murad Moledina: We said that we give commercial and industrial together, so the...

Chirag: Okay. Okay. Sir, second thing, from the capex that you have said of INR4,500 crores and of the project that you have announced, how much is utilized from this INR4,500 crores?

Murad Moledina: We've just begun. So right now to say how much is done will be very difficult guess.

Chirag: Ballpark assumption as to how much will be utilized?

Murad Moledina: Will be -- I think the projects which have been announced would be around INR1,500 crores to INR1,700 crores, which are underway.

Chirag: And sir, this...

Murad Moledina: Around 40% of INR4,500 crores are underway.

Chirag: Next -- sir, this JNPT is underway Aegis or under the JV, sorry, under the JV?

Murad Moledina: It always begins with Aegis and then the joint venture decides whether they would want it in JV or not. They have that call.

Chirag: So as far as the JNPT is considered, how is it?

Murad Moledina: Today, now we have just got the land, right? We have just started the work. Give some time for the JV to decide.

Chirag: Okay. So VOPAKmay decide in future, you're saying, right?

Murad Moledina: Yes.

Raj Chandaria: Yes, absolutely. Not VOPAK, I mean JV...

Chirag: Yes, yes, the JV. And hence, for all the projects, that is how it works, right? The JV will decide. Okay, sir.

Moderator: The next question is from the line of Vedant Bagry from Clearview Capital.

Vedant Bagry: Just one question on the Kandla terminal. What was the -- is there any offtake by the national oil company from there? Or what is your view going forward on offtake from them? Any near-term signs of a long-term contract or something?

Raj Chandaria: You're talking about offtake contracts or just whether they use the terminal or not?

Vedant Bagry: Yes. But how much -- what is the offtake by them currently? And any large contracts that you foresee from them in the future?

Raj Chandaria: All I can say is that they have now started using the terminal. There is no contracted long-term contracts or anything. I don't think the...

Murad Moledina: Just to add here, Kandla LPG terminal is an open source LPG terminal. And currently, both HPCL and BPCL are using the Kandla terminal for through putting LPG in Kandla region.

Moderator: The next question is from the line of Akhilesh Bhatter, an Individual Investor.

Akhilesh Bhatter: Yes. So as we basically continue to make inroads into the natural gas inside to the country, do you have any plans of supporting that in future, like the natural gas business and quotation for that?

Raj Chandaria: Right now, we are focused on our propane and LPG business. Of course, we will always look at opportunities if and when they arise. LNG and natural gas is sort of a natural, no pump intended natural sort of extension. But at the moment, there are no concrete plans for natural gas.

Akhilesh Bhatter: Okay. So basically, the kind of risk basically as national and LPG price kind of settles down to the range of 10%, 20% gas that you are insinuating. So at that point of time, when you think the industry won't be having a lot of advantage to use LPG, right? So I'm more concerned, like will that be a major headwind for you?

Murad Moledina: Are you saying that if we get into natural gas, we will be not competitive because...

Akhilesh Bhatter: No. Basically, as the natural gas price kind of settle down -- the gap between propane and LPG trying to settle down to say about 10% or 15%. So why will industries basically try to add capacity at that point of time for LPG and instead of using the NG business. So will that hurt your distribution business?

Murad Moledina: We still not understood exactly what you are asking. What I can tell you is that please understand that in this country, the transition is from dirty fuel to clean fuel. In clean fuel basket currently, natural gas and propane or LPG whatever you call it, are the clean fuel gas. And Ammonia will add to it. So there is so much of dirty fuel, like coal, furnace oil, briquette, diesel, et cetera, which needs to transit out and clean fuel to transit in.

So opportunity so big that both or in fact, all 3 clean fuel, which is natural gas, LPG as well as ammonia would be growing at least for 15, 20 years in our country. Because the dirty fuels are going to transit out. So it's not whether NG or LPG, it's not between the clean fuel. It's between dirty and clean that you will see a transition.

Akhilesh Bhatter: And one last question. So basically, as your margins cover all major ports across India right now and how does the growth path going forward in terms of adding capacity for the existing ports like you have continuously said that your Mumbai port has been operating at full capacity right now for the last couple of quarters. So when I look at that, are you trying to add capacity over there? Or like what's the path for that? Like what's the pace and the follow?

Raj Chandaria: I'm not sure that I necessarily agree with your statement that we have covered all the major ports of India. We are definitely well positioned on the West Coast of India, and we have one port where we are present on the East Coast of India.

So I think there's still more opportunity for us to enter into other ports.

Murad Moledina: Yes. And I think to add here, in addition, inland depos, so that's also -- the country is so large geographically, and we need to move products with now GST as a common tax platform, we will see that also happening. So not necessarily to be at port only lifetime. So there is world beyond port also.

Moderator: As we have no further questions, I would now like to hand the conference over to Mr. Raj Chandaria for closing comments. Over to you, sir.

Raj Chandaria: Thank you very much. Yes. So just really, I want to just summarize the purpose of this call was to take stock of a very busy year that we've had, as I'm sure you appreciate while it's -- I'm sure everybody is interested in specific one particular quarter, we have to take a little longer-term view.

And 2023 -- if you look at the list of key events that happened, there are major things that happened, including, of course, our joint venture and the ramping up of Kandla terminal and many things that have happened. So I hope you will agree that it's been an excellent year. And I think we will be able to repeat, if not do better, but definitely repeat the performance that we had in 2023, FY '23 in 2024. And I look forward to communicating with all of you as the year progresses. Thank you.

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