# "Aegis Logistics Limited Q3 FY22 Earnings Conference Call"

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**MANAGEMENT: MR. RAJ K. CHANDARIA – CHAIRMAN & MD**
**MR. MURAD MOLEDINA – CHIEF FINANCIAL OFFICER**

**Moderator:** Ladies and gentlemen, good day and welcome to the Q3 FY22 earnings conference call of Aegis Logistics Limited. Today on this call, we have Mr. Raj Chandaria, Chairman and Managing Director of Aegis Logistics Limited along with the senior management team. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on date of this call. Actual results may differ materially. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Raj Chandaria, CMD of Aegis Logistics Limited. Thank you and over to you, sir.

**Raj K Chandaria:** Good afternoon everybody. I am joined by our Chief Financial Officer, Mr. Murad Moledina and we will be presenting the Q3 results for the financial year 21-22, also the outlook for the balance of the year as well as an update on the Vopak joint venture. You will recall that we had a weaker start for the year in Q1 which was a period of the Delta wave hitting India in April-May-June followed by a recovery in Q2 (July to September) and I'm pleased to say that Q3 (October to December) reinforces the recovery trend and puts us firmly on the track for a good overall performance for the whole of FY22.

Revenues increased to Rs. 1,214 crores versus Rs. 635 crores in the previous quarter, primarily as a result of higher sourcing volumes. EBITDA for the group rose to Rs. 159.5 crores versus Rs. 147.6 crores in the previous quarter and Rs. 147 crores a year earlier, which is actually a lifetime high. This is a rise of 8% over the previous quarter. Profit before tax was Rs. 132 crores for this quarter as compared to Rs. 124 crores in the previous quarter and Rs. 120 crores for the same period last year but adjusted for the effects of the ESPP. That is a rise of 6% over Q2 and 10% over the same period last year marking a continuation of the profits growth that we saw in Q2 and is the highest profit before tax of any previous quarter. The profit after tax for the group was Rs. 109 crores versus Rs. 101 crores in the previous quarter and Rs. 109 crores versus a normalized Rs. 92 crores a year earlier. This is a rise of 9% over Q2 and an 18% improvement over the same period last year. And the profit after tax and minority interest. In other words, the profit after tax that is available to common shareholders was Rs. 102 crores for Q3 versus Rs. 94 crores in Q2 and this can be compared on a like-for-like basis to Rs. 85 crores for the same period last year. That's a rise of 9% and 20% respectively. We believe that this marks a clear return to our profits' growth despite a very shaky peak COVID affected start to the year into Q1 and we think that this is a reinforcement of the trend that took place in Q2. The earnings per share for the quarter comes in at Rs. 2.90 per share and a cumulative Rs. 7.49 per share for the 9 months of FY 21-22. On the basis of the improved results and the confidence that business conditions have now stabilized, I am also pleased to report that the board has declared an interim dividend of Rs. 2 per share.

I would now like to go through the underlying segment numbers. As far as the liquid division is concerned, the revenues for Q3 were Rs. 68 crores versus Rs 64 crores in the previous quarter and Rs. 57 crores a year earlier. That's an increase of about 5% from the previous quarter but a rise of 19% as compared to the same period last year. Q3 EBITDA remained flat compared to the previous quarter and against Rs. 39 crores a year earlier. That's a rise of 18% year on year in the EBITDA for this division reflecting the impact of the capacity additions at Kandla, Mangaluru, and Haldia.

Coming to the gas terminal segment, in Q3, revenues were Rs. 1,146 crores versus Rs. 571 crores in the previous quarter and Rs. 1,489 crores in the previous year. The EBITDA for the Q3 was Rs. 113 crores versus Rs. 101 crores in Q2 and Rs. 108 crores a year earlier, which represents a rise of 11% over the previous quarter and 5% for the same period last year.

We continue to see a rebound for the gas division with most of the market segments in this division improving, as I will now explain with the sales volume analysis. Starting with throughput volumes, the LPG volumes for the quarter handled at our 3 terminals of Mumbai, Haldia, and Pipavav rose to 752,759 metric tons versus 737,770 metric tons in the previous quarter. Haldia had good volumes and Mumbai continued to operate at full capacity with IOC, HPCL, and BPCL all bringing imports through Mumbai.

The rail gantry at Pipavav continues to perform well with all 3 companies handling product at that facility and is delivering considerable cost savings to our customers, which is driving the improved volumes at Pipavav. The bulk industrial segment delivered 29,662 metric tons in Q3 versus 23,545 metric tons in the previous quarter and 23,250 metric tons a year earlier representing a 26% growth over the previous quarter and a 28% growth over the previous year and margins remain stable.

The commercial and domestic cylinder segment which sells to hotels, restaurants, and small-scale industries under the Aegis puregas brand and to the domestic household segment under the Aegis Chhota Cikander brand were steady at Q3 sales of 6,414 metric tons versus 6,313 metric tons in the previous quarter and 6,042 tonnes a year earlier. We have now commissioned 2 additional bottling plants which should bring additional volumes to this segment in the coming year.

Autogas sales on the other hand were slightly lower at 5,961 metric tons in Q3 versus 5,987 metric tons in Q2 and 6,159 metric tons a year earlier. Our margins remain stable. There are more fuel stations to be commissioned this year and there is also a good pipeline of around 60 new dealers over the next 24 months or so.

The sales volume of the sourcing business was 125,858 metric tons versus 59,581 metric tons in the previous quarter. As reported in the last quarter, we expect the increase in volumes to continue throughout the next calendar year as we have won significant tenders for this current calendar year.

So, the summary for our gas division is that overall volumes excluding the sourcing volumes increased by 6% and EBITDA increased by 11% compared to the previous quarter.

Let me now turn to the business highlights for the quarter and outlook for the rest of the year and an update on the CAPEX plan. As far as business updates for this quarter are concerned, we have commissioned another 2 LPG bottling plants at Wada and Jamnagar during this current quarter to support the rolling out of our LPG retail network. We have commenced work to set up another bottling plant at Pipavav which should be commissioned shortly. During the quarter, Pipavav port continued its work on making the LPG jetting compliant for handling VLGC with completion expected by June of 2022, which when completed will further improve the competitiveness of Pipavav port as an LPG logistics hub. The Kandla Oil Jetty #7 which also will be VLGC compliant, the work continues and is expected to be commissioned as per the port by September 2022. Work by the IHBL company which is the joint venture between Indian Oil, Hindustan Petroleum, and Bharat Petroleum on the central India LPG pipeline or the KGPL pipeline to which if I can remind everybody that both Kandla and Pipavav ports are connected as will be our LPG terminals continues in full swing, and according to the company, phase I is expected to be completed by December 2022.

That brings me to the outlook for the quarter 4. Both gas and liquid segments continue to perform well and it is our expectation that the next quarter sales volume will continue to grow in line with Q3 as will be the earnings. As far as our projects are concerned, the Kandla project is progressing well and we fully expect it to be commissioned by March end as reported last quarter. The additional jetty pipeline at Haldia has now been commissioned and will improve the efficiency of operations at Haldia further strengthening its competitiveness. An additional jetty pipeline at Mumbai has also been commissioned which will also substantially improve the efficiency of LPG operations at Mumbai. And initial project work has now commenced on some of the expansion projects which we announced in the last earnings call and we will have more details in the next quarter sometime in the month of May.

As far as the Aegis Vopak joint venture is concerned, everything is going smoothly. We continue to make progress on completing the transaction and remain confident that all formalities will be completed by the end of this fiscal year by March 31st, 2022.

That concludes my presentation and we can now take questions.

**Moderator:** We will now begin the question & answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Lavanya Tottala from UBS. Please go ahead.

**Lavanya Tottala:** I want to know the utilization level of Pipavav with rail gantry operational and what will be the potential increase in volumes after the VLGC comes up and by when VLGC we are expecting it to complete?

**Raj K Chandaria:** As far as the VLGC operations are concerned, the board has informed us that the jetty will be VLGC compliant by the end of June 2022 and once the jetty is complete, customers who are already using the Pipavav port because of the excellent rail connectivity, customers will be bringing cargoes to India's **GCs** through the port.

As far as the utilization is concerned specifically for this particular port, we don't generally give each port; we can break up every single port but I can assure you that Pipavav remains an extremely competitive port and we are expecting solid volume increase through that facility.

**Lavanya Tottala:** At Haldia, with the improvement in volume this quarter, are we close to the normal levels before the exit of BPCL?

**Raj K Chandaria:** I am really pleased to report that despite the stumble that we took as a result of – fully anticipated of course that BPCL once they commission their terminal, they would be exiting. I'm really pleased to report that Haldia has bounced back really nicely and we have more or less recovered a significant portion of those volumes, primarily due to the fact that HPCL had been performing extremely well in that region. And we are confident that we are fully back on track, especially in the next quarter and thereon.

**Murad Moledina:** You have put it right. Very shortly, we should be back to the levels where we were when BPCL was doing the throughput. I think by the next 2 quarters, we should be back to the levels when BPCL was there doing business at Haldia.

**Lavanya Tottala:** If I may ask one last question; the new bottling plants which are coming up, can we get any sense on the capacity of that and the potential incremental volumes that we can get from the new bottling plants?

**Raj K Chandaria:** I think at this point, we are not sort of ready to give up individual bottling plant volumes but the purpose of bottling plants is generally aimed to provide support to our retail network because in retail, the higher your distribution footprint and the quicker you can deliver cylinders to your customers, the more your sales improves. So, the bottling plant strategy is really to support our retail network and I think we can probably track the impact of each bottling plant through additional retail volumes which I alluded to in my presentation. For example, you saw that we have good industrial segment volumes as well as in the packed cylinder segment, the Aegis puregas segment. As we roll out additional bottling plants, you will see the numbers tracking very nicely through the retail numbers as well.

**Moderator:** The next question is from the line of Priyankar Biswas from Nomura. Please go ahead.

**Priyankar Biswas:** My first question is in Kandla, are we facing any issues related to commissioning because what we hear is that there are some approvals pending from GETCO or some other regulatory bodies. What exactly is the nature of the issue right now that is preventing a full scale commissioning at Kandla, the LPG?

**Raj K Chandaria:** Probably, if I can see that in the last few months, we did have an issue – actually during the whole commissioning of the project – because unfortunately we were hit with COVID-related issues and so on. I think as far as I am concerned, we have all the regulatory permissions. There are no real pending issues. The welding is going on at full swing and we expect to commission it by March 31st as we anticipate.

**Murad Moledina:** We are all set. There are no issues. We have all the approvals and we should be in a position to commission it by 31st March.

**Priyankar Biswas:** On those lines only, what would be the absolute first year volume that you expect in FY23 assuming that Kandla would be there for the entirety of the year? What ballpark can we estimate?

**Raj K Chandaria:** In our budgeting, we anticipated roughly the total throughput capacity of Kandla is about 4 million tonnes and we anticipate a first year run rate of roughly 25% capacity utilization which would mean a million-tonne run rate assuming that when we commission and gas up the terminal, there will be no other teething problems and so on which of course in a complex gas plant we have to be extremely careful but on the assumption that that goes on smoothly. That's what our plan is.

**Priyankar Biswas:** So, conservatively, even if let us say there are certain delays or let us say some commissioning issues as you said in a complex plan, would it be fair to say that in FY23, we should be at least doing something like a 0.7 million tonne plus? Would it be a fair assumption to make at least?

**Raj K Chandaria:** Yes, I think that's what our expectation is.

**Priyankar Biswas:** Sir, on this retail coverage side, I vaguely remember that towards FY2I end, we had some coverage of more than 2,000 retail stores. Where are we now and what are your targets for let us say FY23-24? Because I see that you have significant growth in this retail segment and ambitions there. So, how are we looking at this?

**Murad Moledina:** I think what we say is that we have around 131 auto LPG stations and you can see our presentation for the distribution network that is there now. We don't usually give the numbers of the outlets. If you look at the presentation, the number of distributors for packed cylinders is 254 – is where we stand now – and 131 on the auto LPG stations. You will have these numbers updated every quarter and that is the coverage we print in our presentation.

**Priyankar Biswas:** Sir, what I was trying to get is more of a sense like on these numbers only, let us say, on FY23-24, what is the ending rates we can expect? This is more to help us assess that how far distribution can go.

**Murad Moledina:** Usually packed cylinders grow 25% to 30% every year in the network. That's the kind of growth we have as far as network and reach is concerned.

**Priyankar Biswas:** So, maybe broadly, we can assume that sort of a volume growth for distribution maybe for the next couple of years?

**Murad Moledina:** Absolutely. That is what we expect.

**Moderator:** The next question is from the line of Vinay Shyamlal Jaising from JM Financial. Please go ahead.

**Vinay Shyamlal Jaising:** My question has been the same historic question which I have been trying to ask you also – what's wrong with the capacity utilization in the logistic business for gas being so low? If I turn back the clock and look at the 3rd quarter of FY20, we were at about 958,000 metric tons. COVID has come, hopefully gone, and still, we are at 753 for this quarter. What does it take for us – I know you did say to a couple of my colleagues that in the next couple of quarters with BPCL coming up, we should be going back up, but I'm trying to realize that with capacities increasing, with us being close to 9.6 million tonnes, when do we touch a production for a year of let us say 6 billion tonnes?

**Raj K Chandaria:** First of all, of course, we haven't yet commissioned our Kandla facility. So, out of the 3 LPG facilities that we currently have, Mumbai continues to function at full capacity, very strong. Haldia was, I think, higher capacity. We took a bit of a stumble with the withdrawal of BPCL which I mentioned is not unexpected and BPCL was an important customer, but the moment after delay of several years that they commissioned their terminal, obviously they pulled out of that business. So, I think one could regard the extra volumes that we did in Haldia as a bit of a bonus. But as I mentioned, the Haldia terminal has now – I think our stated capacity is 2.5 million tonnes and we are basically recovering this in the next quarter, maybe next 2 quarters, more or less all the business that BPCL withdrew into their own terminal because of the strong organic growth happening in the eastern part of India. Pipavav has been a little slower than we had anticipated but that is for a few reasons. One is that we were hit by an important cyclone which damaged some of the facilities, and at the port No. 2, there has been a shortage of medium-sized gas carriers, and so the conversion to handle VLGCs – which is the cheapest form of transport of gas and obviously customers would then prefer to bring those – has taken a little longer by the port than what we had anticipated. But in summary, I would say that if one can foresee that Haldia is returning back to the pre-BPCL volumes and Pipavav with the commissioning shortly of the VLGC jetty and our rail gantry will be pretty much going back to the trend that we had anticipated, I am not sure that we are facing a problem of low-capacity utilization. I think there is no fundamental issue of demand or anything like that. It's some occurrences that happened all at the same time, but we remain confident that between the 3 terminals, we will be fully back on track with a strong growth, and I would say that we will probably be at the 4 million tonne run rate next year once Kandla gets commissioned.

**Vinay Shyamlal Jaising:** Pardon me. I'm just going to push a little bit more out here. We were at the 4 million run rate 2-1/2 years ago before the commissioning of Kandla. So, are we saying that even post Kandla commissioning, 4 million run rate is what we are expecting in the next 2 years – because I'm assuming when you are saying next year, that may be the entire utilization of that 4 million would come only in FY24.

**Murad Moledina:** Let me just clarify here. What you are looking at is only 1 quarter in 2019-20 of 958,000 throughput. You see, that is an abnormal throughput and it can happen for various reasons. One of the reasons could be if a refinery closes down for some reason, whether it is maintenance or fire or whatever, then there is a whole shift from local production to imports. That was the reason for that particular quarter to do that kind of throughput. It's not the trend. If you just ignore that particular quarter, the run rate was and always has been improving quarter by quarter if you look at the trend. Now, also to explain to you one more thing is that a terminal facility is not built to last for 1 year, 2 year, or 3 years. It is to last the customer for 5 to 7 years. So, the growth of capacity utilization is going to be gradual. For example, let us take Kandla. In spite of putting up a 4 million tonne capacity, the first year would be 25% and then it would grow to 35, 45, and 55. It will take 5-7 years to reach 4 million. So, you cannot simply just say that okay you have a capacity of 9.6, when are you going to reach 6 million. As far as we have already gone on record to say that Mumbai is operating at full capacity. Pipavav is all set because of the jetty becoming VLGC compliant, the rail gantry operating very smoothly and efficiently and bringing value to our customers, and Kandla-Gorakhpur pipeline being underway, all things are going to lead to a huge improvement in Pipavav, but it's not going to happen in 1 quarter or 2 quarters. It takes time, maybe next 8 quarters, you will see a huge difference in Pipavav throughput way above the capacity which we have printed or which we have figured out. It would go way above that because of all of these factors. As far as Haldia again, 2.5 million was not expected to reach in 1 year or 2 years. We just started it 3 years back; again, it's a journey of 5-7 years when you will see the throughput reaching the capacity that we have installed. If you understand all of this, you will understand the growth. The key factors like I said, in 2019-20, if one refinery had a problem, then you get all the throughput, but that is abnormal. Same goes for Haldia. We had BPCL as a customer which was not expected because they had delays at their terminals. Once their terminal was commissioned, they exited out which was okay. So, you have to understand terminal to terminal. Then you will understand the throughput that is happening.

**Vinay Shyamlal Jaising:** Okay, I appreciate that. I thought the demand, as hearing from you on the call, historically has been so good that utilization could be faster. Maybe my expectation was too high as well.

**Murad Moledina:** The demand growth has always been 6% to 10% and you will see terminal by terminal those kinds of growth.

**Vinay Shyamlal Jaising:** Since you mentioned 8 quarters – just the last question and I will let it be. Let us talk about 8 to 12 quarters ahead. Will we then start saying a 6 to 7 million tonne capacity overall utilization? Because by then at least Kandla would have had about 8 quarters to work as well if it starts sometime next year. So, then do we say that the current 3 million which is going to go to 4 million probably next year end should start moving to that number or is that also difficult to address?

**Murad Moledina:** Expected, but we don't give guidance of such sort, but if you understand the kind of things that we are doing, to enable that, that is absolutely what is expected to happen. It will grow and it will grow according to each terminal, the kind of facilities, and the kind of work which we are doing at each of the terminals, there will be improvement according to those kinds of works.

**Moderator:** The next question is from the line of Himanshu Yadav from Edelweiss Wealth Research. Please go ahead.

**Himanshu Yadav:** When we say that our Haldia volumes have shown a significant improvement this quarter, if l see total logistic volume quarter on quarter, it's more or less similar and we are saying Mumbai is at full, then it doesn't seem that Haldia has seen significant volume improvement or am I wrong somewhere?

**Raj K Chandaria:** My comment was basically in relation to the fact that when we lost the BPCL business which brought down the Haldia utilization, as I mentioned, we have recovered a lot of that volume because HPCL's throughput has recovered as their market share and their volumes in the eastern part of India has improved, they have started bringing in more cargoes. So, I think it was more in relation to that but basically both Pipavav and Haldia have bounced back. If you see, for example, in Q1, they had quite a low throughput of 568,000 metric tons which bounced back in Q2 to 738 and the trend continues. My point was that the trend of improved utilization throughout the 3 terminals that we have continues.

**Himanshu Yadav:** When you say Mumbai is operating at close to full capacity, are we taking its throughput capacity as 1.1 or 1.5? Because 1.5, then it's not possible to have these numbers.

**Murad Moledina:** 1.1.

**Himanshu Yadav:** But hasn't Mumbai increased to 1.5 post the Uran-Chakan pipeline connectivity which started in June 2020?

**Murad Moledina:** It was below that when the pipeline started. So, there has been an increment due to the pipeline operations and you will continue to see some improvement in FY23.

**Himanshu Yadav:** So, FY23 what capacity are you indicating? Will it be 1.5 or lower than that?

**Murad Moledina:** 1.5 we expect.

**Himanshu Yadav:** Sir, have you seen any improvement in the margins for our LPG business, be it distribution or be it logistics? Because the EBITDA number has been at an all-time high, so have we gone above the rate of which you have been saying in the past of around 1,050 per tonne? Have the margins increased to over and above that or has the increase been on the distribution side?

**Raj K Chandaria:** No, I would say that the margin on throughput volumes continues exactly. There is no real change in that. We have had good margins on both the liquids as well as the retail side of the business; those remain quite healthy.

**Himanshu Yadav:** The segmental EBITDA which we have reported, if we work out using the volumes and that range of EBITDA margin, the EBITDA is coming a bit lower than what we have reported. So, I was just trying to understand if there was any margin increase.

**Murad Moledina:** As far as gas EBITDA is concerned, it is a sum of throughput EBITDA which like Mr. Raj said have not changed at all; they are the same, which is Rs. 1000 a tonne. As far as packed cylinders and auto LPG is concerned, we have already said 1 or 2 quarters back that these margins have improved significantly during this fiscal year, which is why the EBITDA's level has increased. As you would have seen, the volumes have increased by 6% but the EBITDA has increased by 11%. So, obviously, the margins of distribution are the ones that have contributed. Even bulk LPG where we have been able to secure some procurement efficiencies and reduction in cost of procurement, all the time we are always on a lookout to get either our costs reduced or realizations improved as far as distribution is concerned. And this has happened in this particular fiscal year.

**Himanshu Yadav:** When you say that the Q4 run rate should be similar to Q3, you mean the growth which we have seen in Q3, the Q4 we should see similar growth?

**Murad Moledina:** Yes.

**Moderator:** The next question is from the line of Karan Asli from Maximal Capital. Please go ahead.

**Karan Asli:** I had a question regarding the ALDS volumes and I think they are close to about 5,960 metric tons which is down 3% year on year and roughly flat quarter on quarter despite the addition of 7 new stations. So, I just wanted to understand your thoughts on this. And do you also see margins close to Rs. 10,000 per tonne EBITDA in this quarter?

**Raj K Chandaria:** As far as the volumes are concerned, yes, to be honest, I was a little disappointed at the fact that there was no increase in volumes despite adding a few new stations. Of course, every station takes a bit of time to start up and ramp up and so on, but we remain confident that…. The recovery in transportation, there has been a bit of a choppy recovery in terms of the people moving around and so on because of what has happened in COVID. I think we can probably safely say that COVID is now behind us. So, we expect a sort of full recovery in the auto LPG volumes and the new stations that we have commissioned already will start yielding results. I am not going to hide behind anything. I am not happy at all with those ALDS numbers and we are pushing very hard to improve them, but we still believe that this segment yields an important margin and it's an important part of our LPG story. So, we will continue to push and hopefully we will get better results in the next few quarters.

**Murad Moledina:** Let me add here on volume also that if you. Of course, it is not an excuse but if you see last year's Q3, COVID was behind. It was September end and this was October-November-December and the volumes improved last year Q3. Current year Q2 was after Delta. So, it was good. But in Q3 this year, again we got a scare of Omicron in the month of December and there was a little bit of panic and probably we lost a little bit of volume on account of that. As far as margins are concerned, I think it is very healthy and it is about Rs. 10,000 a tonne and we expect it to continue for the rest of the fiscal.

**Karan Asli:** Sir, I appreciate your comments on that. And I think you mentioned that you saw some issues from COVID in terms of volume pickup. So, is that to say that now that you mentioned it is behind us, could we see better growth and incremental volumes going forward?

**Murad Moledina:** Yes, absolutely.

**Karan Asli:** One more question regarding the ALDS segment. We are targeting 60 new stations by FY24 as per your comments. That would lead us close to our target of 200 stations. What kind of CAPEX are we envisioning for this and if you could give some color on which regions or which geographies we are targeting to set up these balance 60-70 stations?

**Murad Moledina:** Yes, there are 60 stations which have been signed up and are to be executed over the next 24 months and these are spread over 14 states where we have our presence as on date. And out of 60, we don't expect all of them to materialize. These are sign-ups and usually we end up doing half of the sign-ups. So, you can say that 30 stations is probably what would materialize in the next 2 years. And investments or CAPEX on those, these are all franchise driven and investments come from the franchise. So, very minimal CAPEX we expect. And volumes, of course, will improve on account of those stations.

**Raj K Chandaria:** I would just like to add that the investment is generally speaking on our branding. For example, the canopies and all of that stuff is where the company makes the best to promote the brand.

**Karan Asli:** With incremental stations, we could expect a similar sort of volume growth and trajectory relative to what we have currently. Is that fair to say or do you expect them to be higher volume throughputs?

**Raj K Chandaria:** No, I wouldn't say necessarily that they would be any higher or lower. I think it's pretty much consistent with what we have so far.

**Moderator:** The next question is from the line of Depesh from Equirus. Please go ahead.

**Depesh Kashyap:** Sir, in the PPT, you have mentioned that auto gas EBITDA has improved to Rs. 10,000 per tonne. I just wanted to understand what your EBITDA per tonne in commercial and retail distribution will be now?

**Murad Moledina:** If you are talking about packed cylinders, then that would be somewhere around Rs. 7,000 to Rs. 7,500.

**Depesh Kashyap:** And what it used to be last year?

**Murad Moledina:** It was just under 5,000.

**Raj K Chandaria:** Can I just add to that? The reason for that increased margin is also that as we roll out our own bottling plants and so on, obviously we are able to capture some more efficiency and improvement in margin as a result of that.

**Depesh Kashyap:** But the main reason will be the increase in LPG prices, right? I think that slight margin improvement happens because of increased LPG prices. Is that right?

**Raj K Chandaria:** No, I wouldn't say that it's because of the LPG prices. I mean there is always a little bit of price effect but not that really it is squeezing up more efficiency as we expand the distribution network.

**Depesh Kashyap:** So, you basically mean that these margins are sustainable even if the LPG prices go down?

**Raj K Chandaria:** Yes, I think so.

**Depesh Kashyap:** The liquid terminals, I think, have reported a decline in margin for the third straight quarter. So, just wanted to understand what is the reason for that and any sustainable margin we should work with for the liquid segment?

**Murad Moledina:** The EBITDA margins if I remember are Rs. 47 crores for the quarter. It is around 70%. Please understand we have always given guidance that liquid margins are anywhere between 65% to 75% depending on what types of products we get to store in a particular quarter. So, getting 70% in the quarter is a very healthy EBITDA margin. Historically if you go and see, we have been doing 65%, but from the current year, we have gone on a range between 70% to 75% depending on what kind of products we get to store and handle during a particular quarter.

**Depesh Kashyap:** Lastly, what is the CAPEX you have done till now in FY22 and what is left for 4th quarter? And also, if you can give the CAPEX plan for the Aegis standalone business; not for the joint venture, but for the standalone, what is the CAPEX plan you are looking for the next year?

**Murad Moledina:** As of now, we have already done most of the CAPEX including Kandla for the year and we have just announced the next round of CAPEX of 1,250 crores that would obviously be under the JV. As far as standalone is concerned, we are yet to take up proposals in the board and we will soon come out with the details of those.

**Depesh Kashyap:** Can you remind us what was the CAPEX for FY22, the Kandla terminal what you have done?

**Murad Moledina:** Kandla terminal was Rs. 350 crores.

**Moderator:** Ladies and gentlemen, due to time constraints, we will take that as the last question. I now hand the conference over to Mr. Raj Chandaria for closing comments. Over to you, sir.

**Raj K Chandaria:** Just to conclude, the message I would like to convey is that we are back on track. We firmly believe that with all the improvements that have taken place and are taking place as far as the infrastructure facilities at Pipavav, the new terminal coming up at Kandla and also the improvements that are taking place at Haldia, our LPG business is back on track and of course not to forget the improvements that have been made in our retail distribution network and continue to be made on a day-to-day basis. So, we remain very confident that we are back on track. The overall story remains intact. The Vopak joint venture which we signed in July, we will be completing it and the financial closure by the end of the year, 31st March. And we remain confident that that is going to be a really important part of the story going forward. And I think that really concludes it from my side and we look forward to speaking again in the month of May.

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