GANESH BENZOPLAST LIMITED

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August 22, 2023

To

The General Manager, Department of Corporate Services – Corporate Relations Department, BSE Limited, Pheeroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001. Scrip ID: 500153	**The Manager, Listing Department National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 Scrip ID: GANESHBE**

Dear Sir,

Sub: Transcript of Conference call held on Friday, August 18, 2023

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Conference Call held on Friday, August 18, 2023 with the Investors and Analysts.

This transcript of Conference Call is also posted on the website of the Company at www.ganeshbenzoplast.com

Kindly take the same on your record.

Thanking You,
For Ganesh Benzoplast Limited

EKTA DHANDA Digitally signed by EKTA DHANDA Date: 2023.08.22 16:57:56 +05'30'

Ekta Dhanda
Company Secretary and Compliance Officer

Encl: as above

"Ganesh Benzoplast Limited

Q1 FY '24 Earnings Conference Call"

August 18, 2023

MANAGEMENT:	**MR. RISHI PILANI – CHAIRMAN AND MANAGING DIRECTOR – GANESH BENZOPLAST LIMITED** **MR. AMAR KABRA – GENERAL MANAGER, FINANCE AND TAXATION – GANESH BENZOPLAST LIMITED**
MODERATOR:	**MR. PRIYADARSHI SRIVASTAVA – MONARCH NETWORTH CAPITAL LIMITED.**

Moderator: Ladies and gentlemen, good day and welcome to the Ganesh Benzoplast Limited Q1 FY '24 Earnings Conference Call hosted by Monarch Networth Capital. As a reminder, all participant lines will be in the listen-only mode. 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 then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Priyadarshi Srivastava from Monarch Networth Capital. Thank you and over to you, sir.

Priyadarshi Srivastava: Thank you and over to you sir. Thank you. Good evening everyone. On behalf of Monarch Networth Capital, I welcome you all to Q1 FY23-24 Earnings Call of Ganesh Benzoplast Limited. Today we have with us Mr. Rishi Pilani, Chairman and Managing Director and Mr. Amar Kabra, General Manager, Finance and Taxation.

Now I hand over the floor to Rishi sir for their opening remarks and a review of the report. Over to you, Rishi sir.

Rishi Pilani: Yes, thank you so much. Good evening, everybody. And I would like to thank you all to take the time out to join us for our first quarter and FY '24 conference earnings call. I'll go through the big highlights for the last quarter and then I'll open the line-up for any question answers. So, coming to the numbers, on consolidated basis, the company achieved a total revenue of INR1,219 million, as against INR920 million in the corresponding period of last year.

So, which is an increase of about 33% year-over-year. PAT for the quarter ended is INR155 million as opposed to INR123 million, which is again an increment of 26%. And the basic EPS is INR2.39 against INR1.957, which is an increase of about 21%.

On a standalone basis, the company achieved a total revenue of INR512 million against INR455 million, which is an increase of 13% year-over-year. Profit after tax for the quarter ended is INR138 million against INR112 million, which is, again, increase of 23% year-over-year year and basic EPS on a standalone basis is 2.13 against 1.79, which is an increment of about 19%.

I would also like to congratulate all the shareholders of the company because we have achieved the completion of the chemical tank of about 18,000 K, 19 chemical tanks which are being built. So they are in full operation right now. And they have started generating revenue.

Now, I would like to open the forum up for any question-and-answer.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Saumitra Joshi, an Individual Investor. Please go ahead.

Saumitra Joshi: The first question is more in line, it's a little difficult to figure out the top, maybe that's because of my lack of knowledge about the in-depth understanding of the business of the company. So, I just wanted to understand from a growth trajectory perspective, from the top line as well as from an EBITDA perspective, the kind of growth that we are seeing in the first quarter and let's say the last year, are we going to maintain the same run rate going forward or there is a possibility of a slowdown or an increase in terms of the growth rate? So, if you could provide some clarity there, that would be really great. And then I'll ask my second question.

Management: Yes. So I'll answer the question. In consolidated, you can see the revenue of four reasons like the rental income from the storage tank, EPC business. Then there is a chemical manufacturing and then there is the rail logistic business. So in this quarter, you are seeing that there is jump in consolidated revenue of LST division on account of revenue of consolidation of revenue of all other subsidiaries.

This is a onetime event because what happened in last two quarters, March and June. The EPC division has generated a revenue of around INR70 crores which got consolidated into the main company on account of construction of the new storage tank because these new storage tanks has been given on EPC basis to the subsidiary company and so their revenue was consolidated into the parent company that's why you are seeing that there is a growth of almost 100% from the previous quarter like in June 2022 or June 2023.

But that was on account of the consolidation of revenue of that EPC division which is having very thin margin so our rental income is steady business we're going to maintain that run rate with obviously yearly estimation of 8% to 10% so that growth you will get but not like this like this INR80 crores revenue you are seeing that is on account of EPC.

Saumitra Joshi: So approximately what is the kind of growth or it can be a ballpark figure also but what is the overall kind of growth at a consolidated level that we can see from the company in this year? It can vary but a ballpark figure would also be okay.

Management: I think specifically we cannot view the figure but yes, we are maintaining the steady growth. See our target, our target is always, our internal target is that we should have from our existing standard business, not from any new business, obviously that gives us the step growth, but from the existing businesses, our target is always to try and get a pat increase of at least 15% to 20%, that's our target.

Saumitra Joshi: And, anything additional would be from the new businesses, that just adds up.

Management: Yes, Yes. Like you said, this is what we all as an organization aim for, for the continuous growth. What we actually achieve is the factor of many market factors.

Saumitra Joshi: So, that's one. The second thing was, just want an update on, I know your idea of a capex was that once you got your deal signed, subsequently you would go ahead with the capex on the storage tanks. Is there any update on that? Where we have reached and what are we going to do with it?

Management: Yes, so, you know, suppose, what has happened is that we are now in a fairly, fairly advanced stage with one customer to sign the contract. So, if you would have seen that we have already in parallel announced that we are doing a small QIP to make sure that we move things in parallel. Once the contract is hopefully formalized.

Saumitra Joshi: The idea is that once there is at least that confirmation, like I'm assuming that if it's reached an advanced stage, more or less, both the parties are satisfied with what they're going to progress with. So, you don't want to waste time on it. You want to have things in place so that work can start as quickly as possible. You understand me correct?

Management: Yes.

Saumitra Joshi: Yes. And just one more thing. This is more on the margin. If you look at the margins, the margins of the company are very healthy. Now the point is from here, can we still look at an increase in the margins going forward or more or less, this is something that we are going to look at maintaining. And I cannot understand because the margins have, they are quite healthy margins if you compare to other businesses, quite healthy. So are we going to maintain the same or are we going to look at increasing the margins in the…

Management: So, Soumitra, I mean, I think we would not be doing justice to the company if we didn't look at increasing margins every day or every hour of the day. I think that would be the primary goal of any company. So, to answer your question, yes, we are always looking at ways how we can increase the margins, either by changing the product mix or by, taking out some cost where we can without compromising safety. My gut instinct would say that the margins at least should not fall from here.

Saumitra Joshi: And basically, but still maintaining that our PAT margins should have an increase of around 10% to 20% year-on-year, which we've taken as a, I'll not call it a target but something that we endeavor to do year-on-year.

Management: Yes, that's what we endeavor, you're right.

Saumitra Joshi: So just one last question from my side and this is on, again these are just updates that I want. The last part was on the chemical, I know there is a court case going on and it's not in your control of what you can do here but is there any update on, we were ultimately looking at a demerger right from the chemical business so anything on that or it is still stuck with the courts and it's not really known when that particular issue gets solved?

Management: Yes, so unfortunately the status quo remains. Yet, we are not yet having a clear timeline on the court decision. But I can tell you this, that the good part of this whole thing is that chemical division itself has, as we had planned, it is steadily increasing its capacity utilization. It is generating profits. So, it's not that, you know, it's not that because of the delay, there is a major impact on the financials or the profitability or the operations of the company. In fact, there is a slight positive benefit.

Saumitra Joshi: Okay, now, this is where I was coming from. Generally, if you look at it, the margins in the storage time business itself is quite, and you can correct me if I'm wrong, relatively higher to the chemical business. Is that understanding correct?

Management: Yes, you're absolutely right.

Saumitra Joshi: So subsequently, if that demerger per se happens because of the quantum and I'm assuming that over a period of time, if you're signing all these contracts, our quantum of storage tank in this entire what I call a bouquet of different things that we do is only going to increase. So if that increases, subsequently there is going to be a positive impact on the OPMs also. So that is where I was coming from because my understanding was that the storage tank business has relatively much-much healthier margins than the chemical business. But no issues, I get your point, I don't think that is in your control. So, fair enough.

Management: I would like to still say something here, that to exactly address this question of yours, what we have done is, we've segregated out the chemical into a separate, wholly-owned subsidiary, so that you as a well-informed investor, which I can see you are, you can at least see the difference in how the divisions are performing and you are not going to get confused by which revenue is getting mixed were. So we have, from our side, we have tried to make sure that that transparency is available to all our users.

Saumitra Joshi: That's okay. That's a good thing. And hence you can answer these questions. Otherwise it gets so complex, you will not understand from where all the revenues are coming and from where the profitability comes. So that's an appreciative move that you've done. Thank you. Those are the question from my end. All the best.

Moderator: Thank you. The next question is from the line of Pranay Khandelwal from Alpha Invesco. Please go ahead.

Pranay Khandelwal: I just wanted to ask, actually, look at our incremental revenue increasing by 80% that I believe is dependent on the inflation or just normal increase that we expect every year. I wanted to understand do we just cost of the business also increase in tandem with this increase or like our costs are sort of fixed in nature or something like that and we get the whole benefit to our EBITDA. How does that work?

Management: Pranay, I so wish that if the costs were fixed, I would be the happiest person but no, what happens is that all costs, so what are the costs? Let's understand that. One of the primary costs is the needs of JNPT or any other this thing. So, those have a fixed built-in escalation mechanism of year over. Then, apart from that, your next risk cost would be your salary.

So, as you are aware, those also go up by a certain percentage every year. And next is your, then your utilities, your air, your electricity, your fuels, diesel, all that consumption. So those also have a marginal amount of increase on a year-over-year.

So basically EBITDA margin will going to improve slowly obviously earlier we are making EBITDA of around 47%-48% now we are reach to 50% so slowly we will go to 51%-52% like that increase you will see but not exactly that top line which you are going to add that is not going to add to your business.

Pranay Khandelwal: And fairly advanced in have reached with one customer. Is that on the specially chemical side or we are also exploring LPG? Just wanted to understand which segment, which capex might be going towards if it happens?

Management: So, right now the thing under discussion is for LPG.

Pranay Khandelwal: Okay, right now in the LPG and do we also, to fund this expansion, do we see any more QIP being done going forward or will we be going for debt or internal accrual for that matter?

Management: See, the funding will definitely be a mix of equity and debt. And yes, we have taken an enabling resolution from the board to raise up to INR200 crores, which is like an outside limit for the equity contribution towards a project. I don't think hopefully that we will require those kinds of amounts, though we have taken the approval as a precautionary aid.

My sense is that the exact amount will be known to us very soon. But yes, there will be a certain amount of QIP or preferential way of raising fund, whether the amount is INR50 crores or INR100 crores or INR50 crores are probably be known very soon. What I expected, my expectation is the amount should not cross, should be in the range of somewhere around INR50 crores to INR100 crores.

Pranay Khandelwal: INR50 crores to INR100 crores and the total we are looking to spend on this project would be?

Management: About INR500 crores.

Pranay Khandelwal: About INR500 crores. We'll take well and how much of it will be funded through internal accruals also I'm assuming and then some part of it from debt. Yes, just to get an idea what kind of debt amount we might be looking at?

Management: See, typically banks, typically banks don't work below 20 80 but in our case I think we would be shooting towards close to 30 70.

Pranay Khandelwal: 30 70 that would be 30 from debt and 70 from equity or the other way around.

Management: 30 from equity and 70 from debt.

Moderator: Thank you. We have the next question from the line of Vaishali Kumar from Vihaan Investments. Please go ahead.

Vaishali Kumar: Good evening, sir. Thanks for taking my question. So this is pertaining to this quarter, basically. So we have seen that our LST, if I'm not wrong, the new tanks, have started contributing to our operation. But even after that, in this course, the EBITDA margins were down by 1.8 bit year on year. And if we see, if we compare this with the EBIT margin, what we have bidden, okay, for LST, actually that EBIT margin has increased. So can you please throw some light on this?

Management: Yes, so Vaishali your first question regarding that addition of new tank, so for June quarter there is no contribution from those tanks, everything will come frankly and you are talking about the consolidated revenue for that LST isn't it, not on standard on this.

As I explained just a minute So the consolidated revenue includes the EPC division turnover, chemical division, sorry you are at this logistic business, rail logistic and some new contract which we entered with some J.M. Bakshi for that workplace collection. So that is the top line you are seeing. So actually EBITDA margin you are getting in the rental business only. That

50%-55% EBITDA margin you will get only rental business. In other business, you are not going to get that much of margin. So obviously, your top line is going to increase but you will not get the equivalent amount of EBITDA percentage because on consolidated basis, you have to include all the revenue. So that is the reason that you are seeing that difference.

Vaishali Kumar: Okay, well, do you see that given this around 20.6% EBITDA margin it should be the…

Management: Overall. Yes, it is scrub then it will come that 25% around. Otherwise on standalone basis, on rental basis, you will see 50% to 51%. And in EPC there is hardly -- in EPC hardly there is 2% to 3% of margin up to 5%. And in other things also, the rail logistic 20%-25% so average you will get 25%.

Vaishali Kumar: Right. So and one more thing like you know in this quarter, I think was that because of lower contribution from our chemical segment even that also added to the lower EBITDA margin and what was the reason for that?

Management: In chemical this quarter, there is a slightly lower activity, lower operation, because two factors, one is the increase in the price of finished goods, sorry decrease in the price of the finished goods without decreasing the price in the raw material like sodium when they are earlier selling for INR190, so currently you are selling at INR150, so there is a drop of almost 20%-25% in the finished goods, whereas toluene there is a difference of hardly 10%, so in this quarter due to that demand and supply gap there was a small variation in the chemical unit.

Last quarter I think we made some INR3.5 crores and this quarter we made some INR2.5 crores. So there was a drop of INR1 crores of profit on that account and secondly the plant was under maintenance for almost 12 days in June quarter. So that was also another reason. That is the reason that chemical has contributed less in this quarter.

But it is going to continue it's a just a matter of that demand supply gap for the particular period. But I think it will…

Vaishali Kumar: But – demand supply gap is for a shorter period or a long-term…

Management: It's for a shorter period, Yes. In this quarter also you'll get that small impact, but from next quarter onward we are not going to see any further decline.

Vaishali Kumar: And if I'm not all you said that new tanks have not contributed in this quarter. So can we see a major change from the next quarter onwards? And what do you think that how much time it will take to get this new time to be fully operationalized?

Management: See, obviously in June quarter there is no contribution and recently got the permission so obviously the revenue will start subsequently only. So this quarter I don't think there is much more jump but third quarter onwards, Yes, there is.

Vaishali Kumar: Okay, so one should see a jump from the third quarter. Okay, and what about the full operationalized of this, particular new capacity? Can we see it in fourth quarter itself or say happen in FY '25?

Management: The total capacity added is around 18000. So yearly rental increase on full year basis I can assume around INR11 crores to INR12 crores. And quarterly there is an increase of INR2 crores to INR3 crores.

Vaishali Kumar: Okay, on a fully operationalized basis?

Management: Yes, fully operationalized. Correct.

Moderator: Thank you. The next question is from the line of Sudhir Pariyar from Consultant Capital Advisors. Please go ahead.

Sudhir Pariyar: Couple of questions in continuation to what the previous sort of investor had asked. Currently in the LST business, what is our quarterly revenue run rate from the current capacities?

Rishi Pilani: See on without considering this new capacity our rental from JNPT Cochin and Goa for the full year is around INR138 to INR140 crores and from this new addition new tanks we will get around INR10 to INR12 crores. So, INR150 crores will be the rental income from the LST business.

Sudhir Pariyar: And the new capacity which comes up okay once it gets fully operational what kind of EBITDA margin would this capacities be?

Rishi Pilani: I think it will throw EBITDA of around 70% 70%, 75%

Sudhir Pariyar: Okay, so the existing business gives an EBITDA of about 55%.

Rishi Pilani: 50%-55%

Sudhir Pariyar: The new capacity which just got installed, that would give a yearly run rate of about INR12 crores and would come at a EBITDA margin of 70% around?

Rishi Pilani: Yes.

Sudhir Pariyar: And although it's slightly premature to ask, but in your estimate purely in your estimate one this FDG gets fully commissioned, what kind of yearly run rate can it achieve in one whole year of full operation?

Rishi Pilani: See, based on our estimates, the top line would be somewhere close to about INR200 crores from the LPG alone I am talking INR180 crores with an EBITDA of about INR130 to INR140 crores.

Sudhir Pariyar: And when -- once you get all the approvals and if you manage to raise fund in this financial year, how long do you think would it take to setup this capacity and then to get it operational?

Rishi Pilani: We are expecting somewhere around for second quarter, third quarter of 2025 to make it operational.

Sudhir Pariyar: Third quarter of 2025?

Rishi Pilani: Yes.

Sudhir Pariyar: Okay so that's roughly about 15 months away from here assuming that you are in a position to successfully raise funds in this year itself by whatever FY25 you said?

Rishi Pilani: But what I meant is calendar year. So, yes I am talking about – Yes so I am talking about August, September of 2025.

Sudhir Pariyar: All right. Okay. Almost two years from here.

Rishi Pilani: Yes.

Sudhir Pariyar: Okay. Okay. Great. And Rishi, what is the capex that we've done on this 18,000 KLPD that you have just added?

Rishi Pilani: It's about INR50 crores.

Sudhir Pariyar: About INR50 crores odd that we have done, right?

Rishi Pilani: Yes.

Sudhir Pariyar: Thank you very much. I 'll come back for further questions.

Rishi Pilani: Yes, thank you.

Moderator: Thank you. The next question is from the line of Vishal Prasad from VP Capital. Please go ahead.

Vishal Prasad: Hi, good evening. So a few questions from my side on the LPG terminal that we would be building. So, what kind of capacity that we are planning to put up?

Rishi Pilani: It's 48,000 tons.

Vishal Prasad: Okay. And so we mentioned that we are trying to sign a contract with one of the LPG providers. So that would be the only customer that we would have or we are looking for more?

Rishi Pilani: No. so we are going by the anchor customer concept that once we have this contract, we'll have an anchor customer and then definitely, yes, we will be having contracts with other customers also subsequently.

Vishal Prasad: Okay, an anchor customer would be expected to, I mean, what part of our capacity we would like them to buy from us?

Rishi Pilani: Ideally, we would expect them to give us confirmation for the full capacity for at least one term.

Vishal Prasad: Okay, so these contracts would be yearly we are not signing any long-term contracts with them?

Rishi Pilani: No sir the contracts will run for at least 15 years.

Vishal Prasad: okay so by one turn you mentioned it means 15 years?

Rishi Pilani: One turn per month.

Vishal Prasad: Okay one turn per month okay. So, there is lot of land available with us so in the JNPT, so what part of our land would be utilized for LPG?

Rishi Pilani: So, out of the new land once we build the LPG tankages we will require the entire land for that.

Vishal Prasad: So, there's nothing would be available for high-value liquid storage?

Rishi Pilani: Yes we have carved out a small space here for making an ammonia tank, but right now our focus is on LPG.

Vishal Prasad: Okay and I understand Deepak is our customer, Deepak Fertilizer for ammonia and they have put up an ammonia plant we are in?

Rishi Pilani: Deepak Fertilizer is not our customer for ammonia. In fact, Deepak themselves have their own tank in JNPT for ammonia and they have recently also put up a plant to manufacture ammonia.

Vishal Prasad: Right, that's what I was trying to understand that if they have put up the plant.

Rishi Pilani: There are other customers for ammonia, Deepak is not the only customer.

Vishal Prasad: Okay, and one final question. So, in the past, we have faced a lot of problems with our debt and we have come out of it. We have solved those issues. So, if we go and try to raise debt in the future are we going to get the market rates or because of our past we may find it difficult to get it at good rates?

Rishi Pilani: Our current debt is also I think would be running at highly competitive rates in the market. So, I don't see a problem with that.

Vishal Prasad: Okay, that's good to know. Thank you so much.

Rishi Pilani: Thank you. Thank you so much Vishal.

Moderator: Thank you. We have the next question from the line of Bhakti Oza from Capital Square Financial Services Private Limited. Please go ahead.

Bhakti Oza: Good evening everyone. Good evening. Thank you for this opportunity. I am from Capital Square. Sir my question is, in the first quarter of FY'24, sales increased by 32.6% year-on-year. However, there were a decrease of 9% quarter-to-quarter. What are the reasons for the same?

Management: Yes, so already I informed that this consolidated basis you cannot compare the profit margin. If you want to compare then please see that segment by standalone result in which you will get the clear idea of the LST business. In consolidated revenue you will find that there are lot of revenues from EPC and other divisions which are included and so obviously that is one time activity that is not a recurring thing. In March and June quarter that you are going to see, but in future you are not going to see that much of volume in the revenue side. So, that's why that is not comparable.

Bhakti Oza: Okay and sir also what is the contribution of new tank this quarter versus last quarter?

Management: Last quarter there was no contribution from the new tank. This quarter onwards it is going to add. Yearly rental you will get around INR10 crores to INR12 crores from the new tank.

Bhakti Oza: From this year?

Management: From this year maybe from the next quarter.

Moderator: Thank you. The next question is from the line of Pranav Parekh from BT Parekh. Please go ahead.

Pranav Parekh: Good evening sir and thank you for taking my question. Just wanted to understand now just as we are going for the LPG expansion, are we looking to take any JV partner or we'll be doing it alone?

Management: See, we are open to all suggestions that all options I should say that maximize the value for all of us as shareholder. So, we are okay to do it ourselves, we are okay to do it in a JV partnership it should just give us value that's the only thing we look for.

Pranav Parekh: Okay, sir. Thank you.

Management: Thank you very much.

Moderator: Thank you. The next question is from the line of Laxmi from Capital Square Financial Services Private Limited. Please go ahead.

Laxmi: Good evening sir. Thank you for giving me an opportunity. My question is what are the reasons for degrowth in chemical segment year-on-year as well as quarter-on-quarter?

Management: Yes, already this question has been answered but still I will repeat this. In chemical segment in this quarter June quarter as compared to March and last year June quarter there is a slight decrease in the total revenue as well as the profit on account of two reasons. One the plant was shut for almost 12 days in June quarter due to maintenance activity and secondly the prices of finished goods has fallen by more than 20%, 25% but the raw material has not fallen with that percentage and we have procured the raw materials at higher prices which has resulted in giving the lower profit as compared to the past quarter. So, there was a reduction in profit of almost INR1 crores in the quarter, but that is going to not affect in future that is a one time or you can say short duration problem due to demand supply gap.

Laxmi: And sir how do we see the trend of chemical segment growth year onwards from this quarter onwards?

Management: Currently we are operating at almost 70% last quarter we were operating at 72%, 75%. There is a drop of 2% to 5%. But this growth, we don't find any reason that it should not sustain in future. In fact, it is going to increase. And our target is to take it to around 80%, 85% shortly.

Laxmi: Okay, thank you, sir.

Management; Thank you.

Moderator: Thank you. We have the next question from the line of Sudhir Pariyar from Consultant Capital Advisors. Please go ahead.

Sudhir Pariyar: Yes Rishi, thanks so much. Just a couple of quick follow up questions. What is the gross debt on the book as of June quarter?

Rishi Pilani: As of June, there is a gross debt of around INR15 crores and as on date, there is a debt of only INR8 crores to INR9 crores. And against that, we have a FD of around INR40 crores as on date.

Sudhir Pariyar: [inaudible 0:36:17] a net cash coming.

Rishi Pilani: Yes.

Sudhir Pariyar: Then why was this jump in interest outflow in this quarter as compared to last year or the previous quarter?

Rishi Pilani: See in your financial you are seeing that there is interest comes around INR2.5 crores but out of that 50% is on account of book account entry on account of IndAS adjustment of 116 IndAS 116. So, that is the accounting entry actual out go for the entire group is almost half of the actual final cost, but since we have to show that as a part of cost as per the IndAS treatment we are showing that. So, it is not increasing it is the accounting book entry.

Sudhir Pariyar: Okay. Okay. Second, is it right to assume that 20% of our existing capacity on a spot basis, 80% would be leased out on long term?

Rishi Pilani: Yes, that appears to be approximately right.

Sudhir Pariyar: Okay. So, other than of course, newer capacity is coming at much higher EBITDA margins as compared to the existing business. What are the levers Rishi in your opinion exist or margin improvement?

Rishi Pilani: Sorry, can you please repeat the question? What are the…

Sudhir Pariyar: So, in addition to the new capacities that are coming up, which are at a higher margin, what levers are available with company to increase margins from here?

Rishi Pilani: See, we are the biggest lever that we have is, we try to which we keep doing is, we try to keep modifying the product mix that we are storing to sort of increase the revenue on the side of rentals. So, some chemicals, though they require the same type of tank there may be a rental difference between them. So, we are trying to shift continuously to the highest revenue chemical, and the second is obviously we are trying to increase our throughputs by looking at how we can measure to evacuate the cargoes faster from the terminal, so that the tank capacities become free for utilization again. So, these are the two main things we are looking at.

Sudhir Pariyar: Okay, okay. Alright, Rishi thank you so much.

Rishi Pilani: Thank you, thank you Sudhir.

Moderator: Thank you. The next question is from the line of Vishal Prasad from VP Capital. Please go ahead.

Vishal Prasad: Yes, sir there was a question on we open to having a JV, so are we actively looking for a JV partner?

Rishi Pilani: Like I said Vishal we are actively looking for any option that can give us a better value there. So, my answer would be that I mean why I mean, though we are not knocking on doors, but yet we are always making those connect through our internal resources. Yes.

Vishal Prasad: Why I asked this, I mean, when we talk to [inaudible 0:40:08] and Adani also, so we understand that putting up the capacity is the easier thing, but getting the right throughput is the difficult ask. And a lot of these government companies, they struggle with the throughput part, and they put up large capacity, but they are not able to compete with [inaudible 0:40:27] when we talk about the throughput. So, we don't have much experience in the LPG. And I mean, you are talking about JV or somebody who can help us probably improve. So, is it the throughput thing that you have in mind when you think about somebody, re-partnering with somebody who can help us?

Rishi Pilani: So, definitely, the value, but the one of the main ways the value can be added by a partner is that they themselves are the customers for the project. So, that's one of the most ideal combinations to have.

Vishal Prasad: Okay, so what kind of throughput we would expect once we are able to stabilize?

Rishi Pilani: See, we have done on our calculations based on three throughputs.

Vishal Prasad: Hello...

Rishi Pilani: So, see, we have, see while it is the actual data and the numbers are giving us the very, very high throughput numbers. However, what we on a conservative basis have gone in, which is about three throughputs a month.

Vishal Prasad: So, that would be 36 per year.?

Rishi Pilani: Yes. And, and just put it in perspective, most terminals, LPG terminals in India operate upwards of 70, 75 throughputs a year. So, that's how conservative we are in our planning.

Vishal Prasad: So, when you say we expect INR200 crores of revenue then we are assuming it at 36 times throughput and not 70 to more than 70?

Rishi Pilani: Yes. So, we are assuming about INR180 to INR200 crores of revenue you are right top line that is based on 36.

Vishal Prasad: Okay and if we compare JNPT with any other terminal in India. So, I'm assuming that definitely there will be some premium pricing just because of location advantage. So, what kind of premium we expect to get it from our LPG customers?

Rishi Pilani: See, premiums and pricings and all these are very, very subjective numbers because there's no way to put a number on it. So, I don't know how to answer that question, but definitely we do believe that we will be competitive in the market given the overall scenario that we are developing a terminal that can handle an entire VLGC. So, the overall costing for our customers will be lower than the other terminals. That's what we are actually trying to aim for.

Vishal Prasad: Just because they will have faster turnaround.

Rishi Pilani: And, they can bring in the entire VLGC at one shot and discharge.

Vishal Prasad: Right, right. Okay, okay, got it. So we would be able to -- so this customer that we are talking about, is it a PSU or it's in private sector?

Rishi Pilani: We are talking to all of them but as of now we don't want to disclose any things till they are finalized.

Vishal Prasad: That's fine. And last question, so this timeline that we mentioned, August of 25. So, that's the earliest or it can get delayed based on when we are signing the contract?

Rishi Pilani: Yes, see what I said is, was the third quarter of 2025. So, somewhere, I would expect hopefully that by as of see it takes about two years to construct and commission. So, hoping that we should be able to start construction sometime in September or October. So, that's what my goal was about 3rd quarter of 2025 is when we should finish.

Vishal Prasad: That would be August to October of year 2025 2 years from now?

Rishi Pilani: September to December of year 2025.

Vishal Prasad: Yes that would be all thank you so much.

Rishi Pilani: Yes thank you Vishal.

Moderator: Thank you. The next question is from the line of Padmaja from Parameshwar Advisors. Please go ahead.

Padmaja: Thanks for the opportunity, sir. So this quarter, our LST segment has contributed around 67% versus 44% last year. So, do you see this trend to continue in future?

Management: No, no. This is not going to continue because that turnover includes the turnover of EPC deals. So, that is a one-time activity. You will get clear.

Padmaja: So, what is the contribution of EPC and rail logistics in the LST segment for this quarter?

Management: Pardon?

Padmaja: What was the contribution of EPC and rail logistics in the LST segment for this quarter?

Management: See EPC, there is a hardly 2%, 3% of margin and in rail logistics -- our EPC top line contribution is around, this quarter is INR20 crores and rail business is around INR8 crores. And there are other activities like and [inaudible 0:46:24] charges and all these so they are having a very small margin.

Padmaja: Okay, sir. Thank you.

Moderator: Thank you. Ladies and gentlemen we have no further questions. I now hand the conference over to Mr. Rishi Pilani for closing comments. Over to you, sir.

Rishi Pilani: Thank you so much and thank you all for taking time to attend this call and I appreciate all the questions and in case of any follow-up questions we are always available. Thank you so much for your time.

Moderator: Thank you. On behalf of Monarch Network Capital, that concludes this conference. Thank you for joining us, you may now disconnect your lines.

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