GANESH BENZOPLAST LIMITED
CIN:L24200MH1986PLC039836 / PAN NO : AAACG1259J
Regd. Off. : Dina Building, 1st Floor, 53 Maharshi Karve Road, Marine Lines (E), Mumbai - 400 002.
Tel. : (91) (22) - 6140 6000 • Fax : 6140 6001 / 2839 5612
Email : compliances.gbl@gmail.com • Website : www.gblinfra.com

Date: August 17, 2022

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 August 10, 2022

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Conference Call held on Wednesday, August 10, 2022 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

GANESH BENZOPLAST LTD. GBL MUMBAI

Ekta Dhanda
Company Secretary and Compliance Officer

Encl: as above

"Ganesh Benzoplast Limited
Q1 FY 23 Earnings Conference Call"

August 10, 2022

MANAGEMENT:	**MR. RISHI PILANI - CMD, GANESH BENZOPLAST LIMITED**
	MR. AMAR KABRA, FINANCE HEAD, GANESH BENZOPLAST LIMITED
MODERATOR:	**MR. PRIYADARSHI SRIVASTAVA - MONARCH NETWORTH CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Ganesh Benzoplast Limited Q1 FY23 Earnings Conference Call, hosted by Monarch Networth Capital. 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 "*" then "0" 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: Good evening, everyone. I welcome you all on behalf of Monarch Networth Capital and Ganesh Benzoplast without making much more time, I pass over to you Rishi sir and Amar sir, for your opening comments, and then we'll follow up with a question-and-answer session. Over to you, sir.

Rishi Pilani: Thank you, Mr. Srivastava and thank you to Monarch Capital for hosting the call. Good evening, everybody. This is Rishi Pilani, I am the CMD for Ganesh Benzoplast Limited. And joining me is Mr. Amar Kabra, who is the finance head for the company. And I thank you all for joining us on the conference call for the quarter ended June 30, 2022.

I will initiate the call by taking you through the operational and financial performance, after which we'll open the forum to have a question-and-answer session. But before, I'd like to give a brief introduction of the company.

So, Ganesh Benzoplast, is present, in two broad segments. One is the liquid storage tank business which we call the infrastructure business and related activities to the infra business. And the second is a specialty chemical manufacturing business, where we have two plants in Tarapur.

Under the liquid business, we have total installed capacity of 3,09,000 KL on three of the prominent ports in India which is JNPT, Goa and Cochin. We have long term lease contract for these ports, where we have set up the liquid storage tanks, which are connected by pipelines to various berths for handling export and imports of all types of liquid products.

So, GBL has a wide variety of tanks, like stainless steel, mild steel, pre-coated, that cater to all types of products storage requirements like acid, phenol, oil products, and edible oils. Our JNPT and Cochin terminal currently runs at 100% capacity utilization and Goa is running at approximately 40%.

In the Specialty segments, we manufacture Benzoic Acid, Sodium Benzoate and Benzoate Plasticizers which goes into food preservatives, paint, automobile, pharmaceutical, lubricant industries etcetera. And in our other plants we manufacture lubricant additives which are like gear oil additives, hydraulic oil additives, Greece additives, soy additive.

But over here the company has a total installed capacity of 24,000 tonnes per annum. As a business strategy we are looking at separating the groups into two separate entities. Apart from this, GBL has five subsidiaries, out of which four are wholly owned. The wholly owned subsidiaries are GBL Chemical Limited, GBL's LPG Private Limited, GBL Infra Engineering Service Limited and GBL Clean Energy Private Limited.

Infrastructure Logistics Systems Limited which is basically our rail logistics business is a subsidiary in which GBL owns 86% and 14% is owned by others. With a growing energy demand in India and increase in movement of oil chemicals and petrochemicals. There is therefore a huge potential for expansion of pipelines, transportation and infrastructure and the company will get good opportunities in the coming years.

On the operational level in the coming months, we are planning to add 19,000 scale KL capacity in JNPT which is expected to commence in Q4 of FY23, which will be used for petroleum products with higher utilization. For this expansion, the company has already acquired the land on JNPT port and this capacity is to expect it to be fully rolled out in FY22 and early '23.

Apart from this, we have additional land in JNPT which we hope to fully utilize by the end of FY25. Furthermore, our wholly owned subsidiary which GBL infra engineering services also commencing operations by getting an order for fabrication of 61 storage tanks from ANA oils. With a proposed increase capacity focus on growth through diversification and growing demand for storage, we believe we should be able to continue registering healthy growth going forward. We have started this year with a very strong performance at consolidated level.

Moving on to our first quarter FY23 results. On consolidated basis in the fourth quarter the revenue grew by 17% to INR 920 million as against INR 784 million. Profit before tax grew by 34% to INR 168 million as against INR 125 million in the corresponding period. And PAT grew by 31% to INR 123 million as against INR 93 million in the corresponding period.

Our EBITDA is right now at INR 21.42 crore for the quarter. This year our company got award for the highest liquid cargo handling at JNPT in the non-PSU category, and this is the eighth consecutive year that the company has handled the highest liquid cargo at JNPT under non-PSU sector.

I would like to again thank you all for listening to me, and now I request the moderator to open the forum for any questions or any suggestions that the participants may have. Thank you.

Moderator: We have the first question from the line of Varshit Shah from Veto Capital.

Varshit Shah: We as investors we appreciate this gesture to reach out to subdue larger community. Sir, my question is on firstly on the land, the newly acquired land. So, its mentioned that you will kind of commence operations I think by end of FY23. So, if you can crystalize a bit. The opportunity we can capitalize on this new acquisition of land?

Rishi Pilani: Varshit, if I understand your question correctly, you want to know that how much capacity is coming online by in the first quarter of -- in the fourth quarter of FY23, right?

Varshit Shah: Right.

Rishi Pilani: So, it's about 19,000 KL. And all these tanks are specially designed to handle all types of chemicals. So, 10 tanks -- so, totally 18 tanks are being built out of them 10 are stainless steel. So, as you know stainless steel though it's a higher price commodity what it does is, it gives my customers a lot of flexibility in handling corrosive products like acids and highly quality sensitive products which are required. So, we are seeing a very, very healthy demand for this.

Varshit Shah: Sure. Sir, if you see typically about our existing portfolio, so we are slightly moving up the curve in terms of better margin so, the capacity is that right assessment, because I think given our current mix and what you're planning in JNPT new land?

Rishi Pilani: So, see the current mix and that we have, already consist of these capabilities apart from handling your regular products like lube oils and edible oils and other products, right? But with having this enhanced capacity it will add to our portfolio of the specialty chemicals that we can handle through our terminal. So, we become a much more value add proposition to our customers.

Varshit Shah: So, the incremental margins, I mean, would be higher than the company, current company average on this product?

Rishi Pilani: Yes, that would be the case, yes.

Varshit Shah: And sir, 18 tanks you'll commission by Q4. So, do we envisage towards the end of Q4 or possibly from the middle of Q4 we'll be able to commence, sir. Any revenue which will flow in this?

Rishi Pilani: See, our actual expectation is to commence by third quarter of FY23. That's why the conservative answer is Q4 of FY23. So, I would expect that in the beginning of Q4 of FY23, we should have these tanks commissioned.

Varshit Shah: So, we can build may be one quarter of revenue, some revenue, obviously not a 100% utilization. Some revenue will flow in?

Rishi Pilani: Yes, yes, definitely we'll see some revenues.

Varshit Shah: And by when you expect this site to ramp up fully?

Rishi Pilani: See, for the rest of the site, we are looking at adding even more value-added products in terms of to our customer and also to us in terms of profit. So, I would imagine that with the conceptualization and finalization we would expect that by FY25 we would have the entire site ramped up.

Varshit Shah: Okay. Particular 19,000 KL you mentioned?

Rishi Pilani: No, the 19,000 KL will get ramped -- will be commissioned in the Q4 of FY23 itself, but this is hardly utilizing about 15% of the land that we have got available with us. So, we still have 85% land free.

Varshit Shah: Okay. So, if you want to just kind of give us a color on what is our revenue potentially if you can put in number, on this 19,000 KL expansion and a broad range is also fine and I'm sure the other future plants as and when you crystalize you'll share it with us?

Rishi Pilani: See, typically if similar tanks in the market, they would command a revenue of approximately INR 1 crore to INR 1.5 crore per month. So, you would expect that the top line should have an impact of where anywhere between INR 12 crore to INR 15 crore and since this is an add on to our existing terminal itself, the costs will not go up in the same proportion. So, your operational margin in these tanks are expected to be higher than since it will be a part of your whole existing capacity not a standalone capacity.

Varshit Shah: Understood. So, the cost incremental EBITDA margin will be much higher although the gross margins is a function of the mix, I mean the valuated mix, but the EBITDA margin would be even higher because of our largely the six quarters same?

Rishi Pilani: Correct.

Moderator: We have the next question from the line of Venkataraman from Orient Securities.

Venkataraman: Congratulations for good set of numbers and that the company is going ahead. I have one small couple of questions. One was regarding the infrastructure logistics. We are holding around 86% approximate, why are you not taking it making it 100% subsidiary by paying out the balance?

Rishi Pilani: See, the other 14% is actually owned by promoters themselves, so, that will be ultimately brought into the main company. But due to some -- because of some technical reasons it will take a few months to do that.

Venkataraman: Okay. And in the PowerPoint slide we were 20 on the financial result. You had mentioned regarding the performance of infrastructure logistics. The EBITDAs down this year for FY22 and if you compare the Q1 standalone and consolidated it appears that IOSL is still not making profits as compared to what it was before our takeover. Why is it so?

Rishi Pilani: No, Mr. Venkataraman, so what happened is that we have, there was a -- because you know that we went through a troubling time due to COVID and other issues. So, see we have to be cognizant of the fact that we have to support our customers in difficult times. So, we also have to participate with them when they are making losses. So, during the last year we had to take a one-time hit. But all that will now is no longer applicable. So, this coming -- starting from this quarter onwards, you will see a change in the profit numbers.

Venkataraman: Okay. And another difficult question, what is the status of the litigation with Morgan Securities?

Rishi Pilani: So, see it is a sub judice matter, so I can't speak much on it. But what I can tell you is that in January of '21, there was -- because this is public knowledge, there was an order by the court for us to deposit INR 3 crore against this matter which we have done.

Venkataraman: Okay. So, whatever has to be paid according to the tentative court assessment that you already made. And so, we are done with it. So, result is awaited but?

Rishi Pilani: So, the matter still continues in court. So, I would not say that we are done with it. But what I would, I can only comment at this point is that as per the courts assessment of the liability, we have deposited in the court.

Venkataraman: Next question, can I put in another question. What is the nature of relationship with Golden Agri? Because I see that you have, they have a JV with you in Bluebrahma and as per the AMC portal there is a charge outstanding, what is the nature of facilities that they have given to your company, which is not reflected in the balance sheet?

Rishi Pilani: So, Golden Agri is part of the Sinar Mas group of Indonesia, which is like one of the largest group business houses they're the parent company is a listed company in Singapore. I think currently this Golden Agri division is worth upwards of $5 billion. So, the relationship started with them because they are our customers, they needed some tanks for their storage. So, the structure we had agreed with them is that they would lend us the money to build the tanks for them. And they would recoup their money through the rental. So, that's why the charge that you see in the account is because they actually funded their own tank as a debt.

Venkataraman: When is it getting over?

Rishi Pilani: That debt is already over?

Venkataraman: Over. Okay. So, I believe you're not satisfied, filed the satisfaction charge with the company?

Rishi Pilani: We will satisfy the charge. That's not an issue. That process is going on.

Moderator: We have the next question from the line of Sudhir Padiyar from Otium Capital Partners.

Sudhir Padiyar: Just a follow up, couple of follow up questions to what the participant previously had already asked with regards to our JNPT expansions. Sir, pardon my ignorance, but how does this business actually work? So, is it that you get you know, orders from the client based on which you build the tanks? Or do you build a tanks first and then you go scouting around for clients which are suitable for those tanks?

Rishi Pilani: So, is your question over, Mr. Sudhir?

Sudhir Padiyar: For now, yes. I'll have further questions with this.

Rishi Pilani: Sure. So, the thing is, the answer is both. So, even in the 18 tanks that we are expanding, some of the tanks are already built as per client demand. So, the clients actually contract with us. And they tell us that, if you build such and such time for us, we will hire it for let's say, one-year, two-year, three-year period from you. And some of the time what we build, they are based on our experience of the product flow through the ports and the pent-up demand that we receive. So many times, over the course of your business you keep refusing people tank because you simply don't have that configuration or that type of tank. So, it's a combination of both.

Sudhir Padiyar: Okay. But in which case, I guess it would be fair to assume that this facility that we are building will largely not go unutilized, because you're doing it with a mix of both you already have orders in hand plus you have an assessment of the impending demand. So, this facility may not go under-utilized for a long period of time?

Rishi Pilani: I would be highly surprised if it goes unutilized even for a day.

Sudhir Padiyar: Brilliant. So, my second part of the question sir is, this facility that you're building, right specialized industrial tanks, as you rightly said that this would be fetching you higher margins as compared to your existing business. And in your existing business also, you mentioned that you have a mix of specialty tanks, right, which cater to this. What percentage of your existing business would have this kind of specialty tanks, actually?

Rishi Pilani: In JNPT would be approximately 50%. So, out of our capacity of 2,5 lakh KL right now in JNPT roughly, it would be about maybe 1 lakh to 1.20 lakh would be specialty.

Sudhir Padiyar: Okay. And on the balance 84% of unutilized land also you have similar plans of replicating this business, right?

Rishi Pilani: I would not say that we have -- so replicating this business is one of the options or we may go for other types of tanks which are even more high value yielding. So, all that is being right now formalized and crystallized.

Sudhir Padiyar: Okay. At what kind of CapEx would be required roughly to utilize 100% of the land that we have at JNPT, rough number a range at least?

Rishi Pilani: See, I'll give you an example that suppose if you decide to replicate similar types of specialty chemical tank, right, then probably you can get by with another INR 100 crore to INR 150 crore. And suppose if you want to go in for let's say an LPG, so, an LPG facility will cost us anywhere between INR 400 crore to INR 500 crore. So, it's a range.

Sudhir Padiyar: And, sir, if at all you go in for -- I understand that you're saying LPGs facility would roughly come at 3 times the capacity of your regular, you know, CapEx that you're talking about, what kind of incremental margins would LPG thereby enjoy, if at all?

Rishi Pilani: See, generally, any project that you put in your expectation always is and this is just an expectation nobody can be certain, but your expectation is always that you should recover -- your payback period should not be more than in the range of five to seven years. So, this gives you an idea that basically, if the payback period is remaining in the same range, then obviously, if your CapEx is 3 times higher than your revenues also have to be and margins have to be 3 times higher.

Moderator: We have the next question from the line of Ravish Malav an individual investor.

Ravish Malav: Actually, there is a presentation slide in which you have said we can increase level height of our tanks also. So, is there any scope we are doing there in older plots, I will call it old plot and I will call new plot. So, is there any scope doing for that?

Rishi Pilani: Yes, we are. But unfortunately, we are in a catch 22 situation always, that the demand for the tanks is so much that it is very difficult for us to empty our tanks to do this because it takes approximately a month or two to do all these things. And it's very, very tough for us in the current demand supply scenario, to even empty the tank for a day, that is the catch 22 we are stuck in always.

Ravish Malav: Okay. So, means there will not be any scope for at least for a year or so we can say, because you will be binded by the contracts also because of that, one or two you will kt be able to increase?

Rishi Pilani: Yes, it's not only just the contracts, it's also the part of customer servicing. Because if your customers have continuous vessels coming and if you make the vessel stand they go into something what is known as demurrage. So, we have to be cognizant of the fact that our customers are they like to take advantage of the fluctuations in the international market pricing. So, if our pricing is favorable, they like to order move quantities and do all that. So, it's always customer service angle, not a contract time.

Ravish Malav: And my other question is, if you are looking at an LPG tanks there, so are we pursuing any certification or any NOC from the authorities? Are we doing these things, if we are certain we want to do this or chemical storage both of them, we can have NOC beforehand, before just before having some money we need, but we can have NOC from the government or the authorities to have LPG or if we don't get the money, we can have our chemical storage? Because it is a long process. I think you have already mentioned when we intended to do it at Goa, but it could not succeed because of some issue there, are we doing this here?

Rishi Pilani: So, let me say this that yes, you're right. Whatever statutory steps we need to take, we have started taking, but just for your information that you don't get an either or license. So, a government department is not going to give you a license to say do this or do that. It's going to be what you want to do take the license for that. It very important for us to crystallize our way forward. And then, but having said that, yes, whatever groundwork we need to do documentation wise so that the day we crystallize we can just submit that and take the approval, that is all being done.

Ravish Malav: Okay. Very good benefits. And my other question is, how are you thinking of the chemical business going for one or two years, because it is getting, it is very volatile, in form of profitability also and in form of, I think a form of profitability only because it is under 60% retention level since two, three years. So, what do you think it of in one or two years, are we adding some new products in the same line or we can do that to have its capitalization at higher level and have at least -- we can reduce the volatility of profitability because it is a lot of profitability is going zero and it is coming in INR 1 crore, sometimes it is INR 11 crore, sometimes it is zero. So, are we doing something for that?

Rishi Pilani: So, Mr. Ravish, the thing is that we are not increasing the product mix as of now, but what we are trying to do is various things of trying to make sure that we are managing the raw materials sourcing better, because both the plants if you see the sodium benzoate plant and the lube oil additive plan is based primarily the raw materials for the -- one is toluene which is a petrochemical and other is base oil which is again a petroleum product. So, the high volatility of the raw materials that we keep facing that makes the what you see the profit margin swing, because the transferability to the finished product is not as fast as the volatility of the raw material. So, in sometimes it works in our favor when the raw material prices drop, the finished good prices don't drop as fast. But when the raw material prices go up, the finished goods prices don't go up as far as.

Ravish Malav: Yes, that's what I was talking about.

Rishi Pilani: Our focus right now is to maintain the quality, try to get a better handle on the raw material volatility in terms of prizes, and also steadily keep growing our capacity. So, if you know a few years back we were operating just at 30% to 35%. And now we are up to 60% so steadily we are taking this up.

Ravish Malav: So, going forward, the profitability because of the profitability is what we are seeing and it is sometimes it is zero, sometimes in very, very good number. So, it will -- we're going to bypass in next two, three years. We will have some regularity in profitability and utilization also?

Rishi Pilani: Hopefully, yes.

Ravish Malav: And what about the demerger rural planning for chemical business and everything?

Rishi Pilani: Yes, so see, demerger is see we have already filed the scheme and everything. There is a legal court case due to which we are not able to execute that. Somebody had mentioned about something before Morgan and all, so it's related to that, but we are looking to solve that. And our first choice would obviously be to create to demerge entities so, that we can create valuation in both our entities by increasing their business and profits.

Ravish Malav: Very good. So, let's come to new plot that we have got. Is there any rent we have to pay and can you tell us how much the combined rent will be, old cum new, in the high range or how much it is, yearly basis or what?

Rishi Pilani: So yes, the rent has to be paid on the yearly basis. And it is similar in line to the -- it's obviously higher because we bought it now. But it's in the line of what we pay already to JNPT approximately the same.

Moderator: We have the next question from the line of Vikas Gandhi an investor.

Vikas Gandhi: I have one question of the LST divisions, while the revenues quarter on quarter last year has gone down slightly, but then significant swing in profitability compared to INR 16 crore last year, we have done INR 12 crore. Any particular reason, was it any one-off item or what it is?

Amar Kabra: Yes. Myself Amar Kabra, GM's Finance and Taxation. I would like to answer your question. See, these storage tanks and pipelines and all the machinery which are put are 30 to 32 years old. So, it requires routine, you cannot say routine, it requires heavy maintenance Capex. So, on quarter and quarter we are assessing which tank require maintenance Capex and accordingly we are doing the maintenance of that particular tank or pipeline. So that's why that is the reason that in one quarter, you may see there is a variation in maintenance Capex and in other quarter you will not see that particular amount. So, that is the one of the major reason for down in EBITDA margin of the LST division.

Vikas Gandhi: Understood. So, in Q1 FY23 we had this accent expenses which has impacted us?

Amar Kabra: Yes.

Vikas Gandhi: And the second question is on Ethanol. How is that project progressing?

Rishi Pilani: So, that project is progressing as we envisaged it. So, as you all know that the current government policy is highly favorable for this environment of ethanol manufacturing. We already the -- we had a few months of operations in that plant to test it. And currently the plant is under expansion in terms of its capabilities, and we hope to restart in within a month or to which is as per our plan program and then start supplying again.

The advantage with us is that since the plant is located in a strategic area, the raw material is not an issue and the supply is virtually guaranteed because as per the government laws the OMCs have to purchase from the closest plant that is available to them. And we are the closest to one of the biggest depos of the OMCs. So, compulsory they have to purchase it from us before they purchase from anybody else.

Vikas Gandhi: Understood. So, is there any capacity utilization, you're factoring in for FY23?

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

Vikas Gandhi: What is the revenue stroke capacity utilization for this project in FY23?

Rishi Pilani: So, the capacity utilization what we are projecting starting let's say November onwards is 100%.

Vikas Gandhi: And revenue at 100% utilizations?

Rishi Pilani: See, the revenue at 100% utilization comes out to approximately INR 100 crore to INR 130 crore a year. But you have to remember that GBL owns only a 26% stake in this number one, and number two that obviously the revenues to GBL will start flowing once the CapEx is paid off, which is expected in about two years' time.

Vikas Gandhi: Understood. So, it’s a promising project but long gestation?

Rishi Pilani: Yes.

Moderator: We have the next question from the line of Saket Saurabh an individual investor.

Saket Saurabh: So, my first question will be that you have mentioned that capacity in terms of kilo liters, but when you look at that the throughput that is 1,000 metric tonnes. So how do we establish a correlation between the two?

Rishi Pilani: Sorry, Mr. Saurabh, can you repeat the question?

Saket Saurabh: So, my first question is that, you know, let's say for say JNPT we have mentioned that there is a capacity of 240,000 KL but then there is a throughput number against it in metric or million tonnes. So how do we establish a correlation between the two?

Rishi Pilani: So, basically, you may have companies who have hired tanks for you, from you, but for various reasons, they may not able to utilize the tank fully. So, I'll give you an example. Let's say you have a tank that is of 5,000 KL and let's say somebody is hired it from you, but for whatever reason, they get only 2,500 KL of material for that particular month. So, the truth -- while they will pay you for the 5000 KL tank, the throughput through the tank only is 2,500 KL.

Saket Saurabh: Okay. So, then throughput is not something that we should look after, right, it's a KL or rupees per KL, which is a metric to go after, right?

Rishi Pilani: Yes. But throughput is also very critical because a higher throughput means that the tanks are being utilized more efficiently and they may ultimately lead to better revenues because the tanks that are on spot basis. For example, when you give tanks on spot basis, those are only running through throughput. So, while throughput is not an exact number that gives you all the data, but it is good to know that if a company's what is the throughput ratio the company is operating at.

Saket Saurabh: Now, sir, if I look at the breakup, how much should we say on spot and how much should we say on long term contracts, the rental revenue that you have?

Rishi Pilani: So, if I look at JNPT 80% to 85% of the capacity would be on spot. And there is a strategic reasons why we keep some quantity held back on spot, is because that those are your higher revenue drivers, so 85% is on contract and about 15% is on spot.

Saket Saurabh: Okay. And what would be the typical duration of these contracts like six-month, multi-year or long term what will be that?

Rishi Pilani: Yes, so we have contracts that are ranging from a year to 10 years depending on the customer and the product.

Saket Saurabh: And so, if I look at revenue entities so, there is steady say increases, is that like do we have price escalation or do these rates have some linkage to say global, say like, there was this currently there was issue around container and all, was that also impacting our rates, so if you can share some color on what drives this realization from a particular account or say per kilo liter, both in the contract part as well as the spot part?

Rishi Pilani: So, the contract part yes, usually they do have an inbuilt mechanism of rate increments. And they generally range between 5% to 8% year over years. Now, once the contract expires, obviously we reset the rates then based on the current market scenarios. So, you may have customers who end up paying as high as 25% or 30% a year or more as a step jump once the contract gets over and a new contract is negotiated as a starting point. But during the duration of a contract, generally the increments range between 5% to 8%.

On the spot -- for the spot, it is a really open game. So, because it is all a question of a customers demand and our ability to fulfill that demand. So, for the same cargo that for example, the spot rate maybe x, sorry, the contract rate may be x, the spot rate can be 3 times, or 2 times.

Saket Saurabh: And so, is there like you know, say if you look at any trend like last year, they have their peak or their softening a bit if I look at the spot rate, because there was a shortage of containers and all so, will that be a fair assumption or there is a say, base or they tend to remain between a particular range, these rates?

Rishi Pilani: No, so yes, obviously there is a range I mean, we can't charge, I mean, 25 times the current market scenarios and all right, that's not how business works, even as a long-term relationship, so generally there is a range which is determined. Again, the reason why it's called spot is because that range is determined on that particular spot. But see the container business shortage and everything doesn't really impact us because we are in the bulk liquid business. So, our cargo doesn't come by containers it comes by bulk liquid ships, which have storage tanks in them. So however, what the trend we are seeing is year over year we are happy to see that the trend is still, there is an increment in price and the customers are willing to absorb those increments.

Saket Saurabh: So, are these tanks multipurpose in nature? Because I think that all of the -- so on one hand, I see that the handling capability that you've outlined is all across like edible oil and all but at the same time you're talking about, you know, the new capacity could be say focused more on specialty one. So, any color around that, current capacity is all fungible or you talked about 50% specialized and 50% this. So, how does this rate varies across a specialized versus non-specialized or commoditized?

Rishi Pilani: Again, obviously, you can't store like flammable products in a non-flammable tank, right? I mean, that that is not permitted and it's not allowed by statutory authorities. So, my whole point is that you will, there is some level of fungibility, yes, in the tank usage. But in terms of revenue, you would expect that the specialty tanks should give you at least 1.5 times than a non-specialty tanks in most cases.

Saket Saurabh: Any thoughts on Goa thing which seems to be currently under some rough weather, while you have talked about certain initiatives, what if you can elaborate a bit on that?

Rishi Pilani: That's a very good question. And if you also have any suggestions on that, I would welcome it because see fortunately, the good part is that the Goa facility is relatively very small. It's just four tanks amounting to 25,000 KL or so. So, it's not a very, very big, cost on the company to maintain it. Having said that, that yes, obviously we want to make sure that, we want to grow that business there, we had a steady state business there of bunkering which got affected due to the mining ban in Goa, if you are aware of that.

So, while we are exploring opportunities like we go, we do handle sometimes specialty chemicals there. We do handle edible oils there. But as of now, we are not having a concrete plan on how to take these occupancies up.

Saket Saurabh: So, you have mentioned about this rental revenue, but you also talked about you have got full contracts for manufacturing tanks and then there is also an EPC business within this. So how would we say the mix across these three verticals, rental versus say manufacturing versus say EPC?

Rishi Pilani: So, see rental and manufacturing so you have to understand that when you ask for revenue, the revenues in manufacturing are always going to be higher because that's the nature of the business, right? You're going to buy and sell on the price of the product. Whereas in rental, you're going to just get a small decimal of the product because it's a service, right, that you're providing, you're not doing any value add to the product.

So, but -- and regarding the Infra business, the Infra Engineering business the bat is a very, very new business that we have started. And it is not like the open to market business. It's very, very targeted by two very specific of our own customers to help them enhance their capacity so, we can service them better. So, I may take a customer who wants to move more cargo to JNPT. But because of the capacity utilization in his plant, he's not able to order bigger parcels, right?

So that's where I will focus. That I will provide them the expertise and service of building the tank so, that their revenue sort of links into my revenue. The same is ANA is our existing customer and JNPT. So, we are providing this as a as a value-add service to them. So, we are not like a typical EPC company where we are out in the market and you know selling ourselves to every tender and everything like that. We are very, very focused to enhance capabilities and capacities of our own customers.

Saket Saurabh: It's basically focused on making the relationship more sticky rather than generating separate…

Rishi Pilani: You hit the right path.

Saket Saurabh: Thanks for the responses and highly appreciate the transparency and openness with which you have shared looking forward for a longer relationship.

Moderator: We have the next question from the line of Vaishali Parkar Kumar from Vihaan Investments.

Vaishali Parkar: So, I have two questions like you know, the one, 19,000 KL capacity which we are going to come in return future. So, that have the same realization or it will have a different realization then the current tank?

Rishi Pilani: So, in terms of revenues, it will be similar to your current tank or maybe slightly higher, I'm talking of these 19,000 KLs, but in terms of your EBITDA margins is definitely going to be much higher. Because you have to -- because we are just adding on to an existing plant, right to an existing capacity. So, the cost levels in these tanks is not going to be the same as the existing tank.

Vaishali Parkar: So, you mean to say the current it's suppose current LST segment is doing 54% of EBITDA margins, then this particular capacity may have higher margins?

Rishi Pilani: I would expect that whatever your current margin is, these would be approximately 50% more margin.

Vaishali Parkar: Okay. And sir, on your this quarter results, when I was looking at it the main contributor to the revenue was the chemical segments which grew 49%. So, what was the key drivers to growth to that and is this sustainable going forward?

Rishi Pilani: See, Vaishali, if you see over the last few years, we have systematically tried to implement controls into the purchases of our raw materials and the way we are selling our products to improve the margins and get a better plant utilization. So, we have steadily year after year increase in our plant utilization levels starting from almost maybe 25%, 30% to right now we are almost 60%.

So, as you keep growing this simple math, your overheads are fixed. So, as you keep increasing your utilization level, you're definitely going to see some impact of that in terms of your profits. So, it's a combination of all of these and along with that what we have done is that we have created a wholly owned subsidiary in which subsidiary in which all the purchase and selling of chemical division is happening and Ganesh Benzoplast as GBL as a mother company is getting a fixed margin on that. So, we are trying out different structures that without inputting any funds from the LST division into the chemical division, we are helping it grow through different management inputs.

Vaishali Parkar: Okay. And on a sustainable basis as we see the last year the EBITDA was negative, this year it was a positive, so over a period of time on a sustainable basis, how do you see EBITDA margins growing in this business?

Rishi Pilani: This is a very difficult question to answer because see what happens in the chemical division is that it is highly, highly dependent on your raw materials volatility, because your raw material prices are directly linked to crude oil. But having said that, with the increased utilization, with the increased controls in terms of purchases and selling that we have brought in, I definitely hope that we don't have -- we have a steady state performance. I definitely hope for that.

Vaishali Parkar: Okay. And sir, on your EPC segment, I understand the way you are doing a job done for your clients, sir, how do you see this particular segment growing in a future?

Rishi Pilani: See, we are we are getting a lot of inquiries for us to work on this segment, primarily because of our expertise in this. And you know all the systems are established. But as I've said before, this business is going to be focused as a driver for the main business which is LST, and the logistics. So, wherever we see synergies where we can do EPC work to sort of bridge these gaps, that's where our focus is going to be. Now, how many opportunities come in that or not come in that I'm not sure of that.

But one thing is show that this business is not requiring a lot of capital input from this company. The same project team was up which is GBLs core project team assist in these projects. So, we are not adding additional burden on GBL to manage this division. So, this division, is acting as a complement to enhance GBLs capabilities. It's not like a cost center which is taking away GBLs time and money.

Vaishali Parkar: Okay. Last question, if I may squeeze. Sir, I'm just trying to understand that same land what we have on this lease on this terminal, if someone wants to get the same kind of lease, so how easy and difficult it would be and what would be the difference in pricing in terms of costings?

Rishi Pilani: See, we have to look at it in a holistic view that getting the land doesn't achieve anything in a liquid storage business. You also need the pipelines that connect to the jetty that allow you to handle the cargo, right? So, currently JNPT does not have any room for further pipeline. So, the problem what happens is that -- and GBL is in a unique position where we are connected -- so JNPT has two primary jetties for handling liquid cargo which all the terminals use, but GBL only GBL is connected to two secondary jetties which also can handle liquid cargo. So, GBL is the only terminal capable of accessing all the four jetty. How this add value to a customer is, they can -- their vessels don't incur demurrage while waiting because in the main to work, all the terminals are waiting to get go, so having a pipeline access to a jetty and a multiple number of jetties is the key to success in this business.

So, getting a land while in a normal tender anybody can ask JNPT to remove a tender and bid for the land. The approximate current pricing is 8 to 9 times of what we are already holding, the land -- the prices that we are holding. So, first of all they have to pay this higher price and in addition to that they have to -- they will have no access to the jetty. So that's where the barrier to entry comes.

Vaishali Parkar: Sir, is it right to say that in this particular segment, where the pipeline exists, we are the only company which has this excess?

Rishi Pilani: No, that is not right because in JNPT itself there are two other companies who are third party operators who have access to these lines. And obviously all across India and in the port there are different companies who have access to the lines. But we are not the only company but we are the only company who has access to all the four jetties.

Moderator: We have the next question from the line of Ravish Malav an individual investor.

Ravish Malav: Sir, I wanted to know about our logistics business assets and how much land we are handling and what is the capacity and the railway capacity they are having?

Rishi Pilani: In our logistics business, currently, we are having land in two areas. One is in Daund near Pune, which is approximately 3.5 acres, 4 acres and near Butibori in Nagpur. Again, this approximately 4 acres. And both these places are having storage tank that are linked through pipelines to the railway. So, we can do online loading and unloading of rails of the train directly into the storage tank in both the locations. We are also having approximately 140-foot ISO tanks owned in this division which can be utilized for movement of liquid cargo.

Ravish Malav: These are the mini ports for us. If we are having customers near these locations we can handle our liquid from JNPT to their place?

Rishi Pilani: You are absolutely right, Ravish the idea of setting up these terminals is to bring the port right to the customers doorsteps. So, for example, one of our biggest customer who is Cargill, so if you see they are -- we are transporting their liquid, their edible oil from our tanks in JNPT by rail, to our tanks in Don and further on to their plant by trucks. So as far as Cargill is concerned, the ship is delivering directly to their plants. They don't see the -- they don't see the molecule in between. They see the molecule straight when it reaches their plant.

The concept behind this what it does, it not only increases the throughput through my tank, but it also makes the stickiness of the business grow exponentially.

Ravish Malav: So, it is having a potential to grow in line with your LST business?

Rishi Pilani: So, see, the liquid business -- the logistics business is having a long gestation period in terms of new clients because you have to understand that for a client to change over their business model from the truck to rail entails the complete philosophy change of the organization that we are working with right, because any disruption will lead to a disruption in the plant operations. So, generally so, we are working right now with a very big company. We already made headway in terms of getting the initial engineering started for them. But usually, these gestation periods range from one to two years, just because there are a lot of moving past within a company that needs to adjust to this. It's not like a just you know a switch that today you are doing truck and tomorrow morning let's start by rail and close the matter. You know it doesn't work like that.

So, there are a lot of CapEx capabilities that we have to again through our EPC division, enhance in the client's own plants to ensure that they can handle it but ultimately this is a safer way to handle your product. It's a cheaper way to handle your product and that's why customers swear by it.

Ravish Malav: Okay. And my next question is, are we heading for any new positions on any new port or at current port? Are we considering, opportunity comes for us to have new land at any port or new, this current port we are present in?

Rishi Pilani: So, we are always looking for opportunities across the country to see where all either we can get new land or we can acquire an existing terminal that those discussions are happening on continuous basis. Do we have a specific target right now in mind? No.

But are there talks happening? Yes. Having said that, with the acquisition of this new land in JNPT, I think a lot of our focus is going to be to develop this to its fullest potential because we foresee that in the next two to three years, this can really add to our numbers in multiple times. If this is managed till then.

Ravish Malav: Okay. And congrats for your new will, and best of luck for your future endeavors.

Moderator: We have the next question from the line of Venkataraman from Orient Securities.

Venkataraman: There is so much of stickiness. There's such a great product to have on the infrastructure logistics this thing. I think it has not come out well in the PPT for investors to understand, especially on the savings that you have on the transportation front from the customer side. So, if you just you know, start some thought and then put it across in the PPT next time, it'll be under -- it'll be a great thing for investors, that is number one.

Rishi Pilani: This is a very good feedback for us.

Venkataraman: And second thing is you know, regarding the new plot at the JNPT, where you had mentioned that you're going to be by 2025 is when the full facility plans will be up and running. But when do you think you'll be able to crystallize the plans, maybe in the next quarter, next six months?

Rishi Pilani: Yes, I think next six months by next six months the plans have to be crystallized.

Venkataraman: And ballpark for this 45,000 square meters plot, if in case you're going to LPG, what will be the capacity of the LPG in ballpark figures that you have in mind?

Rishi Pilani: See, I don't know what is the figure we have in mind as of now but with the current LPG logistics scenario, you should have a capability of handling minimum one VLGC and one VLGC is approximately 42,000 tonnes which means 100,000 KL tank or two tanks of 50,000 KL. So, while we don't know where we are at but definitely that is if you want to become a significant player then this is something that you should look at.

Venkataraman: Sir, today AGS is at 1,15,000 tonnes capacity. So, should we benchmark GBL against AGS?

Rishi Pilani: See, AGS is at 1,15,000 tonnes or not I'm not sure, but they're across that multiple port, I'm talking of a single port.

Moderator: That was the last question. I now hand it over to the management for closing comments.

Rishi Pilani: Okay. So, again, I would like to thank Monarch Capital for organizing this call for us, Mr. Srivastava thank you everyone, for your interest and for your insightful questions. Should you need any further clarification or if you'd like to know about us, do feel free to contact our team and we hope to get your valuable support as we go ahead. And please give us your best feedback, whatever it is good or bad we are happy to take it and thank you so much, again for spending your time for us.

Priyadarshi: Thank you. On behalf of Monarch Networth Capital, I thank you all. Thank you, sir and thank you all the participants for taking the time out. Thank you, Kumaran. You can end the call.

Moderator: Thank you for joining us and you may now disconnect your lines.

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