



“Aegis Logistics Limited Q3 FY 2017 Earnings
Conference Call”

February 03, 2017



MANAGEMENT: MR. ANISH CHANDARIA – AEGIS LOGISTICS LIMITED



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Moderator: Ladies and gentlemen, Good Day and Welcome to the Aegis Logistics Limited Q3 FY2017 Earnings Conference Call.

This conference 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. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 for an operator by pressing ‘*’ followed by ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I would now hand the conference over to Mr. Anish Chandaria from Aegis Logistics. Thank you and over to you, sir!

Anish Chandaria: Thank you very much. Today, I will be presenting a strong set of results for Q3 FY 2017.

Total revenues were Rs. 1,248.05 crores versus Rs. 528.83 crores year earlier, so that is a big jump. Total segment EBITDA for Q3 was Rs. 69.77 crores versus Rs. 53.76 crores a year earlier, so that is a rise of 30% year-on-year. Pre-tax profits, profit before-tax Q3 was Rs. 51.47 crores versus Rs. 35.99 crores a year earlier, so that is a year-on-year rise of 43%. And profit after-tax in Q3 was Rs. 42.13 crores versus Rs. 32.81 crores a year earlier that is a year-on-year rise of 28.4%.

Now coming to divisions, liquid terminal division revenues for Q3 were Rs. 39.33 crores versus Rs. 42.7 crores year earlier. The EBITDA for liquid division in Q3 was Rs. 23.56 crores versus Rs. 26.37 crores year earlier. The Mumbai - Haldia - Kochi terminals were all virtually at full capacity and are going very strong. The Pipavav terminal is still weaker compare to last year for the reasons I have given in the last couple of earnings calls. But we are making progress with the petroleum, rail gantry negotiation with Gujarat Pipavav Port Limited and we have reached an agreement in principle with the port and are on the way ahead for the petroleum, rail gantry negotiation.

As far as gas terminal division is concerned, gas revenues in Q3 were Rs. 1,208.7 crores versus year earlier Rs. 486.1 crores. EBITDA in Q3 was Rs. 46.2 crores versus Rs. 27.39 crores year earlier. So, that is a big rise of 68.7% year-on-year in the gas division EBITDA and that is really what is driving profits of Aegis as a whole.

Let me give you the volume analysis for LPG division and gas division. The total LPG throughput for Q3 was a massive 433,726 metric tonnes versus year earlier 268,316 so that is a



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62% rise year-on-year in the total LPG volumes handled in the Mumbai and Pipavav terminal and is the biggest number that we have ever seen on a quarterly basis. Also the sourcing of the gas was at a very high level. In Q3 we sold 350,418 metric tonnes versus 121,985 metric tonnes year earlier that is a rise of 187% year-on-year. There was huge off take from the entire customer including BPCL, HPCL, etc. so, AGI i.e. Aegis Group International did great business in quarter three.

Auto gas the sales volume was 5,944 metric tonnes in Q3 versus 5,310 metric tonnes year earlier, that is a rise of 12%. The packed commercial cylinder business of Aegis pure gas in Q3 was 3,207 metric tonnes versus 3,177 metric tonnes year earlier almost the same a rise of 1% and industrial distribution sales of LPG in Q3 were 5,648 metric tonnes versus 3,956 metric tonnes a year earlier that is a rise of 43% in gas sales volumes to the industrial sector.

So, to summarize, these are really stunning figures on LPG throughput volumes, the throughput in Pipavav and Mumbai are really strong gas sales volumes in Q3.

And as I said, in the last earnings call in November, we expected a sharp jump in throughput volumes in the second-half for LPG and here is the conformation as I have said in Q3 and this really will drive the second-half earnings H2 profits for Aegis group as whole because we expect strong figures for Q4 in LPG as well in last quarter January, February, March Q4.

Now, let me turn to the outlook for Q4 and the projects update and future growth. As far as the liquid terminal division is concerned, Q4 we believe it will be at similar levels to Q3. As far as LPG is concerned, Q4 will be strong similar to Q3, so that means the second-half of the year will be driven by LPG volumes growth.

As far as the existing project update and the new projects, let me go one by one. I am happy to inform that the Haldia LPG terminal is on track for commissioning in Q1 FY 2018 that is April, May, June FY 2017, FY 2018.

The big development that I would like to highlight, is today we are upgrading our capacity forecast for this terminal throughput to 2.5 million tonnes (per annum) per year from earlier capacity of 1.5 million metric tonnes per annum. In other words, this is the throughput of the install capacity that we are building, this is not a sales forecast for the first year but this is the total capacity that we are building in for potentially capacity for this terminal.

2.5 million tonnes per year from an earlier figure of 1.5 million tonnes per year, this is due to three things. We have now decided to install larger in tank pumps into the storage tanks, we are going to add an additional pipeline to one more Jetty in Haldia and we are also adding pipelines to new big HPCL Bottling Plant that HPCL is constructing. So, we are laying a pipeline from our terminal directly to their bottling plant its exact distance is about 1 kilometer to 2 kilometer away from our terminal, I cannot remember the exact figure but it is somewhere



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around that range. But important point is the addition of these three items that I mentioned larger in tank pumps, additional pipeline to one more Jetty in Haldia so we are connected to three Jetties and internal pipeline from our terminal to a large bottling plant in HPCL is being built enables us to raise our capacity forecast to 2.5 million tonnes per year in Haldia terminal from 1.5 million. That makes the whole project much more profitable, much more valuable going forward over time and it is really excellent growth prospect for the future for Haldia LPG terminal. So, that is one big announcement today raising our capacity forecast. As I said, we are not changing our forecast for first year throughput that is of FY 2017, FY 2018 that remains what we said earlier but I am just saying that we are building in more in store capacity that we could potentially handle in years going ahead to 2.5 million tonnes.

Second project update, the Uran LPG pipeline interconnection project which is connecting our Mumbai LPG terminal into the existing Uran LPG pipeline network of BPCL, HPCL, which is ultimately being extended to Pune. The 2.8 kilometer pipeline interconnection that Aegis was responsible for the mechanical work is complete. In the last earnings call I said that it is still underway we are in the finishing stage but now I can confirm that the mechanical work is complete and now we are undertaking the commissioning activities in Q4. We hope to complete those commissioning activities and that pipeline will be operational. So, that is major good news.

Third project is Kandla, the 100,000 kiloliters Liquid Terminal project. Again, I can confirm that that is on track for commissioning from Q1 FY 2018, Work is in full swing over there and we expect to commission that in Q1 FY 2018.

Fourth project is Mangalore, 25,000 kiloliters liquid project which we have announced in the last board meeting and in the last earnings call in November, the work is in full swing. We have had all the staff for that project and we are working flat out on that project. We expect to commission this in Q3 of FY 2018.

Fifth, we have a project in Haldia 25,000 kiloliters which was liquid project earlier announced that is going to be commissioned this quarter that is Q4 FY 2017. So, these are all the existing projects which are all on track.

Now, I have one new announcement today of a new project which is very significant as well. In Pipavav, we are today announcing a big expansion of our LPG terminal increasing our terminal there by 10,200 metric tonnes with a Rs. 75 crores CAPEX. There will be six new spheres adding to our existing 8,100 metric tonnes of storage capacity. This will take our total storage capacity in Pipavav to 18,300 metric tonnes from today's 8,100 metric tonnes and it will increase our throughput capacity in Pipavav by an additional 800,000 metric tonnes per annum to a total of 1.4 million metric tonnes in Pipavav. So, this is a major increase in our storage capacity and our potential throughput capacity in Pipavav to 1.4 million tonnes per annum from our existing capacity. We expect to commission this new sphere and this new



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capacity of 10,200 metric tonnes by Q3 of FY 2018. So we are working flat out. All major permission are received and the board approve this project of Rs. 75 crores CAPEX yesterday, so we are ready to start the work immediately. And BPCL, HPCL, and IOC, all want more LPG within the radius of Pipavav and this is the reason based on customer requirements mainly for their bottling plants in the radius and vicinity of Pipavav that big quantity increase is required, this is one reason why we have decided to go ahead and build 10,200 metric tonnes six spheres.

I can also tell you that out of those six spheres, two spheres there is another contract which has been signed with large customer for Butane gas. This is not LPG storage but out of these six new spheres two of these spheres will be dedicated to large customer for storage of Butane gas and we have already signed that contract with large customer for Butane gas. So, not only I am restoring LPG but we will be storing Butane gas also in Pipavav again an excellent development. And last new project that I would like to announce today based on our board approval yesterday is that in Haldia, we will be also going ahead with building our own Aegis bottling plant in Haldia for a CAPEX of Rs. 25 crores and this will be in addition to the HPCL bottling plant that they are building themselves. This is a bottling plant will be on one of the existing sites that Aegis has leased in Haldia in other words close right next door to our LPG terminal. This is at the request of HPCL so, this really will be like a contract filling on behalf of HPCL although the bottling plant will be owned and operated by Aegis. But is to add to the cylinders that HPCL will be marketing and distributing in Haldia which shows you again how aggressive the plans are for HPCL in terms of marketing the gas once it starts coming in FY 2018 in Haldia.

So, to summarize today's announcement. I think one, strong set of results for Q3 that I already presented, second Q4 is looking good driven by LPG growth in volumes as far as FY 2018 is concerned which is fast approaching next year, I have explained major projects one, two, three, four, five are all coming on stream which are going to increase earnings next year that includes Haldia, LPG project which I just talked about a big increase in throughput capacity, second was the Uran pipeline interconnection which will ultimately be extended by HPCL to Pune so that is very strategic and will boost the throughput volumes in Mumbai, we are going to go for commissioning this quarter. Third thing, I announced today was a major growth in Pipavav by adding another 10,200 metric tonnes of LPG capacity in Pipavav which will increase our throughput capacity in Pipavav by 800,000 metric tonnes. Fourth, I announced this new LPG bottling plant in Haldia. Fifth to reconfirm a 100,000 kiloliters liquid project in Kandla which is becoming on-stream in FY 2018 and sixth, 25,000 kiloliters liquid project in Haldia which will be coming on-stream this quarter Q4 and seventh the Mangalore 25,000 kiloliters project which will be commissioned in Q3 of FY 2018. So, these are all these projects are going to be generating revenues in FY 2018 and I think that will represent a very good earnings boost for FY 2018. And last but not least I can say that there will be more announcements to come in the coming months beyond what I have stated today but that is all I have to announce today and we can now take questions.



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Moderator: Thank you very much. Ladies and gentlemen, we will now begin with the Question-and-Answer Session. The first question is from Dhruv Bhatia from AUM Advisors. Please go ahead.

Dhruv Bhatia: Sir, my first quarter is actually on the liquid division. It has been past three quarters where the revenues as well as the profitability has not been growing and I think you have been mentioning about Pipavav capacity utilization being low. So, if you could just touch upon the utilization of each of the plant and when do you expect a turnaround in terms of revenues as well as profitability in this business?

Anish Chandaria: So, as far as all the terminals of Mumbai, Haldia, and Kochi are concerned there is a full capacity so, we cannot do more. As far as Pipavav I have said that is the only terminal which is less traffic lower capacity utilization. We are operating at not more than 20% to 30% capacity utilization in Pipavav unlike other terminals. But as far as this division is concerned there are two actions that we have taken to try and increase the revenues of division as a whole. First is the new capacity in Kandla, Mangalore, and Haldia is coming on-stream from Q4 and in next financial year and this is major capacity addition which will boost revenues for the division as a whole because all of this will come on-stream and the traffic forecast for all these three is very good because I think the marketing team has already got LOI for all those expansion. So, that is one thing a major capacity expansion in three ports will boost the revenues and earnings in these division. But the bulk of that will come in the next financial year rather than Q4. Second, I have mentioned repeatedly in earnings calls that as far as Pipavav is concerned the future is really the rail movement and we have made some progress with Gujarat Pipavav Port Limited as we have reached an agreement in principle with them for constructing the building of this railway gantry to handle petroleum. So, at least the agreement has now been reached in principle which I stated today and now we will along with Pipavav Port we will go ahead in the coming month and actually make sure that it is constructed. And then we can look for more petroleum traffic to come by rail through Pipavav. So, summary is more capacity coming on-stream in three new ports quite a big jump in capacity in 100,000 kiloliters in Kandla, 25,000 kiloliters project in Mangalore, 25,000 kiloliters in Haldia for which we already have customer commitments and is going to be a big boost to our capacity. This will take us to a very good total capacity in the liquid division. And secondly, trying to sort Pipavav by this railway gantry which is now agreed in principle with Gujarat Pipavav Port Limited, we just have to get on with constructing it and then try and see that we can get more petroleum traffic into Pipavav.

Dhruv Bhatia: Sir, what I understand the utilization in Pipavav is it being the volumes off take has been low, is it because railway gantry still not coming up or is there some reason that there is no demand that got much demand from Pipavav port?

Anish Chandaria: What I said in the last few earnings calls is that the chemicals traffic has been soft over the in Pipavav for the last few months and last year we were handling a lot of alcohol for one particular major client who have stopped bringing those cargos to Pipavav. The combination of



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less chemical traffic and less alcohol traffic which was moving by rail has result in that. So, going forward to turn these figures into higher capital utilization, we have to look at petroleum traffic which can really only come in the kind of bulk quantities that we need by rail so that is the story there.

Dhruv Bhatia: Sir, in the Pipavav LPG business, if I am not mistaken the throughput has increased from 5 lakh metric tonnes to 6 lakh metric tonnes. If you could just explain how you explained the throughput from Haldia is expected to increase from 1.5 million 2.5 million, what has led to the same for Pipavav and if you just help us with that?

Anish Chandaria: Yeah, you mean LPG throughput?

Dhruv Bhatia: That is right.

Anish Chandaria: Yes, starting with Haldia.

Dhruv Bhatia: No, I understand the Haldia part the Pipavav piece.

Anish Chandaria: So, Pipavav I just said that we are going to be constructing another 10,200 metric tonnes of storage capacity, this project which I just announced which we...

Dhruv Bhatia: The existing capacity of 8,100 on that the throughput earlier was 5 lakh metric tonnes.

Anish Chandaria: Yes. So, we have actually on the existing capacity which was less, we have basically added more because of demand, as you saw in the last quarter we have been adding more road tankers per day, it is just clearly adding more road tankers per day. In terms of evacuation they are working 24 hours a day and second thing which has happened is that we have added one more propane pipeline to the Jetty which already been commissioned and that means that when the ships come in, there are now three pipelines in Pipavav port. So, that means not only the ships get unloaded faster to the storage tanks but because we are working 24 hours a day, seven days a week, more road tankers are being filled in Pipavav. So, that means that our existing throughput capacity of 8,100 metric tonnes in Pipavav as a result of these action like the additional propane pipeline and the 24-hour working the throughput capacity has gone up to around 600,000 tonnes from what it was before which was 500,000 tonnes. Plus now this additional 800,000 incremental throughput capacity will come when we add these six new spheres, so, that gives you an indication of how we are working at a really fast pace now in terms of delivering these kind of throughputs in Pipavav.

Moderator: Thank you. Next question is from the line of Pranav Mehta from Value Quest Research. Please go ahead.



Pranav Mehta:

Sir, my question is on the realizations in the gas divisions in the throughput sourcing as well as the retail and commercial piece whether the realizations have been in line with what we have been seeing in previous quarter or is there some variation in the current quarter? And second question is on your new LPG location, so you have been saying that other than Haldia there are two more LPG locations that are expected to come up in the coming years, so whether any development on that?

Anish Chandaria:

Okay. So, on the first point I am happy to say that the realizations meaning the margins are stable for all the various segments in LPG no changes. Of course, the international prices go up and down but that is not in our control that goes up. But in terms of the margins for LPG throughput, the margins for the gas sourcing, the margin for the auto gas, the margins for the cylinders, industrial distribution broadly stable quarter-by-quarter, so no changes. Secondly, you asked about the two new terminals after Haldia and Pipavav. We are working on it, you noticed that I did not make any announcements today but we are working on it; we have made further progress on those two additional terminals which I had said right from when we signed the joint venture with Itochu in 2014 which was a part of the business plan. So, nothing to say today, but I would say watch Aegis in the coming month as soon as we are ready we will come forward that is all I can say today on those two other terminals but we are making as much progress as we can.

Moderator:

Thank you very much. Next question is from the line of Kashyap Jhaveri from Capital 72 Advisors. Please go ahead.

Kashyap Jhaveri:

Question on the expansion that you announced today in Pipavav of 10,200 MT, the throughput over there mentioned is about 800,000 tonnes that is about 80 tonnes a year or probably about four days' turnaround is something that we have seen only in case of Mumbai Port until now. So, again whatever applies to Mumbai Port in terms of those pipeline and the entire same thing is happening in Pipavav also. Is that what makes it 75 tonnes or 80 tonnes a year?

Anish Chandaria:

Yes and by the way we are achieving this right now even before expansion for example in quarter three in Pipavav we are actually achieving those type of 80 tonne annualized already, based on addition of Jetty pipeline, the propone pipeline so, we are now at three pipeline which means we can unload the ships at a fast rate per day, we have 24 hours a year so the ship turnaround is becoming faster and as I said we are now working 24 hours a day, seven days a week so that means it is quite significant fact that we are working 24 hours a day seven days a week which means that the road tankers come throw up that time. So, the results of all these things means that we are in Q3 in Pipavav, we are operating at that kind of level of 80 tonnes annualized thing and we are saying that for the next expansion we will continue to operate at that time of level. We are working on some additional things in Pipavav which I have not said too much today. So, this is related to try and enhance the evacuation possibility in Pipavav but I do not have any more to report on that, I am just telling everybody we never rest as far as this is concerned given the scale of demand we are working on some other evacuation options in



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Pipavav but when we are ready with that I will bring it forward. So, we continue to do that and in Mumbai with this Uran pipeline, once it is commissioned we will be able to even go further in terms of the number of turns we can handle in Mumbai and throughput. So, just like in Haldia, just like in Pipavav, just like in Mumbai this is what we are constantly trying to do our operations team to find ways that we can evaluate the LPG faster and faster and thereby earn more throughputs because the demand is there. So, we are constantly trying to do that.

Kashyap Jhaveri:

And how quickly this Pipavav or the fourth terminal, can reach to that 80 tonnes? will you complete this by Q2 of 2018.

Anish Chandaria:

Yeah. So, I think the good news here in terms of which I should state actually I said it in the board meeting, yesterday our directors were asking the same question that we are working on projects from Haldia to Mangalore, to Kandla to all these places simultaneously and now this Pipavav these six spheres what is very good for us is that we have a readymade project team on site in Pipavav who have just been completing these spheres before. So, they will now start working on these six new spheres and therefore, I think our ability to procure materials, procure steel, our ability to get the billing of civil work has now become much more streamline, I think we have become really-really good in terms of how fast we are able to build out these terminals. And once they have built and constructed these spheres then it is common infrastructure in terms of pipeline and loading base, we think that we can actually ramp up subject to demand of the customers, IOC, HPCL and BPCL, we can ramp up to the kind of number of tonnes that we talked about which is 80 tonnes pretty much very fast. Also remember what I said that two of these six new spheres that we are constructing have already been signed with large customer for butane gas which was already there. So, I think the ramp up of volumes in Pipavav will really come through as soon as these new spheres are constructed and will be operating subject to demand as I just said of IOC, HPCL, BPCL, and large customer it will operate at a kind of efficiency that we talked about already in which we are operating in Pipavav.

Moderator:

Thank you. The next question is from Sandeep Mathew from SBI CAP Securities. Please go ahead.

Sandeep Mathew:

Sir, just first question was our environment approvals in place for your Brownfield expansions?

Anish Chandaria:

Yes, in Pipavav you mean?

Sandeep Mathew:

Both Haldia and Pipavav because you will have to put a pipeline to HPCL bottling you are increasing capacity so I am guessing that will involve additionally new environmental approvals.



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- Anish Chandaria:** Yeah, under our new style of management we get the permissions and then we are ready to start the projects. For all the projects that we talked the major permissions are in place so, we can start.
- Sandeep Mathew:** Sir, and what is the revised CAPEX for Haldia now?
- Anish Chandaria:** Actually despite adding more things that I said, it will be within Rs. 250 crores. As I said it would not go above that because we save a lot more money on procurement. Even the new CAPEX that I talked about will be within that figure. We will not be raising the project cost at all.
- Sandeep Mathew:** Okay. And the final question I had was primary related to large customer contract that you mentioned, can you give some broad contour on the deal is there any sort of take or pay or is it going to be just on the contracted basis and any further color that you can provide sir?
- Anish Chandaria:** No, I do not normally go into commercial detail for obvious reason but it is a normal typical contract that we signed with large customer let me just put it like that. But I do not go into the details and it is not to take or pay but it is a normal type of throughput type of contract that we have with large customer let me put it that way.
- Sandeep Mathew:** And do you have any anchor customers for the remainder of the new capacities that you announced in Pipavav just like in Haldia you had announced an agreement with PSU major similarly do you have any such written contracts in place for the expansion you are doing in Pipavav?
- Anish Chandaria:** Yeah, we have terminal contract with IOC, HPCL, BPCL for Pipavav this will just from part of that. So, there is no separate thing, it will come under those existing contracts that we have.
- Moderator:** Thank you. Next question is from the line of Ravi Sundaram from Sundaram Investment. Please go ahead.
- Ravi Sundaram:** I had just one question. My question was on the rentals that are going around in Mumbai in LSD division, liquid storage terminal division and I see that the top-line number for the nine-month ended period is roughly lower than what you have done for the nine months' period in last financial year any broad reason around that.
- Anish Chandaria:** For Mumbai are you talking about?
- Ravi Sundaram:** Yeah my basic idea is to understand how it has been done from Mumbai Port.
- Anish Chandaria:** No, you are talking about the nine months' figure for liquid division revenues as a whole, is it?



Ravi Sundaram: Okay. I can break it down into two parts. First part is to understand the rates that are going in Mumbai. And the second part is to broadly understand the total performance of LSD division itself for nine months.

Anish Chandaria: Yeah, so, I think as far as Mumbai is concerned, I said that it has for last so many years, operated at peak capacity utilization, and it is full. The average rates are broadly stable no real change. So, I think it remain at the highest, you could not really have much higher revenues than what we had in Mumbai. But as far as the overall nine months' figures for liquid division is concerned reasons it is slightly down is because of Pipavav which I have explained in length. But we expect that it will be next financial year before the new capacity in Kandla, Mangalore and Haldia come on stream that should again see a good increase in our revenues and profits for the liquid division and whatever progress we can make in Pipavav.

Ravi Sundaram: Okay. One small follow-up question on that, I mean I am probably delving on Mumbai again is it likely that the port can face competition from something like GNPT portfolio; I know GNPT hardly handles 2% of the port traffic just to understand this.

Anish Chandaria: We are competing with GNPT; we are competing with other ports all around the west coast of India that continues no change. We have been competing with GNPT since 1995; I do not think it is anything new. But I think Mumbai Port has tremendous advantage over GNPT. In fact our competitive advantage in Mumbai Port has increased in the last year because now we have no congestion. Mumbai Port is one of the few ports in India for the liquids where we have no congestion because of the commissioning of the new what we call the second chemical bud, so we have now three Jettys, we have old Pipavav, then we have the first chemical berth and now since last year we have the commissioning of our major new second chemical berth. So, unlike GNPT where there are days of waiting and **demurrage** for ships. We are able to be very competitive in Mumbai because there is no congestion. So, I think our competitive position has significantly strengthened in the last year or so. So I think we are in good shape.

Ravi Sundaram: Yeah, so the rentals in Mumbai must be higher than GNPT.

Anish Chandaria: Yeah, they have been higher for last 15 years and they continue to be higher.

Moderator: Thank you. Next question is from the line of Pawan Kumar from Unifi Capital. Please go ahead.

Pawan Kumar: I just wanted to understand if hazarded liquids can be carried through the Pipavav rail line as of now, with the infrastructure which was not available last year but is it possible now?

Anish Chandaria: Yeah, so, I think we have been moving product called alcohol by rail which is what we call non-hazardous. Now, the goal has been that can we start handling petroleum which is obviously different to handling non-hazardous product so, that is the agreement in principle



with the Gujarat Pipavav Port. We have reached an agreement with them called the railway gantry which will allow hazardous products like petroleum to be handled which will now be constructed in the coming months. So, that we reached at an agreement in principle. So, up till now we have not been able to handle hazardous product but now we will be once we construct it.

Pawan Kumar: When can this commissioning be done and when can we expect some kind of movement of the hazardous liquid?

Anish Chandaria: Now that the increment in principle has been reached with Gujarat Pipavav Port which took a little bit of time I think it is a matter of few months in terms of the construction, it does not take too long and then based on that then we can go on offer this terminal of Pipavav to refiners who would like to move the product. But obviously when we have gone to discuss with refineries that look would you like to store petroleum in Pipavav and the first thing they said is can we move by rail so, we have to first do that. I would few months which means not more than three months something like that.

Pawan Kumar: Is there no possibility of any pipeline connectivity of something from Pipavav to the refineries?

Anish Chandaria: I do not think so of course, if anything is possible yeah, but I do not think so to lay a pipeline to an individual refinery. First of all Aegis is not in the business of laying cross-country pipelines which could be 700,000 kilometers that is whole new ball game and secondly, would not really justify the economics to spend so much money on that type of pipeline. So, actually rail is the right solution because the rail track is already there, you need to spend a little bit of money but not much on this thing because the rail track is already there. So, it is a right thing to do and if you look at it in the long-term not quarter-by-quarter once, we are able to do this railway gantry along with Gujarat Pipavav Port for which the agreement is there we can then start using this movement by rail. So, the...., pipeline is the wrong answer for liquid, for LPG it might be different, but for petroleum the volumes did not justifying laying that kind of thing, rail is the right solution because the rail track is already there, right outside the terminal.

Pawan Kumar: I wanted to hear some volume numbers for the benefit of all the participants.

Anish Chandaria: Which volume numbers?

Pawan Kumar: The volume numbers of the entire liquids and gases throughput that has been done sir, that generally we share.

Anish Chandaria: We do not really give out those numbers because it is not really relevant to financial figures or revenues because the revenues are dependent on the capacity utilization and the storage capacity in the liquid business; in LPG we give the volume because that is relevant. So, I do



not think it is very relevant because how much is the throughput in the liquid business has no connection with the actual revenue forecast. But broadly speaking, I can just tell you that in Mumbai for example, we handle millions of tonnes of products but that has no relevance in terms of the revenue figures. So, we will only give out things which are relevant to revenue numbers and earnings terms, etc.

Moderator: Thank you. Next question is from Suhani Doshi from Edelweiss.

Suhani Doshi: First question in your presentation you have written capacity of LPG throughput can go up to 5 million tonnes. Can you tell us the timeline for which the full capacity can be utilized for this 5 million tonnes so, I will say in FY 2017 we can do close to 1.4 million tonnes?

Anish Chandaria: Yes, if you look at the investor presentation which has been prepared we are saying that in FY 2018 that is 2017, 2018 that we can now confirm that from the time when we start this terminal, we will have a potential throughput capacity of 2.5 million tonnes because we are building it right now. In Pipavav based on what I just said with the new spheres that once this new six spheres are commissioned we will have a throughput 1.4 million that will be FY 2017, FY 2018. In Mumbai I am raising it to 1.1 million tonnes throughput capacity once we commission the Uran Interconnection which I said is already mechanically complete.

Suhani Doshi: No, I understood. I just wanted to know when can we in practical can we reach this 5 million capacity.

Anish Chandaria: You want to when in terms of actual volumes through this?

Suhani Doshi: Yeah.

Anish Chandaria: I think each terminal will have its own business plan, so, for example in Haldia with this 5 million tonnes would be in the three years to five years kind of timeframe for all of this obviously you can say. Mumbai will be probably faster to reach the 1.1 million tonnes. Pipavav. I already kind of gave you an indication that we will be faster to reach that 1.4 million tonnes. And Haldia since we are just starting that terminal, it would be the kind of three years to five years' timeframe. Within the three years to five years' timeframe we expect to reach all of this 5 million tonnes.

Suhani Doshi: Okay. And the second thing, so, in the current budget they have said that the custom duty on LNG imports would be reduced by 5% to 2.5%. Would this affect the LPG consumption, I am just asking I am not sure, because will it affect the LPG demand and imports in India?

Anish Chandaria: No, I do not think so because the two markets are not really competing with each other right now. LPG is basically being driven by cooking gas which we are hardly using in India. We compete with LNG because for LNG you require pipelines and all that kind of things. So, the



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good thing about LPG is that 95% of the LPG volumes are really sold for cooking gas and that does not really compete with LNG the cylinders. But there is a small amount of competition in natural gas as far as industrial use of natural gas for example LPG of propane but that is a small quantity...

- Suhani Doshi:** You do not see that as a threat in your coming?
- Anish Chandaria:** We do not really compete with natural gas; LPG business is for cooking gas, domestic household use which hardly competes with LNG.
- Moderator:** Thank you. The next question is from Jinal Fofalia from AlfAccurate Advisors. Please go ahead.
- Jinal Fofalia:** Sir, what is the total CAPEX that you are going to incur in FY 2017 as well as in FY 2018 including the incremental capacity that you are going to do?
- Anish Chandaria:** Well, I think beyond what we have already announced for our existing projects which was the Rs. 250 crores of Haldia, the Rs. 75 crore for Kandla, etc., which I will not repeat all those figures, the only new CAPEX that I have announced today is Rs. 75 crores in Pipavav for these six new spheres of LPG and Rs. 25 crores bottling plant in Haldia. So, beyond what is already being incurred and budgeted for those existing projects which are close to completion the new CAPEX which will be for FY 2018 is this Rs. 75 crores plus Rs. 25 crores - Rs. 100 crores.
- Moderator:** Thank you. Next question is from the line of Aditya Gupta from Narnolia Securities. Please go ahead.
- Aditya Gupta:** Sir, I want to understand that industrial sales of LPG which is higher in third quarter, this is for short-term in nature or this of long-term?
- Anish Chandaria:** Long-term meaning well, these are regular customers since I have been running LPG business for last 20 years. These are long-term customers mostly around Mumbai, a few around Pipavav, these are long-term customers of LPG and propane who use that in their factory, so, quarter-by-quarter it goes up a little bit but these are fairly regular long-term customers which have been there for many-many years which depend on LPG, I said there has been a little bit of competition with natural gas sometimes when natural gas comes into a particular area, if they can connect up to the pipeline to a particular factory or industry then sometimes that can be cheaper. But this is a regular thing that has been there for many years.
- Aditya Gupta:** So, we can expect that demand from these customers is going up?
- Anish Chandaria:** Well, I would say that it would be broadly stable; you can see that the LPG, domestic household cooking gas is booming growing by something like 10% volume growth in year-on-



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year. I would say industrial growth generally speaking has been stable it would be growing if at all, in small digit percentage increase year-by-year but broadly stable. So, the main growth of LPG is in domestic household use cooking gas.

Aditya Gupta: Okay. And my second question is that. Sir, can you provide any range between our liquid handling realizations?

Anish Chandaria: In terms of liquid logistics terminal I think the rate per kiloliter, per month, this remains broadly the same as they have been which is in Mumbai around Rs. 240 kiloliters to Rs. 270 kiloliters per month; in Haldia they remain in the range of Rs. 125 per kiloliter per month, Rs. 140 per kiloliter per month; in Kochi they remain around of Rs. 100 per kiloliter per month, Rs. 100 per kiloliter per month; and in Pipavav they remain around Rs. 150 per kiloliter per month, Rs. 170 per kiloliter per month or Rs. 180 per kiloliter per month those are broadly the prevailing rates.

Moderator: Thank you. Ladies and gentlemen, that was the last due to time constraints. I now hand the conference call over to the management for closing comments. Over to you.

Anish Chandaria: Thank you very much for all the participants today and all the questions. As I said in my summary, we have a lot of projects which I am happy to say that they are on track that we have been building throughout this year and all of them are coming on stream either in quarter four of this year like the Uran pipeline interconnection or the Haldia 25,000 kiloliters liquid or will be commissioning in first-half of next financial year which means that we are going to see a big jump in all the figures when those come through and as I said there is more to come in the coming months. So, please do take interest in what we are doing but we are in a very high growth phase and you will see more announcements in the coming months and we will certainly bring that forward as soon as they come through.

Moderator: Thank you very much members of the management. Ladies and gentlemen, on behalf of Aegis Logistics Limited, that concludes today's conference call. Thank you all for joining us and you may now disconnect your lines.