AEGIS

AEGIS LOGISTICS LIMITED

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February 05, 2016

The Secretary, Market Operations Department, The Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 023.	Capital Market Operations The National Stock Exchange of India Ltd. Exchange Plaza, 5th Fl., Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051.
Scrip Code: 500003	Scrip Code: AEGISCHEM

Dear Sir,

Sub: Transcript of Investor Conference Call

We are sending herewith a copy of the transcript of conference call with investors, which took place on 28th January, 2016, after the announcement of Q3 2015 unaudited financial result of the Company. The said transcript is also uploaded on the Company's website.

Kindly take the same on record.

Thanking you,

Yours faithfully,

For AEGIS LOGISTICS LTD.

Rajesh Solanki

For MONICA GANDHI
DY. GENERAL MANAGER - COMPANY SECRETARY

Encl: As above

"Aegis Logistics Limited Q3 FY-16 Earnings Conference Call"

January 28, 2016

MANAGEMENT: MR. ANISH CHANDARIA – AEGIS LOGISTICS LIMITED

Moderator: Ladies and gentlemen good day and welcome to the Aegis Logistics Ltd. Q3 FY16 Earnings Conference Call. 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 '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Anish Chandaria. Thank you and over to you sir.

Anish Chandaria: Thank you very much. I will be presenting today the FY16 Q3 Earnings for Aegis Logistics. This presentation of the results has already been uploaded on the Stock Exchange, if you would like to see the results in writing. Today I will be presenting another strong set of quarterly earnings for Aegis for Q3 FY16 and also 4 key announcements for the earnings outlook for the future quarters as well. These are really big new announcements so I would like to take some time to explain these 4 new announcements but first let me start with the earnings numbers for Q3.

Total revenues for Q3 were Rs. 528.8 crores versus Rs. 954.7 crores year earlier. As I said, most quarters these figures are really dependent on the International Gas prices and as most of you know in the last year, all international gas prices as well as oil prices have fallen sharply. Total segment EBITDA for the two segments in sum, which is liquid terminals as well as the gas terminals, Q3 was Rs. 53.8 crores versus Rs. 45.2 crores year earlier; that is a rise year-on-year of 19%. Profit before tax was Rs. 36 crores for the Q3 versus Rs. 25.6 crores year earlier which is a rise of 40%. The figure of Rs. 25.6 crores from year earlier excludes Rs. 31 crores pre-tax gain on the sale of AGI stake to ITOCHU**.** So this is the underlined figure which excludes the one off Rs. 31 crores pre-tax gain on the sale of the stake to the Japanese company, ITOCHU, so a rise of 40% in pre-tax profits year-on-year. Profit after tax was Rs. 32.8 crores for Q3 versus Rs. 19.5 crores year earlier. Again, that figure excludes Rs. 23 crores after-tax gain from sale of stake to ITOCHU. So that is a rise of 68.6% year-on-year in Q3 earnings.

The detail of each division; Liquid terminal division, Q3 revenues were Rs. 42.7 crores versus Rs. 39.9 crores year earlier. That is a rise of 7% year-on-year. EBITDA for the quarter was Rs. 26.4 crores for the division versus Rs. 23.1 crores year earlier, that is a rise of 14.3%. December did see a fall in the chemical imports by traders, particularly in Mumbai as all international commodity prices saw sharp drop in December, so most of these traders were then waiting in December for prices to stabilize. But I can tell you that, in January that has been reversed and traders have again placed large imports of chemicals in Mumbai as prices have now stabilized but we did see some drop in the chemical imports, particularly in December. But despite that, revenues and EBITDA were quite healthy throughout all the liquid terminals. Now turning to the gas division; revenues for Q3; Rs. 486.1 crores versus Rs. 915.8 crores year earlier, as I mentioned, international LPG prices on an FOB basis averaged around $415 in Q3 versus around $900 to $1000 FOB year earlier, so that is just a shift straight price drop which we pass on to the customers. As far as EBITDA for Q3, it was Rs. 27.4 crores versus Rs. 22.1 crores year earlier that is a rise of 24%. That is another all-time high in quarterly profits for this division. Now let me cover the volume analysis; the sourcing volumes in Q3 were 121, 985 metric ton versus 182, 768 metric tons year earlier. The drop in the sourcing volumes was due to the PSUs, I think a high inventory in November, December HPCL; one of our key customers had built up high stocks in November, December, so that is the reason for lower uptake of LPG in Q3 compared to year earlier, LPG throughput volumes which after all represent 80% of the gas division's profit, so this is a very key figure which I am going to highlight. And I am adding up the public sector throughput plus Reliance as the two key customers for handling their LPG in Bombay and Pipavav. The Quarter 3 throughput was 254, 973 metric tons versus 162, 655 metric tons year earlier. That is a massive rise of 57% in the throughput volumes year-on-year and I will talk little bit more about this, but this is the first sign of the new IOC, Indian Oil and BPCL volumes in Pipavav and that is directly resulted in a big rise in throughput volumes and throughput fees for this division. Auto gas sales; 5310 metric tons in Q3 versus 4746 year earlier; that is a rise of 12% in sales volumes and commercial industrial 7133 metric tons versus 5517 metric tons year earlier; that is a rise of 29% year-on-year. DBT is having a positive impact on the retail distribution volumes.

Now, I am going to spend the bulk of this call talking about the outlook for the coming quarters including Q4 as well as the next 3 quarters after that; Q1, Q2, Q3, that is 2016 and also an update on the new projects.

Let me start with the liquid terminal division; Q4 that is January, February, March, this current quarter is looking good. As I said, the traders are, products flows for chemicals from the traded community in Mumbai, they have started importing lot more in January, February, March but we do need a new capacity now because if you look at our terminals in Bombay, Pipavav, Kochi and Haldia; all of them are operating at high levels of capacity utilization, so in order to grow this revenue base and profits base in this division, we need the new projects, particularly in Kandla, the new 100,000 kiloliters project and Haldia at 25,000 kiloliters project. We need this to be commissioned as fast as possible, so that we can have the next step jump in revenues. For example, there is huge demand for tankage in Kandla. Our customers are actually chasing us that when are you coming up with your capacity. Both the projects are ongoing, they are on track as far as the commissioning schedule is concerned, nothing new to report but sooner the better that we can commission these two projects. And finally, we are still awaiting the permits from the Explosives Department for the Rail Petroleum, Gantry for Pipavav, which is very important for raising capacity further in the Pipavav terminal. Today, we have 120,000 kiloliters but as I mentioned in the last few earnings calls, the future for Pipavav is petroleum storage and we need this Railway Petroleum Gantry permission from the Explosives department so that we can start handling Petroleum in Pipavav. We are still awaiting that permission and we are still working on that but nothing more to say on that but as soon as we get that permission then we will be working with the Port, Gujarat-Pipavav Port to construct this Railway Gantry which should not take long, it is a matter of few months and then can start negotiations with the Refineries for movement of Rail from the Refinery to our Pipavav terminals for storage. So, this is really the outlook in terms of new projects for liquid terminal division but now let me concentrate on Gas because I said that there were going to be four big announcements and they are all in the Gas Division, which are going to impact not only the current Q4 earnings but they are going to impact future quarters' earnings in a very significant way. First let me quickly touch on the LPG expansion projects in Pipavav, we are as you know constructing 2,700 metric tons, two additional spheres in Pipavav; that project is on track and should be ready by March, April 2016; that is in the next 2, 3 months and that will help in increasing the throughput further in Pipavav. So the four big announcements on the Gas Division; first; you will recall that I said in the last earnings call that for the first time, we had signed a terminal agreement with Indian Oil for Pipavav, today I can announce that in December, we also signed a terminal agreement with IOC, Indian Oil for the Mumbai LPG terminal. What this means, is that incremental throughput volumes will be boosted by an expected 30% to 40% which between these two terminals in Pipavav and Mumbai in comparison with the throughput volumes that we were doing in FY 2014-2015. In FY 2014-2015, we did 625,812 metric tons. So what I am talking about when I say 30% to 40% increase in volumes because of this Indian Oil Terminal increment in Pipavav and Mumbai is something in the order of 300,000 to 400,000 metric tons. On top of that 625,000 that we achieved in financial year 14-15 and this we have already seen in the first nine months. So this will actually apply in this current year that is FY15-16 and going further into FY16-17. What that means is, for the first time we are going in this current year FY15-16 including January, February, March quarter that we are, in quarter 4 and also going further we are going to go close to 1 million tons throughput handling for the first time in Aegis history compared to previous year, that is FY2014-15 around 625,000 tons. Now you recall that throughput fees generally are between Rs. 700 to Rs. 800 per ton. So an additional 400,000 metric tons annualized from this quarter; that is January, February, March 2016 Q4, is going to really result in very significant revenue and profit boost for our Gas division as far as the throughput revenues are concerned.

Second major announcement; sourcing fees for 2016, the order book for AGI - Aegis Group International our sourcing subsidiary in Singapore, for the next 4 quarters including the current quarter Q4. This I can tell you is the highest in the history of AGI. Now this is a provisional order book, there orders are not yet finalized but at least I can give you some guidance that the provisional order book for the next 4 quarters, is the highest in the history of AGI of the last 8 or 9 years. And as you know, we make $3 to $4 per ton enhancing a port for handling the sourcing volumes. In the last 2 years, the sourcing volumes, that means last 2 years meaning FY2014-15 as well as the current year FY15-16, we may be sourcing around 700,000 metric tons, this being broadly stable over the last 2 years, there is some fluctuations quarter by quarter but broadly speaking around 700,000 metric tons. What I am indicating and giving you guidance is the provisional order book for the coming quarters is the highest that we have seen in the history and is going to be much higher than 700,000 metric tons. So that is second earnings enhancing development. The third development that I would like to talk about is, as far as the second chemical berth in Mumbai. At long last, the second chemical berth was officially opened in Mumbai for two weeks ago by The Honorable Nitin Gadkari, The Shipping Minister

Let me give you some details of this berth and the long term impact on Aegis, not only the next coming quarters. First, the cost; it was built at a cost of Rs. 130 crores by Bombay Port Trust, it is situated 3.2 kilometers away from the shore and deportees, close to the main harbor channel. It is a modern handling facility with separate loading arms for LPG and other liquid products. They will be at a significantly fast discharge rate for ships and modern firefighting equipment has been installed. The draft will be 12.8 meters with a very large LOA of 230 meters which can handle large ships like VLGC, it is a very large gas carrier and large liquid ships and more significantly can add 2.5 million metric tons per year to the existing Bombay Port handling capacity of 2 million tons of liquids and gas. In other words, from now we can handle in Bombay Port anywhere up to 4.5 million tons of product; liquids and gas and from current 2 million tons which we have been handling. The impact on Aegis therefore is the following: We can now offer customers liquid as well as LPG, no congestion, no demurrage and no waiting times. This will be a big boost, big comparative boost for our Mumbai terminals; both LPG as well as our two liquid terminals over other ports which had very long waiting times. For example, JNPT; they have congestion, etc. but because we now have 4.5 million tons of capacity 2 Jetty, 3 berths we will be able to offer customers no congestion, no demurs. This is an extremely significant boost. We can handle also the world's larger ships, with 3 berths in Mumbai, I told you about second chemical berth. We can also offer significantly faster turnaround times for the ship and better service. And as most of you know, when we talk about ship logistics and customers, they would like the ships to be turned around as fast as possible. Now with multiple pipelines and multiple berth in Bombay Port for the first time we will be able to offer this kind of modern service. So to summarize on this one, the 3rd development; this is the single biggest boost to Aegis competitiveness in our Mumbai liquid and LPG terminals for 20 years. 1995 was the last commissioning of a berth in Mumbai which is what we call the first chemical berth so 20 years later, this is the single biggest boost to our liquid terminals in Mumbai and our LPG terminals. With this extra capacity, Port capacity of 2.5 million tons, we are now planning a huge increase in our throughput volumes, both liquid as well as LPG, especially LPG and therefore revenues and profits for the future in Bombay and details will be forthcoming over the next few months and quarters. As we announced these projects to take advantage of this new berth because constructing and commissioning a new berth is one but then we have to construct the infrastructure to handle the additional throughput volumes, so these projects we will be announcing in coming quarters. I said there are four developments; the fourth one is also very interesting. For the first time in a long time, I want to discuss a major development in our Retail LPG business, specifically Auto gas, normally I do not talk too much about it. I talk about liquid terminals, I talk about gas terminals, I talk about throughput fees, I talk about sourcing but today I can announce an agreement with ESSAR oil, a major agreement with ESSAR oil to convert as many as 55 to 60 of our existing 102 Auto gas stations to sell ESSAR branded diesel and petrol, so these stations out of our existing network of 102, almost half, more than half will be selling Aegis Auto LPG but they will also now be, once these stations are converted in the next few months, will be selling ESSAR branded diesel and ESSAR petrol. And also, I can confirm that all new Aegis sites, all new Aegis Auto Gas stations will be offered whether those dealers is would also like to sell ESSAR petrol and diesel as well as Aegis Auto LPG. What is the impact on Aegis? Well, first Aegis will make an extra fee per litre for selling this ESSAR diesel and petrol along with our dealer. The dealer will make the majority of the fee but Aegis will also get an extra fee for every liter of diesel; ESSAR diesel and petrol sold. Based on the volume forecast, the bottom of volume forecast that we have made, station by station for these 55-60 stations. We expect for example, in financial year 16-17, an extra Rs. 4-5 crores, an extras pre-tax profits from selling ESSAR petrol and diesel. The dealer will also make additional, majority of it will be made by the dealer for selling the extra petrol and diesel, but this is the impact on Aegis. Second impact will be; offering this ESSAR branded petrol and diesel for the new sites along with the Auto LPG, has significantly boosted the pipeline of new sites. I can confirm today that because of this, around confirmed now, 10-15 new stations in addition to our existing 102 stations will be commissioned, we expect by 2016-17 financial year. In other words, our existing network of a 102 stations, we expect will become 115 stations by March '17. Based on the kind of sales-volume forecast for these stations, some of which are in excellent locations, like in Bangalore City Center, we expect this could boost our Auto Gas volumes by as much as 9,000-10,000 metric tons per year in financial year 17-18 and assuming an average margin of Rs. 6,000 per metric ton, that would mean something like Rs. 5-6 crores additional profit for the Retail Auto Gas Division in FY17-18.

So, to summarize, this quarter 3 has seen a continued strong earnings growth that we have seen in the last few quarters in Q3, profit after tax year-on-year grew by 68.6% compared to year earlier. I have given today guidance for major boost to our gas division profits, not only for the current quarter of Q4 but also for future quarters in FY16-17 in 4 areas. The potential for a 1 million metric ton throughput up to 1 million metric ton throughput volumes, In Bombay LPG and Pipavav LPG terminals for the first time as opposed to last year's 625,000 and that is a major boost in throughput fees which we are going to see already in Quarter 4, we have already seen a big boost in Quarter 3 and that means that we may hit 1 million up, close to 1 million tons of throughput volumes and therefore throughput fees on that, this year and going further in FY16-17; that is a major development.

Secondly, I talked about the sourcing volume, provisional about the book that we have seen in Aegis Group International, a big jump compared to the 700,000 metric tons that we have seen for the last couple of years, we expect starting in 2016 a big jump in this. I have not quantified it because it is still provisional but at least I can give you an indication, it is going to be a big jump on that and we make $3 to $4 per ton on those sourcing fees. Third, I talked about the long term impact of second chemical berth to the competitiveness of our terminals in Bombay; both liquid and LPG because we can handle in future an extra 2.5 million metric ton. You see what those projects mean and what kind of throughput volumes we can do in addition to what I have already discussed, in the coming quarters when we announced the further infrastructure enhancement that we will be doing. But at least, I should indicate this is a major development in the competitiveness of Bombay for us. And lastly, I said the ESSAR deal which, some of you remember that in 2010 we signed an ESSAR deal and most of that was actually for putting Aegis Auto Gas pumps in the ESSAR stations. For the first time we have now got a plan to put ESSAR branded petrol and diesel in our own stations and that is going to boost not only Aegis profit from selling petrol and diesel, the dealers profits from selling ESSAR diesel and petrol but it is also going to attract new Auto Gas stations because we can offer not only selling Aegis auto LPG but we can also sell petrol and diesel, as a result of the de-regulation of petrol and diesel, this is very attractive. And last but not least, to celebrate all these good developments, the board has today approved another quarterly interim dividend of 30 paisa per share with the last quarterly dividend was paid in November.

So I am pleased to say the board has approved a dividend to be paid out in the next few days, so it looks like since the company is doing very well, every quarter now board is seemed to be considering and approving a quarterly dividend to reward the shareholders. The new Kandla liquid terminals and expansion at Haldia liquid terminals and the Pipavav liquid terminal expansion; they are still to come and still to come is our work on developing new LPG terminals, which we are still working on, so we are on track for the biggest expansion in Aegis history over the next 3 years, we are on track to complete these Nexus of terminals in the next 3-4 years taking advantage of the boom in Oil and gas demand and consumption in India and I think it is a work in progress but we continue to see very good growth prospects for this company.

Thank you and now we could take some questions.

Moderator: Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Pritesh Chheda from Lucky Investments, please go ahead.

Pritesh Chheda: From your opening remarks, I missed out a few things; if you could tell us, what was the throughput volume handled in quarter 3 and nine months and second when you were referring to a million ton throughputs can be handled next year, I was a bit confused because last time when I was at the Mumbai facility of yours, there was a site visit arranged, the pipeline between your facility and HPCL facility was imperative for throughput handling, so am I missing something on that, if you can throw light there?

Anish Chandaria: Okay, I will just give you the nine months' figure for throughput volumes, one minute. On the second point, it is a very good question. It is an amazing development that the pumping without putting any new pipeline, etc., the pumping rate that we are able to do from our loading bays and from our storage tanks in Bombay and this is recent development, we have been able to double. What that means, is that now we were able to offer Indian Oil this additional throughput volume, even without putting extra pipelines. So that goes for the future but that is why we are able to now offer Indian Oil this extra, probably 2,000 tons annualized through Bombay and this has really been, this has happened only in the last 2, 3 weeks. Plus we are handling more volumes than we could possibly have expected in Pipavav, probably around I mentioned in the last earnings call but they are probably linked and this is Indian Oil as well as BPCL around an incremental 200,000 tons. That is why, I am really talking that we can now confirm and we are actually doing it, these are actual figures now that an incremental annualized 400,000 tons, which means 200,000 more in Pipavav than what we were doing in FY14-15 and 200,000 more in Bombay because of Indian Oil. So an additional 400,000 tons and adding to 600,000 we do, normally stabilizing that close to a million, possibly more than a million tons. Now in future, if we can do more pipeline in the connections that will be on top of that. In other words, we could handle more but this is even without doing it, so it is a major development and if you quantify it, multiply it by the Rs. 700 to Rs. 800 per metric ton throughput fee that we normally handle, multiply it by that 400,000 incremental, you can see that we are talking about Rs. 25 crores to Rs. 30 crores of additional profit divided into 4 quarters and quarter by quarter, we are really talking about that. And I think, this is as a result of Indian Oil signing these terminal agreements in Bombay and in Pipavav, Pipavav signed in September, December they signed in Bombay and also it is a result of growing LPG import demand and they require this kind of import. So it is a really excellent development and I have emphasized a lot on how, it is one of those 4 announcements and it is not only going to impact in Q4 but also in the future quarters.

Pritesh Chheda: And what was the nine months' throughput number?

Anish Chandaria: 657,995 was nine months already.

Pritesh Chheda: And quarter 3?

Anish Chandaria: And quarter 3 alone was 255,000 metric tons. So you can see that in the nine months' figure, or throughput at 657,995 has already striped last year's twelve months of 625,000 but you can see the quarter 3 alone, three months, 255,000 metric tons was because of these new Pipavav Indian Oil and BPCL agreements but now I am adding to it in Q4 that we are adding more throughput annualized of 200,000 metric tons expected from Indian Oil alone in Bombay, so on a quarterly basis that could be as much as 50,000 tons per quarter additional. So that is why I am confidently saying and we will see how things go there. We are now expecting even in this financial year, since we have already reached 657,995 in nine months, we might be getting close to million tons of throughput in this financial year and possibly more than a million tons next financial year.

Pritesh Chheda: Sir, this is not slowing down to EBITDA, is there any reduction in throughput fees by any chance, what you were earning last year, and is there any change is there?

Anish Chandaria: No, it would not, if there is, it will be the Rs. 700 to Rs. 800 and you will see that in the Q4 results. It goes straight to bottom line because there is very little extra cost in terms of handling. So it will go straight to profits.

Pritesh Chheda: On the sourcing side, you mentioned between $3 and $4 and you mentioned about the sourcing order book and you said that the sourcing order book is much higher than the 700,000 which you have typically been doing, I just wanted to know how much of sourcing would you be able to do this year in FY16 and what would be your best guess for sourcing number on FY 17?

Anish Chandaria: Right, I am not going to give this very specific figure right now but I can tell you the nine months figure for FY15-16; is already 429,192, that is nine months for FY15-16. Now we have to add to that January, February, March, so I said that; I believe that we will probably hit around close to that 700,000 tons, somewhere between 650,000 to 700 000 tons for this year. Now I am talking about the next year and I am not quantifying it, yet because it is a very provisional order book for what I have seen from estimates from my marketing team is that, it is going to be a step jump from that figure of 700,000 tons which is what we have been operating for the last couple of years; FY14-15 and expectation for FY15-16 will be somewhere around that figure. And the reason for that step jump is that, this is the indication, it is still provisional from our customers as to what it will be. Today I am not able to confirm that figure but at least I should give you some guidance. It is going to be a big jump and multiplied by that $3 to $4 is going to be additional earnings enhancement for the next quarters.

Pritesh Chheda: And my last question is on liquid side; liquid side for growth incrementally it is imperative that either Pipavav or Kandla or Haldia comes through. So Kandla and Haldia what would be your best guess in terms of fixed operationalization?

Anish Chandaria: Yes, that is exactly right; again you got it absolutely right. I think in order to really boost the revenues; we need more capacity because we are pretty full at almost all of the terminals. So the commissioning date expected for the Haldia project is Q3 of FY16-17 and the commissioning date for the Kandla is expected to be Q4, FY16-17, in other words this time next year.

Pritesh Chheda: So is there any scope within the existing capacity to either turn it around faster for growth, is it possible or there are no levers available in the existing capacity for growth?

Anish Chandaria: There is because I went on and on about the second chemical berth and the impact on the Bombay terminals where yes we are already full but the impact of faster turnaround time and the fact that we would not have ship waiting for 4 days and 3 days, means that we can throughput much more which means more revenues. So greater efficiency because of the ship turnaround time and less congestion actually should allow us to squeeze out but there is a limit to how much, I mean I am not quantifying it. It is a limit to how much one can do, so the real increase in revenues has to come from greater capacity in the Bombay and Pipavav and the

Kandla and Haldia. Now the other thing which could happen this year which I have talked about is, in Pipavav if we can put that Petroleum Gantry once we get the explosives' permission and the permission from the Gujarat Pipavav port, extending that existing Petroleum Gantry is a matter of few months, 2 to 3 months at most and the rail lines are already there. So in the financial year 16-17 itself, we could see greater throughput and greater revenues from Pipavav from the existing terminal but also we could then start for that, the board has not yet announced another project but we could then start construction of new tank, so there could be certainly more revenues coming out of Pipavav in FY16-17 along with squeezing our more efficiencies in Bombay and then we have Kandla and Haldia coming through. But we are working as hard as we can; I bang on about this with my project's people to get that explosives permission but this could happen quite fast because it is only a matter of 2-3 months to do that extension. So it is a work in progress but we are working as fast as we can.

Pritesh Chheda: Sir the Trombay and Ambapada is about 275,000 Tons and there we actually utilize a capacity at 130%, so with this new chemical berth, how much more can you utilize this?

Anish Chandaria: It will be in the single digit percentage increase in capacity utilization, so-called 120%-130% can become 135% or 137%. So it is of that nature.

Moderator: Thank you, the next question is from the line of Sanjay Shah from KSA Securities. Please go ahead.

Sanjay Shah: Good evening Sir and congratulations for good numbers and we are very excited about the presentation you have made and also congratulations for recent new developments and all our good luck to you. Sir, you have covered each and everything, only the 2 things which are missing, which I would like to understand; one was regarding our Mangalore asset, what about the Mangalore expansion, we are having 3 acres, is there any development on that side? That was number 1 and number 2 was on commercial LPG side.

Anish Chandaria: Fine; Mangalore expansion yes. I have nothing to report in the sense that our projects people are still working out the consideration for that land. We have not even applied yet to explosives, so I do not have any news on that and in fact we have project's meeting tomorrow, I am sure that some of that will be discussed tomorrow. It is also one has to discuss with the particular customers that we have as to what they want exactly, so I would say, in the next few months probably that would be finalized. Then we have to go and apply for the permission. We are still talking about probably I would say, 6 to 7 months before we can actually start construction on Mangalore; that is what will be the safest thing I can say right now but the customer base is already there, sooner we can start the better. But my priority right now for the liquid is Kandla and Haldia and if Pipavav the Railway Gantry comes, then I will start immediately. But at the moment because we still have not got the permissions, we have only got the land, I think in November or December, we are still probably 6 to 7 months, possibly 8 months away from construction. As far as commercial LPG is concerned, which is the packed cylinders for the hotels and restaurants and small scale industry as well as the bulk LPG sales to industry, those are going well I told you the sales volumes are going up as there are less diversions from the subsidized LPG cylinders, we are able to sell more of our Aegis pure gas cylinders and we are also able to sell more bulk LPG to industrial customers rather than them using it, tightening it from those cylinders. So for example, in Q3, I said we saw 29% increase in sales; however, we still came of a low base, this is still a fairly insignificant part of the total customer sales, we are still talking about something like plus or minus 30,000 tons per year annualized or something like that. So it is still of a low base and I think the most important part of the LPG business, I keep saying which is why I spent most of my time, is the throughput, using our terminals and charging fees to the customers for handling our 80% of the profits are there. 10% of the profits come from the sourcing business, the \$3-\$4 per ton and 10% come from the retail distribution, which is Auto Gas and this commercial, industrial. So, that is why I do not spend that much time on it because it is a small volume but more that we can do the better and if there are any new developments on auto gas, I do not have anything new to say on commercial, industrial today. It goes on.

Moderator: Thank you. The next question is from the line of Sujit Lodha from B&K Securities. Please go ahead.

Sujit Lodha: Just wanted to check sir, the throughput capacity total for Pipavav is somewhere close to about 25,000 tons and the operational capacity based on the churn is about 850,000 tons. So based on that sir 1 million volume, would it require any additional CAPEX from this level or additional capacity expansion or it can be done at the current capacity?

Anish Chandaria: I like your question because this is the question I always ask my LPG operations people. The good news is no, we do need any CAPEX. From our existing storage capacity which is 5,400 metric tons in Pipavav today, although we are expanding it to 8,100 and we have a 20,000 metric ton refrigerated terminal in Mumbai, up till literally the last few months we thought we could only do around 800,000 tons, maximum from Pipavav and Mumbai. Now I am officially saying because it is actually happening month-by-month, we are now with the same equipment with no CAPEX actually and with some modification of some pumps, etc., as well as greater efficiency of turning around those tanks in Pipavav and more faster evacuation, we are able with no CAPEX to plan for this current year close to a million tons. So that is great news because all of that really flows through to the bottom line to the profit because very little extra cost, even operating cost and that is really good news. And going forward in the future I have already told you that we are expanding the throughput capacity in Pipavav because we are putting these two spheres in the next couple of months, so that will further raise the throughput capacity beyond what we are able to do from April onwards. But also in Mumbai one of the previous callers talked about, can you make additional infrastructure improvement, for example pipelines and all that. I have nothing to say on that today but that is something we are working on. So what I am trying to imply is that today I can say that we now have raised our capacity to possibly a million tons per year but we can go further once this Pipavav CAPEX comes through in the next two months and further infrastructure improvements in Bombay. And that is great news for the profitability of Aegis.

Sujit Lodha: Sir second question would be on the sourcing side. Since now the VLGC would be offloaded at the Mumbai terminal with the second berth. Sir because there would be additional saving in terms of freight cost, do we see any improvements in the margins on the sourcing fees?

Anish Chandaria: No the margins will remain the $3 to $4 which is a very transparent kind of international brokerage fee but we do pass on. We do expect further savings on the freight cost because we might start with mid size gas carriers and then go to VLGC, that is what is being planned currently now that this second berth is commissioned but those we pass on to the customer. Those customers know exactly what the shipping costs are. Those customers are people like IOC, HPCL, BPCL, and Reliance. So we pass that extra thing but then they will buy more volumes, so the impact should not come on margins but will come on those kind of throughput volumes we just talked about.

Sujit Lodha: In the ROs, the retail outlet which you are expecting collaboration with ESSAR, in that the CAPEX for the dispensers and all for that petrol and diesel would be incurred by Aegis or by the dealers?

Anish Chandaria: Again an excellent question. The bulk of the CAPEX will come from the dealers. They are extremely excited. Sometimes the dealers complain this and that. For the first time I hear celebrations from the dealers because they obviously would like to sell Petrol, diesel. So let me put it this way; out of those 60 sites, the richer ones and the bigger ones, for example, probably will invest himself, it is a small cost but if they do not, then Aegis is possibly willing to invest, we are talking about lakhs, you know Rs. 10 lakhs, Rs. 15 lakhs, Rs. 20 lakhs those kind of figures. So Aegis supposedly willing to do that and then of course we will take more of the share of the commissions from petrol, diesel where we invest, if they invest they will have a bit more of the margins. But either way win-win-win, win for ESSAR, win for the dealer and win for Aegis.

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

Pranav Mehta: Just one question, if you can explain a little bit more what is delaying the explosive license in Pipavav and if you can give some kind of a timeline on resolution, I know you mentioned that it will happen sometime this year, would maybe a shorter timeline, quarter or month or what is it?

Anish Chandaria: There is no major technical query or problem. We do not anticipate any problems but it is just a question of chasing them up and getting the file signed. In terms of timeframe, I really cannot give you a very exact timeframe but I still expect it in a matter of months rather than years and that is why I feel that without having any guarantee but I feel that 'financial year '16-17 starting in April is probably the best expectation that I have that we not only will get the permission but we will be able to construct the extension to that Railway Gantry and work out all the details with Gujarat Pipavav port. So, that is the best I can do at the moment because there are uncertainties as to when that file moves from explosives.

Moderator: Thank you. The next question is from the line of Chirag Vekaria from Budhrani Finance. Please go ahead.

Chirag Vekaria: Sir just wanted to get a sense from you in terms of growth in this sourcing volume, this growth is, would it be more greater than the throughput volume growth and secondly, where is the demand coming from?

Anish Chandaria: Well let me start with the second one; LPG demand in India is absolutely booming and it is being driven by cooking gas, domestic household use, this is why Indian Oil, HPCL, BPCL are expanding the sales so much into the rural areas, they are trying to increase the penetration of LPG, now this is actually resulting in huge sales volume increase for them and huge increases in imports. Now just to give you a figure, which is even shocking to me, even though I have, this is a forecast from Indian Oil, the forecast imports for financial year '16-17 for India, LPG imports is expected to be just under 11 million tons, that compares to current year 9 million tons, a 2 million ton increase is what Indian Oil is forecasting for the next year. Aegis is participating in some of that, in other words we are handling in Bombay and Pipavav, we are also going to expand significantly, looks like the sourcing volumes, so it is very much part of the boom in LPG consumption in India. Do not forget LPG prices are at a 10-year low in India because LPG prices internationally have gone down, so consumption is rising very fast and we are riding this boom along with our customers – Indian Oil, HPCL, BPCL.

Chirag Vekaria: So, even if you are talking about a 10% share, you are talking about a 1.1 million ton of volume for Aegis?

Anish Chandaria: I am not going to give the figure because I talked about the things but I will say the provisional order book is very strong; it is going to be a step jump from the 700,000 ton figure, so I cannot give you the figure, I cannot give you all my answers straight but it is going to be a big jump.

Chirag Vekaria: Just wanted to get a sense, since the price of crude has been correcting, do we see pressure or realization in any of the segments and secondly, are we in terms of realization per unit in terms of competition, are we at premium discount or we are at par? Sir for the gas segment.

Anish Chandaria: No, we are at par. The prices are basically set by the national, IOCL, HPCL, so we compete with them, we do not indulge in a price war, we compete with them on non-price basis, whatever their price will be; they are the price leader, as far as retail for example. But as far as, what you said about the oil prices going down, and I have said this many years, the beauty of the Aegis position in this logistics space is that whether the price of oil is high or the price of oil is low, whether the price of LPG is high or the price of LPG is low; that gets passed on to the customer, we have very stable margins, so we are not really affected but generally lower prices of all commodities like Oil and LPG is good for us in the sense that it means more consumption which I just said but we are not really affected by these because we are just charging fees for handling these products. So, our revenues and profits are not dependent on oil prices but they are dependent on handling volumes that we handle and the fees of that.

Chirag Vekaria: And sir in terms of the volume in the throughput segment of 1 million ton, our current capacity would be able to serve around 950,000 tons, so do we see another expansion coming up?

Anish Chandaria: I just said in response to the earlier call that we believe from the existing capacity of Mumbai and Pipavav terminals, we think we can now handle up to a million tons without any CAPEX. The good news is that in 2 months' time we are going to expand another 2,400 metric ton in Pipavav which generally speaking could mean we could enhance the capacity by another 200,000 tons; throughput capacity. So it might become 1.2 million tons as from there and there are further things we are working on in Mumbai, which I do not have to announce today but they are definitely further thing infrastructure improvement that we are thinking of, which will be a small CAPEX but which could expand further. So today I am saying for the first time because we have doubled some of the pumping rates and all that. We think a greater efficiency in Pipavav Port for handling the ships and the trucks. We think we can for the first time go up to a million tons, in a couple of months' time, we think that capacity will be enhanced to 1.2 million tons because of those due 3 years and then in future earnings calls you will hear hopefully some new project that we have to announce in Mumbai which will further enhance our capacity. So I think, this is all to look forward to.

Moderator: Thank you. The next question is from the line of Ritesh Gupta from Ambit Capital. Please go ahead.

Ritesh Gupta: My question is on basically on B2C LPG business that you have; how much of your LPG volumes coming from there and what is your expansion plan there?

Anish Chandaria: For the retail LPG segment?

Ritesh Gupta: Correct.

Anish Chandaria: Yes, I said that the Auto Gas currently we are selling around 20,000 to 22,000 tons per year annualized and I gave a very good indication that look in order for us to expand those sales, basically we need to construct new station. So at the moment, our best guess is that for financial year, '17-18 that could rise by let us say, around 10,000 tons because we are going to construct another 10 to 15 Auto Gas station and in terms of the medium term going beyond that, because the pipeline is being enhanced now that we are able to offer them petrol, diesel as well as Auto LPG, I expect that to kind of continue at that rate of 5 or 10 new stations per year. So that kind of increase in sales to the extent of 5,000 to 10,000 tons increase in volumes per year. As far as the commercial and Industrial sales are concerned, I think there is a limit there in the sense that it depends on how many dealers that we can sign up. It is almost like every distributor that we sign up generally means another 20 to 30 tons per month kind of thing. So today we have around 78 dealers for the commercial industrial and our people are trying their best to increase the number of dealerships in the South but it is a slow process because you have to, just like in the Auto Gas station. So I think it will still be gentle growth, meaning a kind of 10% to 15% volume growth in that segment per year. So I would not say that this is a very high growth segment in terms of volumes unlike what I just talked about throughput fees or sourcing fees but it is a very high margin thing, so even though we are expanding the sales slowly for example, in Auto Gas because we make such high margins, something around the range of Rs. 6000 per ton in Auto Gas versus Rs. 700 to Rs. 800 per ton for service fees on throughput fees, it is still worth it in terms of profitability but I would say it is a slow growing thing and the main reason as some of you have attended many times right from growing fastest they are still despite DBT vast diversions of domestic subsidized cooking gas cylinders into the commercial segment, they are just tightening. We still continue for various reasons, so until those diversions go down which we are slowly seeing. But if those diversions go down, then of course the sales could increase a lot.

Moderator: Thank you. The next question is from the line of Chintan Shah from Kitara Capital. Please go ahead.

Chintan Shah: My question is related to the large size gas project; can you throw some light on that? What is the status and where do we see?

Anish Chandaria: Do you mean the new LPG terminals?

Chintan Shah: No, I am talking about the large size projects which we are talking about, for ITOCHU and all earlier.

Anish Chandaria: Right, so as you probably heard, I had nothing to announce today, we did not even discuss in the board meeting today, so that is the answer. As of today, nothing but rest assured that on each of those 3 projects that we announced as per our business plans, each of them are slowly gradually moving forward. Three things are required as you know; one is land, second is the environmental permit and third is the customers. As I have said, in many investor meetings, I can repeat. The first of those projects, the land is already there, the customer is already pretty much there but it is the final environmental permit which is in Delhi and we are still waiting for that final one. We are very close but until we get that one thing, I cannot say any more. As soon as that is received, we will be discussing in the Aegis board and then you and the Stock Exchange will be the first to know. And we need to start the project immediately because the main customer there is desperate for the gas over there. The other two projects are less advanced honestly but we are working on both of them. So that is all I can say at the moment but we are working on all three.

Moderator: Thank you. The next question is from the line of Sandeep Mathew from ICICI Securities. Please go ahead.

Sandeep Mathew: Just a couple of questions; first if I look at the sourcing volume, I think you mentioned for the first nine months, we have done about 430,000, is that number correct?

Anish Chandaria: Yes, that is right.

Sandeep Mathew: So, if I sort of annualize this number and look at it, we will be probably looking at maybe now two consistent years where our volumes may have been on the lower side despite imports into the country increasing, so technically our market share may have decreased a bit over there, so could you throw some light on, why do you think this trend has happened? And second you mentioned about having a very high order book, so what would be the typical conversion rate of what you have seen historically in the past would also be kind of helpful?

Anish Chandaria: Right, as far as the last two years, we have let us say been stable at 700,000 tons, that is FY'14-15 and the current year we expect to be close to 700,000 ton, we, especially the gas marketing team here, has been working tirelessly with the customers and their PSUs that how and where we can increase the sales and it is a result of, even though import volumes have been going up, as a result of complex factors regarding which company can tender for it, regarding complex tender conditions, also things like that which we have had to work through those procedures; how we can enhance this current volume of 700,000 tons. That is the best detail I can give you that we have had to actually work through those complex new procedures for tendering new quantities, etc. so that we can enhance this. What I can tell you, is that we have done it and this is literally over the last 2-3 months and that is why I am now confident to say that since those new procedures are in place and now that those discussions have taken place with those same customers on this new rules and new tender rules and procedures and all that, we can now see that provisional order book is going to be a step jump. That is as much detail as I can give you but it is basically to do with that, that this is the kind of procedures and all that we will have to go through but that this now done. And that is a big development, not only for the next year but for coming years going forward. Yes, provisional order book and what is my confidence level, that those provisional order books will be converted into real order books or final order books. The confidence is high, very high. I cannot say more than that, things are signed in, basically sealed and we cannot say more than that but it is very high and the reason is because the customers are chasing us as to when those ships are coming and when those cargos are coming, day in and day out? I think the confidence is very high; that there is going to be a step jump in that 700,000 tons and that we will see in this quarter itself Q4, in the Q4 numbers and in coming quarters.

Sandeep Mathew: And on the terminalling side for LPG again, I know you had on an earlier call, I had asked this as well but from what again the field trip had indicated was that our evacuation capacity in Mumbai is effectively driven by, if I may put it in a nutshell, the time taken to fill a tanker and the number of days that are there. So you mentioned about the pumping facility kind of increasing, so is there any additional CAPEX that we have incurred over here or is it just a process or an efficiency improvement in the process as such for which is kind of increasing this evacuation capacity, if I may put that?

Anish Chandaria: Process change, no CAPEX. Process change because the customer was demanding and this has literally happened in the last two months and that is why we were able to offer this to Indian Oil. So it is wonderful to be able to report that; that we have been able to do that without putting any major CAPEX but process change, you can always come and ask the technical people but basically it is the kind of pumping rate from the storage tanks into the loading base and then the trucks and that great news and in Pipavav, it is something different which is not even a process change, it is more to do with the turnaround time of the ships in Pipavav is and the unloading rates of the ships through the pipeline, The jetty pipeline and then yes again the tanker loading rates have increased so much. I believe we are almost 24 hours a day, but anyway it is a 24x7 operation now in Pipavav, it is the site to be seeing and that is great news that our team over there was able to handle that. No one, at least even in our management, forget me, no one could have conceived that we could do this kind of efficiencies but we are doing it and the good news is we can further enhance our storage capacity in two months' time. So even compared to perhaps when we had met couple of months ago, these are new developments and it is all because the customers are demanding this LPG that we have been able to do.

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

Pawan Kumar: Just one question from my side; I just wanted to understand if I am right, we had planned an expansion of 120,000 in Pipavav also on the liquid, as per your presentation now I can see all the expansion at Haldia and also Kandla, so am I missing something?

Anish Chandaria: Yes, you are missing something. What is missing is that we have not even taken it in the board and we are not, although that is the plan, it is not a project which is approved. The reason is, it relates to that Railway Gantry for the petroleum, that this 120,000 which is Phase-2 is dependent on putting that Railway Gantry so that we can start handling petroleum because this will be probably dedicated to petroleum storage, so that is the whole conversation I was having that look how soon we can get that explosives permission but as soon as that comes then everything is ready, once that extension of the Railway Gantry is done, then we will start this project. Everything is ready in terms of the configuration, we have got all permissions, we are ready to start our project but that will not happen until we get this Railway permission. I am hoping for that in FY'16-17.

Pawan Kumar: If my understanding is right, it takes around nine months to take actually commission a project, right sir?

Anish Chandaria: Yes, I think because we have done all the common infrastructure ready with the pipeline, so for this project probably 9 to 12 months, we will try our best to commission that. And some of the tanks may even come earlier than that, might come after six months, so but for the full 120,000 it will probably take 9 to 12 months from start of project.

Pawan Kumar: Would it be fair to assume that for the FY '16-17, the delta in the profitability would be majorly from the Gas division?

Anish Chandaria: I think so yes that is correct. I was strongly trying to imply that my 4 announcements were all on gas and not only in the current quarter Q4 but Q1, Q2, Q3, Q4 next year, I think the 4 announces are all on gas. That is going to be the biggest incremental earnings growth but by chance, if we are able to get Pipavav up and running and if we are able to squeeze out more efficiencies out of liquid, there will be some perhaps extra earnings from the liquid but the bulk of the earnings growth is going to come from gas, from those 4 announcements that I talked about today.

Moderator: Thank you. The next question is from the line of Suhani Doshi from Edelweiss. Please go ahead.

Suhani Doshi: Sir I wanted to get some clarity on the gross margin percentage on a quarter-on-quarter basis, if I see sequentially the gross margin percentage have been moving from 11% to 16.5% in the last quarter to around 15.5% in this current quarter. So, what would be the ideal sustainable gross margin percentage?

Anish Chandaria: Now those of you who have been covering Aegis for long time will understand that we always recommend; do not use percentage margin figures because the gas prices for example change so much, the percentage is changed because of that because the denominator changes all the time. So better look at rupees per ton as the kind of margins rather than percentages which remain fairly stable. For example, for the Auto Gas generally we make around Rs. 6,000 per ton as a kind of EBITDA margin, for the commercial and industrial sales we make around Rs. 3,000 per ton EBITDA margin, I told you for the throughput fees, the revenues are around Rs. 700 to Rs. 800 per ton and generally the kind of EBITDA percentage of that is around 85% to 90%. So those would be the correct figures to use and I have given you the volume figures. If you start looking at percentages, in this we see because the figures are so volatile as far as the gas prices, it will not give you a correct and the best way of modeling, this is how many volume of metric tons that you handled or sold multiplied by those EBITDA margins. The percentages will vary because of the commodity prices.

Suhani Doshi: So there is no operational slip ups.

Anish Chandaria: No, otherwise I would have mentioned it.

Moderator: Thank you. Ladies and Gentlemen, that was the last question. I would now like to hand the floor over to the management for closing comments.

Anish Chandaria: Thank you very much. I enjoyed your questions; there were quite a few questions this time. I think the summary is really, yes that we are looking at a very significant new development that I mentioned in the gas throughput volumes, this is new information. I hope people appreciate the significance of this development of million-ton kind of throughput figure versus 625,000 last year. I hope people understand the significance of the second chemical berth, I hope people understands the work that has gone in for raising the order book for Aegis Group International from the 700,000 tons' figure and I hope people appreciate the work that has gone in for this ESSAR deal for petrol and diesel sales. All of this is going to result not only in greater earnings for Q4 but coming quarters as well. And if you do your modeling and add up the potential earnings enhancements from those 4 things; assuming that other things remain equal regarding the liquid, etc., without taking anything else. This is a very big announcement by me as far as the future earnings growth for the current year and I think justified the kind of growth profile, we feel that is going on in the company. Lastly, I would like to say that there are many other projects which are coming down the track, some of them are liquid, some of them are in LPG which the board has not approved but those are for another day. But for today, I think this is a very good development, we are celebrating here in the company, the Indian Oil terminal agreement, I hope any shareholders out there and any investors should celebrate too because this is something that we have worked for a long time and it is pleasing to see, it is coming to reality. Thank you very much for listening.

Moderator: Ladies and Gentlemen, with that we conclude this conference. Thank you for joining us and you may now disconnect your lines.