"Aegis Logistics Limited Q1 FY2017 Earnings Conference Call"

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Moderator: Ladies and gentlemen good day and welcome to Aegis Logistics Limited Q1 FY2017 Earnings Conference Call. This conference call may contain forward looking statements about the company which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performances and involve risks and uncertainties that are difficult to predict. As a reminder all participants' line will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. If you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note, that this conference is being recorded. I now hand the conference over to Mr. Anish Chandaria, Managing Director and CEO, Aegis Logistics. Thank you and over to you sir.

Anish Chandaria: Thank you very much. I will be presenting the FY2017 Q1 Results today. Firstly, let me say something on GST. This is truly a historic decision for India and will of course be hugely beneficial in the years ahead and certainly for all logistics companies including Aegis, this will lead to lower cost from moving goods around the country as well as lower cascading of taxes. For Aegis let me say that, although it would not have much direct impact as we are mostly doing logistics in the ports, indirectly anything which leads to more movement of product interstate petroleum, chemical, gas, petrochemicals is good. In simple formula more movement and demand for goods equals more logistics services at the ports. So I think that really the indirect impact is good for the country and it is good for all logistics company and as far as Aegis is concerned anything which means more movement of petroleum products chemical, gas, petrochemicals is good. So will see what is the detail, but I think is very positive.

Now turning to the results for Q1, total revenues for Q1 were Rs.740.45 crores versus Rs. 751.38 crores year earlier. Total segment EBITDA for Q1 was Rs. 56.46 crores versus Rs. 53.1 crores year earlier a rise of 6.3%. Pre-tax profits ie. profit before tax was Rs. 38.4 crores versus Rs. 36 crores year earlier a rise of 6.7% and profit after tax was Rs. 30.2 crores versus Rs. 29.3 crores year earlier a rise of 3.11%. So the summary is, overall a steady Q1 start for the financial year but we are expecting much more growth especially in LPG throughput in later quarters as per the guidance I made in the earnings call. So a steady start for the year for Q1 but expecting much more growth especially in LPG demand in throughput in the second half of the year probably a step jump **.**

I should say before I go further, on June 28 of this year the company has purchased an additional 204,901 equity shares of Sealord Containers Limited, at a consideration of Rs. 3.07 crores, this means that from Q2, we will be able to consolidate 91.39% of Sealord Containers earnings instead of 75 %. Because it was June 28, obviously the auditors could not take the increased earnings per share in terms of further consolidation into Q1 but that will now start reflecting from Q2 onwards. 91.39% of earnings of Sealord Containers will be consolidated into Aegis earnings instead of only 75%. So that transaction is now concluded.

Now let me go into the two segments starting with the liquid terminals division. Liquid terminals division was Rs. 37.6 crores for the quarter Q1 and EBITDA for Q1 was Rs. 21.4 crores. Our liquid business has registered a small growth of 5% compared to the previous quarter but Pipavav terminal remains soft. We had low capacity utilization in Q1 for the Pipavav terminal but for Bombay, Haldia, Kochi everything was full. We are in good shape but Pipavav was soft, low capacity utilization in Q1 was mostly due to low chemical imports and no alcohol shipment. We used to have quite large quantities of alcohol coming from Brazil, but this quarter there was no alcohol shipment and we are now trying for future quarters for black oils etc. The only positive development which I can confirm, which is why we are confident going forward is that few weeks ago we have finally received the explosives departments permission for handling petroleum through rail at Pipavav. The technical specs for the new railway gantry are now frozen as per the explosives permission. So now I can confirm that is done, it has taken 1 year to get to this stage but now that explosives permission is received.

So we are now doing commercial discussions and not technical discussion with the port, Gujarat Pipavav Port Limited, for example, who will own the new railway gantry for petroleum; who will pay for it; what are the usage fees etc. So these are the commercial discussions only regarding this railway gantry for petroleum. We hope to conclude negotiation with GPPL for Pipavav for this petroleum railway gantry by September or October of this year in the next 2-3 months and then our liquid marketing team can start talking to inland refineries about moving bulk petroleum product by rail to Pipavav which has been the plan whole along, because if we are going to have good utilization of Pipavav we cannot rely only on chemicals or alcohol but we will have to start storing in moving bulk petroleum products by rail. So we have some work to do on Pipavav in order to revive the capacity utilization and revenues that is still a work in progress but at least I can confirm that although we have not achieved that in Q1 in terms of actual construction of the railway gantry we have now received the explosives permission and now we are on final commercial discussion with Gujarat Pipavav port and therefore based on this work in Pipavav, assuming that we are able to conclude with Gujarat Pipavav port by September, October, we expect to gain further traction in the second half revenues during the year due to the petroleum solution in Pipavav, also new capacity of Haldia will come on stream by Q4 of this year and lastly other commercial deals, we are working on in Mumbai. These are all the 3 things that we are working on liquid so that we expect, as per my last earnings call, to at least maintain revenues for this liquid terminal division. Going forward this will take some work in the month ahead particularly on Pipavav.

As far as the gas terminal division is concerned, as I said in the last earnings call, this will be the main earnings growth any case this year rather than the liquid. It was always going to be the gas division**.** So as far as the revenues for Q1 were concerned it was Rs. 702.8 crores versus Rs. 706.5 crores year earlier, EBITDA was Rs. 35.1 crores this quarter versus Rs. 26.8 crores year earlier, that is a rise of 31% year-on-year in EBITDA for the gas division.

Let me give you the volume analysis, the underlying volumes that results in this 31% increase in EBITDA. Starting with the total LPG and propane throughput volume which includes the throughput for the public sector units, it includes the throughput for IPCL**,** Reliance and also includes all throughputs for industrial customers as well. So for Q1 between Pipavav and Bombay, the 2 terminals it was 294,333 metric tonnes versus year earlier 209,166, so that is 40.7% rise in volumes year-on-year for LPG throughput. As far as the sourcing volumes are concerned for Q1 that is from Aegis Group International 211,371 metric tonnes for Q1 of this year versus 179,543 metric tonnes a year earlier, that is the rise of 17.7 % in sourcing volumes on year-on-year.

As far as Autogas is concerned Q1 was 5,763 metric tonnes versus 5,588 a year earlier that is the rise of 3% in volumes, as far as packed LPG was concerned the commercial cylinders 2,927 metric tonnes in Q1 versus 2,735 a year earlier that is the rise of 7 % and as far as bulk LPG industrial sales are concerned to industrial customers it was 5,231 metric tonnes in Q1 versus 3,426 metric tonnes year earlier, a rise of 53%. So in summary LPG throughput handling through our 2 terminals of Bombay and Pipavav remain very strong, a rise of 41 % almost a year-on-year and this we expect to improve further in the second half of the year which will be the main factor driving overall earnings growth for Aegis this year. Further throughput grows in the terminals of Bombay and Pipavav in the second half of this year that is Q3and Q4 which is definitely going to be one of the factors which is driving earnings growth for Aegis as a whole. So things are going well and are on track for our LPG division.

As far as the outlooks for the rest of FY2017 and the projects update for the liquid terminal division, we expect as we have done in Q1 to maintain 100 % capacity utilization or 95 to 100% capacity utilization full terminal in Bombay, Haldia and Kochi. As I said earlier, Pipavav continues to have slow traffic in Q1 and we have some work of implementing its rail connectivity for bulk petroleum products in collaboration with Gujarat Pipavav port in the months ahead which can grow revenues in Pipavav. Meanwhile Kandla 100,000 KL project, the capacity expansion in Kandla is on track and it is going to be in full swing and we expect to commission that on time around Q1 of FY2018. As far as the Haldia 25,000 KL project expansion is concerned and that was on track for completion between Q4 of this year and Q1 and next year that so both those capacity expansion projects are very much on track.

As far as the gas division is concerned, as per our guidance in the last earnings call we expect a major uplift in throughput in Bombay and Pipavav compared to last year, you remember last year between the 2 terminals we broke a million tonnes of throughput for both this terminal and I mentioned in the last earnings call in the guidance that we expect up to a 40 % increase in throughput in Bombay and Pipavav compared to last year and I am maintaining that guidance and on that, for example we are making good progress with the eight inch pipe line interconnection of the Bombay terminal to Uran which will allow LPG to move by pipeline into the southern LPG grid. Eventually this will be extended by HPCL from Uran to Chakan. We are making good progress on that projects which we started in March with a CAPEX of 15 crores. We are making good progress on that and that is going to be an example of how we are going to boost LPG throughput in the second half of this year in Bombay. We also try to maintain our guidance for the uplift in the second half particularly for LPG throughput through our terminals in Bombay and Pipavav. We also maintain our guidance on sourcing volumes target of one million tonnes this year which is almost doubling of sales compared to last year which was around 525,000 tonnes that goes on month by month, but we see that the oil companies are basically sticking to those targets for sourcing volumes through Aegis Group International and I can also confirm that our Haldia major cryogenic Haldia LPG project of 25,000 metric tonnes storage project is on track for commissioning in Q1 of FY2018, this will of course be a major boost to next year's earnings per share. I can also tell you that, the whole bunch of senior management including Raj and myself are going tonight to Calcutta to actually visit not only that project tomorrow in Haldia and also the expansion of the other 25,000 KL. So I'm very happy and I am sure I will be able to report back next time on the progress. But we will be going tonight to Calcutta and then tomorrow to Haldia to see that projects and will take some good photos.

So to summarize earnings per share growth in FY2017 will remain powered by growth in LPG throughput volumes and the 90%-100 % increase in sourcing volumes that I said last time and we will continue to maintain progress on all the projects that we have at the moment. I can take some questions now.

Moderator: Thank you very much. Ladies and gentleman, we will now begin with the question and answer session. The first question is from the line of Rajesh Kothari from AlfAccurate. Please go ahead.

Rajesh Kothari: **C**an you just tell the capacity that based on the guidance given, can you repeat what is the guidance in the last earnings call?

Anish Chandaria: The guidance was that, we are going to see up to a 40 % increase in LPG throughput volumes. Last year it was one million, just about a million tonnes. So I said this year we expect between Bombay and Pipavav 40 % increase in LPG throughput volumes and I also said that we expect because of we have won certain tenders that AGI's sourcing volumes will be at least one million tonnes compared to last year we did 525,000 metric tonnes. So these are the two forms of guidance which I gave.

Rajesh Kothari: Understood. In terms of the liquid terminal considering that we are seeing right now the de growth in PBIT levels of liquid terminal, can you tell us whether in the second quarter also, you expect it to be muted in terms of the YoY comparison?

Anish Chandaria: I would not give an exact projection for Q2 but lets say that at the moment until we are able to start growing this Pipavav petroleum and the other actions that I have talked about regarding further capacity expansion in Haldia as well as some commercial deals in Bombay which have been negotiated right now, these are of some significance. So at the moment I expect to maintain the current run rate on the revenues and earnings for liquid until those kick in but we are working very hard on those, on all those 3 fronts, on the liquid front and therefore I remain pretty confident by the end of this year we will have at least maintained kind of revenues and performance that we did last year until the new capacity expansion kicks in for Kandla and in Haldia next year. So for the next 1-2 quarters it may continue with the run rate until we are able to sort out Pipavav in terms of its bulk petroleum.

Rajesh Kothari: And this chemical, some movement in alcohol which was basically a slow down is there any specific reason for that and do you see that to improve by any chance because let's assume this railway may take some time by 2nd quarter or 3rd quarter end, in the interim do you see any possibility of revival in the volumes which you have seen decline in 1st quarter?

Anish Chandaria: I think it is difficult to predict because either it happens or does not happens. For those large shipments for example of alcohol but obviously our marketing team is working as hard as possible. But one of the issues which I said consistently is being over depended only for example on 1 major client for alcohol results in the situation like this where, for Q1 we did not bring any shipment. This is so difficult to predict but I think the best solution is that our people are working not only on black oils, not only on on alcohols, not only on chemicals but as I said they are also working on bulk petroleum which is the big one. So we diversify Pipavav not to be only dependent for example on chemicals, alcohols. But I think Pipavav will take at least 1-2 quarters which means 3 to 6 months before we are able to really see some benefit from implementing this petroleum solution. But I am happy that at least now, that we got explosives permission, the technical part is frozen, it has taken us one year to get that and now it is simply a commercial negotiation with the Gujarat Pipavav port on few things and the implementation, since the gantry is already there it is just question of extending, it is not a big work and could be finished within 2 months. It is a very short thing in terms of the progress, we do not have taken too long. So I think then we can start working on the commercial deals with inland refineries for movement of petroleum. So there is a well-defined plan but I do not think we can expect that will happen in the next quarter for example.

Rajesh Kothari: Sure, so would it be fair to assume that till the time the Pipavav ramp up does not happen, we may continue to see this kind of a single digit kind of an earnings growth till the time the Pipavav railway is not in pipeline?

Anish Chandaria: Yes, for the liquid I said that I think we will continue with the current runrate that we have in the liquid.

Rajesh Kothari: So I am saying in terms of the overall earnings growth?

Anish Chandaria: Overall it will depend on what happens in Q2, Q3 with LPG growth which is nothing to do with Pipavav liquid, so you should expect as I said this year that there will be in Q2, Q3, Q4 good growth in LPG throughput etc. Exactly what that means in terms of how that will turnout in terms of the earnings, will see in Q2, Q3, Q4 but what I can tell you is that LPG throughput is going very well, sourcing volumes are going very well so if they go even better than they did in Q1, you see a greater growth. So will see, but I maintain my guidance that I said last quarter that for the year as a whole. I think we will see a major growth in LPG earnings from the throughput and the sourcing which will mean a healthy rise in overall earnings growth for Aegis.

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

Sanjay Shah: Can you tell us something about the optimism what you are showing about the LPG as you rightly say do you see a second half better for throughput as well as the sourcing? So have we entered into some new customers or big contracts have been signed or why are you so confident about that?

Anish Chandaria: It is a good question and I will restrict my level of detail but it is the same customers obviously it is the same PSU customers of IOC, HPCL, BPCL. But I will say 2 things, one is of course, generally speaking in the second half of the year there is some seasonal effects that in the second of half of the year particularly after Diwali etc. and the winter time in north there is more seasonal demand of LPG, we see that year by year. So that is one part, but the major part which I kind to refer to is that, there is a new 8 inch LPG interconnection where the project is going on, which is going to connect the Bombay LPG terminal to Uran. That project which we started in March I can say is going very well. So these are some of the reasons why the second half of the year will be better because we can start moving more products by pipeline rather than rail so that is giving me the confident on the throughput because of those two reasons. One is some seasonal effect but more importantly is the project on the LPG pipeline which in fact I went to see the work today just now in Bombay and is going well. So I would not say anything more but I think it is reasonable to assume that if we started in March that 2.8 kilometer is there in the second half and that should kick in.

Moderator: Thank you. We have the next question from the line Ruchi Mittal from CD Equisearch. Please go ahead

Ruchi Mittal: A couple of questions like what kind of distribution and logistics volume growth and can we expect for FY2017?

AnishChandaria: You mean the retail distribution?

Ruchi Mittal: Yes.

AnishChandaria: You mean Autogas and the cylinders in the industrial?

Ruchi Mittal: Yes.

AnishChandaria: Sorry I keep saying in the last Earnings Call, I think we are talking around possibly a 10%-15% volume growth for the retail division that means I am adding up the Autogas plus the commercial plus the industrial sales. If you added all 3 up compared to the last year, from the budget that we have internally for this year for our retail division which means that based on more distributors that we are going to appoint more auto gas stations in the pipeline and of course bulk category. So at the moment that looks to be on track. I had a review meeting with the retail team just last week. Obviously, I will update every quarter but at the moment that looks on track and things seem to be going to quite well.

Ruchi Mittal: Okay and sir next question, sir you spoke about the indirect impact of the GST. So going forward how much will GST impact the bottom line? Will you be able to quantify it?

AnishChandaria: No I cannot. Because if there was a direct impact maybe I could, but the reason I say indirect because remember we are not a road transport company or we are not courier firm or whatever**,** when we talk about the logistics, we are talking about port logistics; we handle goods coming in and after the ports. So directly there is not really an impact of GST but the reason why I raised it is if goods are, when I say goods, I mean for us petroleum, chemicals, LPG, petrochemicals which is moving all over the country in the common market of India, exact reason that if goods are cheaper to be transported throughout India, the goods that I just mention we will benefit because the customers will start moving the goods more which means more coastal movement of goods what we call cabotage. For example, inland refineries again I talk about Pipavav, inland refineries those discussions are going on right now. They may find it cheaper to move product that they produce in the north of India to the south of India. So these are some of the benefits. Now we have to see the details of what is the GST rates of petroleum whether they are, what are the rates for chemicals, we have to see that. In general, more movements of goods means more demand for logistic services even at the port terminals. So I think there will be an indirect impact, it is too early to quantify but it is just basically good news for all companies in logistics because more movement means more demand for logistics services. So indirect impact it is too early to say what will be the benefit but I think the direction of the travel is there will be a benefit upwards because there will be more movement of goods in India.

Ruchi Mittal: Okay and sir like you spoke about the commercial negotiations which are going on for your Pipavav plan, sir what kind of increase in capacity utilization can we expect once the negotiations are completed?

Anish Chandaria: I think it is too early to give any confirmation on that but I can tell you it will be significant because what we are talking about is negotiation with inland refineries. I just mention an example in the north. So we are talking about bulk petroleum products, now what we know is that when you talk about bulk petroleum product we are talking about millions of tonnes of petroleum products which would need to be moved by rail. So I am not talking even tens of thousands, I am talking potentially millions of tonnes of product which are produced by refineries, that is why we call it bulk which will need to be moved from the north by rail through, for example, Pipavav and out of India as exports or possibly as coastal movement over time. This is why it is so significant and why it could then make a very significant impact on our capacity utilization in Pipavav. Going forward not only for the next year but for the next 5-10-15 years instead of those customers moving products by road if they can move by rail to our modern terminal like Pipavav. So we are strictly speaking about millions of tonnes of product but those deals need to happen and we need to make a start we cannot make those deals unless we agree now. Now that the explosive has agreed, unless we agree with the port as to, as I said reading out again there is negotiations, who is going to own the new railway gantry, who will pay for it, what are the user fees etc. So that is what we are negotiating with Gujarat Pipavav Port. It is a straight commercial negotiate not a big issue but we have to reach that agreement and as I said extending that, existing railway gantry which is already there is a matter of 1-2 months, it is not a big deal, it is not big CAPEX either**,** it will be certain sub 10 crores. So not a big issue but now that we had the breakthrough of the explosive, so it will take time, it is not going to happen in one month, what I am giving an indication is that we are now through the first milestone and we are rapidly approaching that thing and this, I am sure that we will make over in a next couple of months.

Moderator: Thank you. We have the next questions from the line of Satish Daswani from Votex. Please go ahead.

Satish Daswani: As a new investor in Aegis, I was just concerned about something. Your Q1 2016 was almost a mirror image of Q1 2015 as far as the earnings are concerned. So was there any actual particular reason for this?

Anish Chandaria: Yes, first let me correct on the pronunciation of Aegis, it is Aegis Logistics, not Aegis. I think, as I said, not to get people who are regular listeners to the earnings call, given the nature of the business one should not get too caught up in quarter-by-quarter, sometimes there are delays in certain things that we expected like the main issue which I said in Q1, was that the Pipavav terminal which we expected to have higher capacity utilization was soft in Q1 but second thing is, there are things which are going to like the LPG pipeline 8 inch pipeline, which I mentioned in the project is so significant that, it did not come in Q1 but that does not mean it is not going to coming in the second half of the year. So one should not get too caught up in the nature of our business quarter-by-quarter. But I stick to the earnings guidance I gave, particularly on LPG, which when I said that we are expecting up to 40% increase in LPG throughput volumes and I said we expect doubling of LPG sourcing volume. I maintain that. So it may not happen exactly quarter-by-quarter, but I expect for the year as a whole that we will able to reach the thing. But continue listening to earning call every quarter I will give an update. But at the moment I feel everything is on track pretty much. Some delays here or there 2-3 months here or there which asking sometimes without our control, for example explosive takes a long time. But finally it will get done, so I would not read in too much into one quarter earnings.

Satish Daswani: Okay, so when you say that the LPG volume will go up by 40%, how much would it translate in an earnings uptake?

Anish Chandania: Well, normally what I told people, it is very simple and transparent that in Bombay and Pipavav, the two terminals normally you should take a rate of somewhere between Rs. 700 per tonne to Rs. 1,000 per ton. It depends on per customer but normally the weighted average would be some around there. If I say 40% increase is expected compared to last year which was 1 million tonnes that means an extra 400,000 tons and if you multiply by the kind of revenues and take EBITDA rate some around 85% to 90% that we should be able to about model very clearly, what that means in terms of the extra earning for the year.

Satish Daswani: So you are saying that it will be pretty much the same standard earning that going on LPG and it will not go down, as a result of increase in capacity?

Anish Chandaria: I'm just saying what I just said, that a 40% increase in throughput volume you can understand what that means in earnings. If I say there is going to be doubling or…

Satish Daswani: Sir, there will be no fall in margin or whatever, in spite of the….?

Anish Chandaria: No. I think we expect stable margins generally speaking the LPG and so with stable margins, a very significant uplift in volume means a very significant earnings growth.

Satish Daswani: Obviously. Okay, so it was the earnings which was a kind of disappointment, but I think it is ok, we will see in the next earnings call.

Anish Chandaria: See in the next 3 quarters and then see what we end up, but at the moment as I said I am not budging it all from where my guidance**.**

Moderator: Thank you. We have the next question from line of Sanjiv Panda from Sharekhan. Please go ahead.

Sanjiv Panda: Sir, I been a regular listener to your call, just to understand this development that, lot of public sector, oil refinery and distribution companies are now having a better balance sheet compared to what is used to be 2-3 years back because of the changes. Now we store especially, the liquid terminal site of the business; we do business for them; what are the changes that you are witnessing, one aspect may be or may not be, you please highlight. Because of this do they see any volume uptake one, second is if they have better balance sheet, if they will have their own liquid terminal kind of things? Could not that be a challenge to us.

Anish Chandaria: Yes. That is a good question. Let me come first as Bharat Petroleum, that is the oil company, you are right and it is not only by the national companies, I am also talking about Reliance and Essar, what we are now seeing on a very positive front is that because of the deregulation of petrol and diesel, and now GST is also going to come, as I said let us see what the details are on petroleum products. More and more of the demand is coming for the storage of petroleum and diesel, particularly from the oil companies but also from Essar and Reliance. For Example in Kochi now, I believe 25%-35% of the capacity utilization is only for petroleum and diesel storage. So I think that deregulation of petrol and diesel has meant that many of the petroleum diesel stations has been revised for Reliance and Essar. It also means that more of the goods are now moving. So that means a direct impact on us in terms of more demands for logistics handling at the ports for petrol and diesel. So this is a wholly positive development and I think we expect that to continue. In fact we have now got, again without going too much detail I did mention that not only Pipavav but we are working on certain commercial deals for example, for Bombay. I can also say for Kochi, so this is actually to do with petroleum, a lot of it to do with petroleum and that is because of more movement in deregulation of petrol and diesel. That is absolutely booming right now. Your second question was would they do more of their own terminal as far as the petroleum is concerned, So to be very honest right now what we are increasingly seeing is more outsourcing to companies like Aegis because if you already have capacity we are building in those particular ports, we are actually seeing a trend of more outsourcing particularly by BPCL and HPCL, also by IOC but that is to their own IOTL captive, we are seeing more outsourcing of their logistics requirement at the ports. So I think both trends are positive, now if they do have land somewhere in one ports it does not mean they would not increase the storage but generally we are seeing more outsourcing to the private sectors, so I think both trends are very good, particularly in the petroleum and if you were to ask me, the future of this liquid terminal business, actually I think you kind of hit it, I see more growth in the bulk storage and handling of petroleum, not only in Pipavav, also in Bombay, also in Kochi, not so much in Haldia, but those one more growth in that then even on chemicals traffic and petrochemicals. So that is why we are putting so much emphasis on petroleum and real movement of petroleum and pipeline movement of petroleum and all those things. That will be the future of the business and we are feeling pretty good about it.

Sanjiv Panda: Sir, my next question is, we have a different balance sheet and so are we looking at any inorganic kind of growth options and also recently we heard about some of the companies, our close competitors that we may lookout for an acquisition, is there anything that is in the mind of management, if at all there is some thought process?

Anish Chandaria: There is nothing specific right now to say today otherwise I would said it. But we always keep our plans open for any acquisition or inorganic growth but I have to say right now that I absolutely do not confirm any rumors of any type of acquisition and I actually deny that. So there is no current plan let me say very clearly, no current plans for any acquisition but we always keep our plans open but at the moment, the priority for Aegis, both for the LPG terminal and the liquid terminals is organic growth, Greenfield projects we are building our own projects, all the CAPEX that is already there that really is the priority.

Moderator: Thank you. We have the next question from the line Dixit Mittal from Shubhkam Ventures. Please go ahead.

Dixit Mittal: Firstly, I missed the sourcing volume you mentioned in opening commentary for the quarter as well as last year first quarter?

Anish Chandaria: Yes, for the quarter sourcing volume was 211,371 metric tonnes for Q1 versus last year it was 179,543 so rise of almost 18 % and I had given a guidance last Earnings Call that we expect for the year as a whole ending March 2017 we have a target of 1 million tonnes for the year as a whole compared to last year 525,000 and that is based on the minimum tender quantities.

Dixit Mittal: Okay, secondly this Uran pipeline connections, so what is the incremental volumes that will be able to generate after this thing?

Anish Chandaria: Right, well there are two parts of it. This is a very important part of our future, this year and years ahead.

Part 1 is connecting our Bombay LPG terminal to Uran which is 25 or 30 kilometers south of Bombay. That project will start in March and I have not given a commissioning date but it is going well, but a kind of hinted very strongly that in the second half of this financial year that is H2, that will help us with our throughput in LPG in Bombay. So I think I have given a strong hint of that; however, part 2 is even more important which should kick in next year, which is, HPCL is currently extending that Uran pipeline all the way to outskirts of Pune to Chakan and obviously I have said that several times that is not within our control but once that is commissioned at the moment based on what I understand from HPCL, that might be commissioned by let say the second half of next year that is FY2018. Then this pipeline is capable of transporting 1.2 million tonnes of LPG from Bombay to Uran all the way to Chakan. You can understand what that means in future in terms of the throughput. So there will be some benefit to throughput this year we believe probably in the second half and I have already given the guidance but the real expansion will come once this pipeline is extended to Chakan all the way to Pune because then we will be connected all the way from Bombay to Uran to Chakan. We know that they are building, they are doing that extension, and the work is already started one year ago. We know that they are already building a storage depos and bottling plants and all that in Pune, Chakan to cater for this excess throughput. So it is a very exciting development and all for a CAPEX of Rs. 15 crores which we started in March which I am repeating is going very well I saw it myself today with my own eyes, I went there today and that is why I am feeling pretty good about that. This is a very critical part of the LPG growth in our Bombay region because we will be soon connected for the first time in the history of the Bombay terminal connected in to the southern LPG Maharashtra pipeline grid.

So we are very close to that. But I won't say when it is yet commissioned because the work is not over.

Dixit Mittal: Okay, so this 15 crores CAPEX will give you further capacity expansion of around 1.2 million, right?

Anish Chandaria: Absolutely. Once they finished this extension to Chakan which, I think will be next year. But there will be Phase-1 and Phase-2 impact on Aegis.

Dixit Mittal: So you can cater to this whole demand of 1.2 million tonnes from your Mumbai terminal itself?

Anish Chandaria: Plus there is road transport because remember that there will be 2 pipelines. One is this Uran to Chakan pipeline which is 1.2 million tonnes. There is already an existing pipeline which can do up to 250,000 to 300,000 tonnes the second pipeline which were doing today for last 12 years, Nagothane for Reliance, that is the second pipeline and the third will be road tanker movement from Bombay which, for example, today we are doing up to 200,000 tonnes throughput for IOC and our own retail distribution. So when you add it all up I said repeatedly that if you add up this Uran to Chakan pipeline, if you add up the road tanker movement and you add up the Nagothane pipelines I expect once the Chakan is ready that this terminal could go up to as much as 1.3to 1.5 million tonnes of throughput once all this is done. last year I believe we did something like a little over 700,000 tonnes in Bombay. This year I am projecting somewhere between 0.92 to 1 million tonnes will be done in Bombay and then there will be a further, it could capacity potential could go up to 1.5 million tonnes next year. So you can understand why this is so significant.

Dixit Mittal: Right, and sir lastly this Haldia expansion you mention incremental capacity around 1.5 million tonnes. So what is the kind of visibility we have for the first year, what kind of utilization can we do? Will it come on line in 1st quarter next year?

Anish Chandaria: Again I have already given this guidance, l will repeat it, which I said in March of this year we believe that around 50 % capacity utilization in the first year of our operation, which means out of 1.5 million tonnes we expect somewhere around 750,000 tonnes for year 1. So that is the major part of earnings growth next year that whatever throughput we are doing in Bombay and Pipavav we will add another up to 750,000 tonnes in Haldia next year. That is the big earnings growth plus there will be a higher rate over there in Haldia as compared to Bombay and Pipavav.

Dixit Mittal: Okay, Sir. Will we see similar jump in sourcing volume as well in next year?

AnishChandaria: That I am not predicting because we have not even started negotiations on sourcing to East Coast right now we are only sourcing mostly to West Coast. So it is too early to say but I think it will be logical that if there is going to be 750,000 tonnes of throughput in Haldia, at least some share, of that we would expect to get in for Aegis sourcing volumes. But I would not give a figure because we have not even tendered it and it has not come yet. So it is too early to say.

Moderator: Thank you. We have the next question is from the line Bhavin Gandhi from B&K Securities. Please go ahead.

Bhavin Gandhi: The first question is that you mentioned about the higher stake in Sealord containers. Could you just give us some guidance's to what it would mean in terms of earnings uptick from Q2?

AnishChandaria: Yes, I mean very roughly for the year as a whole I think we calculate that if you take 91.39 % instead of 75 %, The incremental earnings per share for this year, that is FY2018 will be something like Rs. 0.2 to 0.25 a share, from instead of 75% cost variable consolidate 91.39% for the year as a whole so I am not doing it quarter-by-quarter but we expect something like that. Based on our forecast of revenues in earnings of Sealord this year FY2018 and taking 91.39 % instead of 75. So I hope that answers, that we expect a boost of 0.2 to 0.25 something like that in earnings per share for this year as a whole.

Bhavin Gandhi: Sure, that is quite clear. So the second part to my question is on the sourcing volume itself the margins would be similar to what you been guiding earlier $4.5 kind of number?

Anish Chandaria: The margins for the sourcing volume we continue to maintain roughly the same figures.

Bhavin Gandhi: Sure and thirdly just wanted to know reconfirm on the GST thing that you mentioned I thought the petroleum products including LPG has been kept out despite that you think there will be some positive rub off on our business?

Anish Chandaria: That is why I said the details are essential because I know as much as you what are read in the newspapers. Sometimes I hear something about whether petroleum will be included, sometimes a hear it would not be, then which product and all that. So I do not know, that is why I said. But finally irrespective of whether GST is, what rate it is whether which product it is, generally speaking I expect more movement of chemicals, petrochemicals and probably petroleum as well at times goes on because more goods will be moved within India. So I cannot say more than that because it is only based on what I see in the newspapers. But I think it will mean more movement of goods, not only petroleum but chemical, petrochemicals; what tax rate each product will have and all that I do not know. But at least the cascading of effect will stop, taxes on tax on tax and I think that will mean more movement of goods.

Moderator: Thank you. We have the next question from the line of Aditya Gupta from Narnolia Securities. Please go ahead.

Aditya Gupta: Sir, can we are CAPEX guidance for second quarter of 2017?

AnishChandaria: Yes, I think there is no further CAPEX as except for what we have already declared for this year. We just had the Board meeting on Friday so I can just repeat that as of now, for the budget for this year is exactly what it was before, which means that we are still constructing the Haldia LPG project which out of Rs. 250 crores CAPEX that we have said around Rs. 150 crores will be incurred this year for the Haldia project, Rs. 15 crores in 8 inch Uran LPG pipeline will be incurred this year, out of Rs. 75 crores project for Kandla 100,000 kiloliters, I believe that this year after that how much will be incurred this year was around Rs. 50 crores will be incurred this year and a small project in Haldia of Rs. 15 crores for the liquid CAPEX guidance expansion bulk of that will be incurred this year. That is it, at the moment no further CAPEX except what was the earlier budget.

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

ChiragVekaria: Sir just wanted to understand, can you quantify this explosive opportunity in terms of some volume or realization?

AnishChandaria: I cannot today, I think I have been at length saying that it will be significant because if you talk potentially about millions of tonnes of bulk Petroleum, when I say millions I do not mean tens of thousands, that gives you an indication that will require storage in the Pipavav terminal where we have 120,000 kiloliters at any one time. So at a very least of course, this will take years to develop but at the very least we would want the bulk of that 120,000 kiloliters, we want that to be utilized in terms of petroleum plus of course whatever it will be an alcohol or chemicals. So that is the first is opportunity make sure that the Pipavav terminal is fully utilized but I think that gives you sense when I talk about the millions of tonnes of products that gives you a sense of the scale of the opportunity and by the way that is only one refinery which we are talking about, there are other refineries in central India as well as in the northern India. So we have to make those deals happen but we can only make those deals happen once we can offer them the connectivity with the rail. So the first thing is the scale of the opportunities in Pipavav was fully operational or fully utilized in terms of 120,000 kiloliters which multiplied by let say, Rs. 170 to Rs. 180 KL per month multiplied an EBITDA rate of 85 %. As we have said repeatedly we could expect around Rs. 20 crores of revenues per year which means roughly around Rs. 15 to Rs. 16 crores of EBITDA. So that would at least be the first stage in terms of Pipavav that will give you some sense of what we are talking. If we are able to do more deals and if we really do those millions of tonnes then obviously we can come for in Phase-2 which could be another 120,000.

ChiragVekaria: That was our next question. You said you get this explosive permission you will be announcing this the next Phase-3 and 4?

AnishChandaria: So I think right now first thing is let us get the utilization rate for the first 120,000 up. Once we are cleared on that, then we can start talking about the next CAPEX for the balance 224,000 kiloliters, but it has only been one or two months, since the explosives permission. So by each phase if it is 120,000 tonnes can be another Rs. 20 crores of revenues. So first let us get Pipavav fully utilized then we can come forward and you can ask me if we are able to achieve, that then you can ask me that when I will introduce the second phase and that second phase probably the CAPEX again repeat what we said it would might be only as much of Rs. 60 crores, but then we no point spending Rs. 60 crores until we get the first phase fully utilized which is not there today.

Moderator: Thank you. We have the next question from the line of Dhruv Bhatia from AUM Fund Advisors. Please go ahead.

Dhruv Bhatia: Hi Sir, my first question was that I went through your annual report of FY 2016 and when I see the pie breakup of the EBITDA, just on that the sourcing EBITDA as you keep mentioning of $4 to $4.5 so around $7.8 and for terminalling you speak about Rs. 650-700 per metric tonne it is coming to now Rs. 600 and distribution of almost (+Rs. 7,000) per metric tonne. So how do we go forward projecting these numbers because for some reason for FY2016 are $8 it seems very high compared to $4 that you keep mentioning?

Anish Chandaria: As far as last year is concerned, on average we would maintain around $4 per tonne on the sourcing which I do not change, because that actually the way we are doing and do not forget this is also we have to deduct minority interest of Itochu, that means actually 40% of that earnings ultimately goes to Itochu, so you should look at the what actually comes to Aegis because 40% will get deducted for Itochu's earnings and only 60% of Aegis sourcing volumes will come. Do not forget that last year there may have been some extra spot deals but generally speaking those are one-offs which we may have done where we have made some greater margins. But I think for modeling purpose you should normally maintain around $4 multiplied by the sourcing volumes I gave say for example which this year is one million tonnes multiplied by $4, I mean $4 million and you can see what it means quarter-by-quarter but I think we at least we will see that**.** I cannot predict if there some spot deals which happen one-offs, but you cannot really model those. They either happen or they do not and in sometimes the oil companies has a desperation that they need some spot cargo we might make some greater profit. But generally speaking, $4 per tonnes is correct.

On the throughput volumes, the fact is that I mention around Rs. 700 per tonne to Rs. 1000 a tonne that is the revenue rate. You remember that for EBITDA purpose you have to take roughly 85% to 90 % depending on whether there is in Bombay or Pipavav. So that comes to probably the rate that you are quoting of Rs. 600 or Rs. 650 or something like that. So that is about right. So remember revenues one thing but the EBITDA is 85% or 90 % of that revenue rate of between 700-1000. One good news is that if more revenue we make in Bombay overtime by the way of Uran pipeline we will probably make a greater margin because there will be additional pipeline revenues as well. But anyway let us see when that happens I will let you know**.**

Dhruv Bhatia: All right and so what about distribution I mean what leads to Rs. 7000 per tons per EBITDA?

Anish Chandaria: So you remember that generally speaking, I talked about Autogas being the higher margin and generally I have been maintaining that Autogas is around Rs. 6,000-7,000 a tonne and I said that bulk industrial sales and the packed commercial is around Rs. 3,000 a tonne. Now actually it does so happen if you look at last year's data, I am glad that you have done the homework on the annual report. Actually last year we made greatest margin on the Autogas which means the weighted average ended being Rs. 7,000 a tonne. So that means Autogas has been even more profitable than the Rs. 6,000-7,000 a tonne that I mentioned last year and by the way I can say that continues to be the case right now even in Q1. So normally the way the pricing is done, they related to petrol, that is around 40% cheaper than petrol. I think petrol today is around Rs. 63. We are pricing our Autogas around Rs. 38 on average per litre something like that, but it just so happens that the price of LPG has collapsed so much in the last year that we have had even better margin than expected. That still remains today. So that is the reason why you are right. Your calculation is actually correct that the weighted average for our retail distribution was around at the same figure actually, it was around Rs. 7000 a tonne, not probably 4500 or something like that because of Autogas actually had a better margin. But the margin in the commercial and industrial were about the same. But Autogas was higher margin than what we had expected.

Dhruv Bhatia: Is it right to say that for FY16 the LPG volumes from Pipavav was higher than Mumbai which led to a fall in EBITDA per metric tonnes for FY16 over FY15?

Anish Chandaria: No, that is not correct. I think I said in the last Earnings Call that the throughput volume last year in Bombay were around over 700,000 tonnes and Pipavav was around 250,000 tonnes LPG throughput volume that was last year which total up to around a million tonnes. So Bombay is much higher than Pipavav obviously because of massive facility and this year I just told you that we are going to connect that 8 inch LPG pipeline, so definitely Bombay will be higher than Pipavav, but when you add the two together I said that we expect to target around 1.4 million tonnes between Bombay and Pipavav, that means somewhere between 0.09-1 million tonnes in Mumbai and around 300,000-400,000 tonnes for something like that in Pipavav. So I think that gives you the answer.

Dhruv Bhatia: So you mentioned about Mumbai commercial deal for a liquid terminal, what I understand is that your utilization at the Mumbai liquid division is almost around 120-130 odd percent and as mentioned in the earlier calls that this was the peak utilization. So could you just talk us through about this commercial deal that you are talking about? Is this something incremental over and above what your utilization is currently?

Anish Chandaria: It is an excellent question and I am glad you spotted it. You were obviously listening very closely. So the short answer is yes but we are working on it, I am not going to reveal it but we are very confident and when it happens we will report it, but Bombay has always been the case, for those of you who have been following Aegis for a long time we have been offering to get what we call 100%-120% capitalization for years in Bombay. So the question is always in Bombay that we cannot build any more storage there, how can we squeeze more revenues out of these assets and it has all to do and I want it too, much more, when we talk about the commercial deals, it has all to do with more throughput in Bombay. Just as I talk about more LPG throughput, I am talking about more liquid throughput. I would not say anything more but you can start to get what we are talking about in terms of how to squeeze out more liquid revenues in Bombay even though we have no more tank. So that is exactly what we are working on and I would not have mentioned it unless I was convinced that something is close to resolution. That does not mean it to be announced today we are working on something and most likely it will happen.

Dhruv Bhatia: Sure. My other question was you mentioned that because of lower volumes from Pipavav for liquid division your revenues were lower, could you just tell us, just a ballpark of how the utilization were the other liquid division, other capacities that you have?

Anish Chandaria: I said in my presentation. We were full in Bombay, we are full in Haldia and we are full in Kochi. So everywhere else it is full. In fact, we need to build more in Haldia. We cannot build and are doing that, we are building another 25,000 KL as demand is booming over there. That I see for chemicals and petrochemicals and Bitumen, there is a lot of road building over there. So in other words there is 25,000 KL that we are building in Haldia, the new capacity is already presold. Yes, Mumbai I think I do not need to explain, I just explained it and Kochi we choose to be a bit of a laggard a few years ago, is now also full and in fact I just hinted that it is because of more storage with Essar and Reliance product like kerosene and product like diesel and motor spirits, petrol they want more. So everywhere it is full, the only one left is Pipavav which I have explained extensively that, just like those other places we need to have more bulk petroleum to make it full as well. That is the only way we can boost revenue and then next year we have Kandla 100,000 KL coming which we have made excellent progress with the project. That is the way we will start boosting the revenues and then as I said the Bombay team commercial deals to increase more throughput to boost revenues. That is our plan for the liquid division.

Dhruv Bhatia: The less we do, is there an expansion, any plans for new Mangalore that you were talking about earlier?

Anish Chandaria: Again excellent question. Nothing to announce today but yes we have 3 acres of land there. We have nothing to announce today but our project people are working on the configuration on the environmental permit which we do not have today as well as our marketing people are already lining up there but we are, let us see, nothing to announce today but I think we will be coming for soon with an expansion of liquid in Mangalore that I can say, if not today but it is going to come. So these are all examples of how our liquid business is expanding. Yes, Q1 because of Pipavav was soft we did not expand revenues but I just described it at very length that how we are going to expand in all our terminals including Pipavav but yes in future also in Mangalore and next year in Kandla.

Dhruv Bhatia: For the full year you were saying about doubling or sourcing volumes from 500,000 to a million. So the 1st quarter you have done a growth of 18% which means for the next 9 months you have to grow at a much faster pace than the growth to achieve to doubling of volumes?

Anish Chandaria: You are absolutely right and why I said repeatedly and it remains that for the standard contract which we have over there, so normally we see this every year, it is not a nice smooth thing that every single month is exactly at that run rate but at the moment there are some seasonal effects to the second half, but at the moment that is at per day minimum quantity in those contracts, so we think that they will live up to those figures of million tonnes.

Dhruv Bhatia: Sir my last question is just on accounting, what is the reason of you reporting a normalized EBITDA over, because it confuses the working for us because it is the Forex hedging cost which is a recurring cost rather than a one-off type of item?

Anish Chandaria: Yes, that I think we will have to look at that for historical reasons when we used to have greater hedging cost that is why we called it normalize EBITDA. Maybe we will have to look at that again because now since Aegis Group International is invoicing directly in US dollars it has come down to almost insignificantly, small hedging cost is only on our own of retail distribution of LPG I think the run rate is something like Rs. 1 crore per quarter or even less. So it is hardly anything. So I would almost ignore it. May be will have to talk to our Investor Relations if I maybe if we can now rename it as EBITDA instead of calling it normalized EBITDA, but that was for historical reasons when we had rupee invoicing but now bulk of it is now done in dollars, so there is no hedging cost at all.

Dhruv Bhatia: But sir there still is a difference between the normalized EBITDA of Rs. 56.5 crores versus Rs. 47 crores reported for your requirement, it Rs. 9 crores of difference is still there, so…?

Murad Moledina: You know the hedging cost as per the accounting standards are reported in other expenses where as we treated as part of finance cost, that is the reason it has carved out.

Dhruv Bhatia: So can we, is it safe to say that Rs. 8-9 crores was the cost this quarter for hedging?

Anish Chanderia: No, the hedging cost as I said is down to one crore per quarter. The rest would be other finance cost.

Murad Moledina: Depreciation because you might be comparing this segment profits which is EBIT and not EBITDA.

Dhruv Bhatia: Sir I am looking at absolute EBITDA numbers, you have a revenue of Rs.740 crores and an EBITDA according to me or Rs. 47 crores, based on the numbers released on the exchange?

Murad Moledina: You are not counting for third division which is called corporate which is unallocable corporate overheads. So these are HO expenses which historically we have been treating it as separately. If you see at the end there are 3 segments, the liquid, gas, and corporate. So that Rs. 6 crores out of Rs. 8 crores is unallocable expenses and Rs. 2 crores is the hedging cost. To get us into Rs. 8 crores we carve it out and show it as part of finance and not part of business.

Moderator: Thank you. The next is from the line of Pritesh Chheda from lucky investment managers. Please go ahead.

Pritesh Chheda: Yes sir, one clarification from the initial comments that you made, hypothetically if you assume that the Mumbai Uran pipeline does not come, then are there any throughput drivers at Mumbai or the Mumbai throughput increase is only subject to the moment-Uran pipeline?

Anish Chandaria: No. Even if the pipeline does not come there are other factors which are leading to a greater throughput in Bombay anyway one of which is Indian Oil which obviously last year we did not have as a customer. So this year they are for example accounting for 200,000 tonnes of extra growth for the year as a whole. I think they only started in Q4 for last year. So that irrespective of the LPG part and now will have the full year of Indian Oil coming in Bombay. So that is one factor, second factor is….

Pritesh Chheda: So your asset needs to sweat that much more. Is it possible?

Anish Chandaria: Yes, absolutely possible. I think I discussed this with you face-to-face. But let me say it again for others as well as you. We were always told that this terminal in Bombay cannot do more than 0.5 million tonne for so many years, for what they have done in order to cater for this extra throughput of not only Indian Oil but also the extra throughput that is going to come through this Uran 8-inch LPG pipeline, is debottlenecking exercise in simple terms and not to go into too much details. What our engineers have done is put bigger capacity in tank pump inside these storage tanks. Not only the one that we have now but as part of this Uran project we have ordered a greater capacity in-tank pump. Secondly we have laid new internal pipelines from the storage tanks into the loading base, so that we can evacuate through the road tankers separately, so it is not only the in-tank pump but all that. So the combination of all these means that not only are we able to do today without even the LPG pipeline which is definitely coming, more road tanker throughput for Indian Oil, but once this 8 inch line is done on which we are working hard on is going to come this year. So the combination of greatest throughput of Indian Oil plus this LPG 8 inch line to Uran which will this year, which will next year we extend hopefully to Chakan is going to mean potentially going from last year something like 750,000 tonnes of throughput in Bombay to this year somewhere between 0.9 to 1 million tonnes in Bombay alone and next year if and when HPCL complete this Chakan thing it can go as high as 1.5 million tonnes potential throughput next year because of this extension. So I think I hope that answers.

Pritesh Chheda: So Bombay itself is the Uran-Chakan pipeline also gets completed?

Anish Chandaria: Yes, can be as much as the potential, I am not giving a sales forecast yet, but potential throughput could go up to 1.5 million tonnes in Bombay because not only this Uran-Chakan pipeline but also there is the second pipeline to Nagothane million tonnes and then there is the road transports. So in total if you added two I am saying that we potential could do about 1.5 million tonnes in Bombay.

Pritesh Chheda: As the opportunity, so currently in Pipavav we are doing 300,000 and the opportunity in Haldia is 1.5?

Anish Chandaria: Yes.

Pritesh Chheda: So then totally it become 3.3?

Anish Chandaria: Correct.

Pritesh Chheda: And your comments on the liquid side you mentioned that what is reported in the current quarter is what is sustainable?

Anish Chandaria: For now until some of these things kick in, the new things we are working on.

Pritesh Chheda: Until something kicks in Pipavav?

Anish Chandaria: No, I said 3 things. I said Pipavav kicks in which is very important about the petroleum, second is the Haldia new capacity of 25,000 KL which is fully sold, which we expect to kick in from Q4 of this year and finally there are some other commercial deals we are working on in Bombay which I just explained at length which I am not giving the details. So all of those 3 things should have some impact, this year and next.

Pritesh Chheda: Just a follow up here, in LPG was there a QoQ drop in volumes and if it is so why, is it the nature of the business?

Anish Chandaria: That is nature of business because QoQ if you look at Q1 generally seasonal I said is April, May, June this lower demand, holiday season all that. So not to get too worried by every quarter thing but looking at the year as a whole I am maintaining the target that we are talking about.

Pritesh Chheda: Lastly I just want to check why have the promoters sold some stock in the open market?

Anish Chandaria: I am only talking here today as far as the Aegis Logistics as a Managing Directors and the company. So I am not going to discuss anything on the promoter issues today on this Earnings Call.

Moderator: Thank you. Ladies and gentlemen that was the last question. I would now like to hand the conference over to Anish Chandaria for closing comments. Thank you and over to you sir.

Anish Chandaria: Thank you very much. Some very interesting questions as ever and which I always appreciate. So I will really just summarize by this. Basically as far as the 1st quarter is concerned our gas business has grown by 31% YoY as far EBITDA is concerned, I mentioned that we expect our liquid business we have some work to do to gain further revenues during the year particularly relates to Pipavav and few other things we are working on. But we believe we are on track this year for whole our expansion plan. Whether we talk about Haldia LPG project, whether we talk about the LPG Uran pipeline, we believe we are track as far as the Kandla 100,000 KL project; we are basically on tract for all our expansion plan. And we believe that this year and next year if you look at the 2 years as a whole FY17 and FY18 plus or minus a few months here or there we believe they are on track on all fronts. The management Aegis which I head are confident of delivering, as I said plus or minus one or two months but we believe we are one track on all fronts. So please do pay attention to our future Earnings Calls but at the moment things are looking very positive. Thank you very much.

Moderator: Thank you very much. Ladies and gentlemen on behalf of Aegis logistics that concludes this conference. Thank you for joining us and you may now disconnect your lines.