"Aegis Logistics Limited Q4 FY16 Earnings Conference Call"

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MANAGEMENT: MR. ANISH K. CHANDARIA – AEGIS LOGISTICS LIMITED

Moderator: Ladies and gentlemen good day and welcome to the Aegis Logistics Limited Q4 FY16 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. The statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference please signal an operator by pressing * and then 0 on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anish Chandaria. Thank you and over to you sir.

Anish Chandaria: Thank you very much. Today I will be presenting the Q4 Earnings for FY16 as well as the annual results for FY16 compared to FY15. Total revenues for Q4 were Rs. 436.97 crores versus Rs. 520.25 crores year earlier. The total segment EBITDA for Q4 was a record Rs. 62.13 crores versus Rs. 51.78 crores a rise of 20% year-on-year. Profit before tax for the quarter 4 was Rs. 42.43 crores versus Rs. 32.42 crores year earlier, that is a rise of 31% and profit after tax for Q4 was Rs. 33.96 crores versus Rs. 23.84 crores year earlier. That is a rise of 42% in after tax profits. Overall a very healthy set of Q4 earnings and continuing the progress made by the company every quarter. Now lets concentrate on the annual figures for FY16 versus FY15 which obviously includes Q4 but the results for the year as a whole. The revenues for the year as a whole for FY16 were Rs. 2,213 crores versus Rs. 3,916 crores year earlier. As you know the revenue figures go up and down based on international gas prices which were much lower than the previous year. That is a result of that. But we will go through the volume analysis as normal. Total segment EBITDA for the year as a whole for FY16 was an all-time record of Rs. 225 crores versus Rs. 182 crores year earlier. That is a rise of 24%. Profit before tax for the year was Rs. 152.67 crores versus Rs. 111.2 crores, that excludes the one-time gain on disposal of the AGI stake to ITOCHU of pre-tax of Rs. 31 crores, so excluding that, the pre-tax profit year ago was Rs. 111 crores. So 152.67 for this year pre-tax profit versus Rs. 111.2 crores a year earlier. That is a rise of 38% in pre-tax profits year-on-year. Profit after tax was Rs. 126.14 crores for FY16 versus Rs. 89.31 crores a year earlier. That is a rise of 42%. That excludes the one-time gain on disposal of AGI stake ITOCHU. It is a very healthy rise of 42% in the profit after tax year-on-year.

: Now coming to the two segments – starting with liquid terminal division, Rs. 170.6 crores was the revenue for liquid terminal division for FY16 versus Rs. 153.4 crores a year earlier. That is a rise of 11% in revenues year-on-year for liquid terminal division. As far as EBITDA was concerned, the segment EBITDA for liquid terminal division for FY16 was Rs. 102.4 crores versus Rs. 97.4 crores a year earlier. That is a rise of 5.1% year-on-year for the EBITDA for liquid terminal division. Gas division has been really the star. Again revenues are Rs. 2,042.62 crores for the year versus Rs. 3,762.6 crores, again affected by the international gas prices but I will explain the sales volumes in detail. But as far as EBITDA is concerned an all-time record for the year for gas division, finally we have broken the Rs. 100-crore figure – Rs. 122.6 crores was the record EBITDA for gas division versus a year earlier Rs. 84.6 crores. So that is a rise of 45% in the operating profit or EBITDA for gas division for the year as a whole. The volume analysis is very interesting for the year and I will take a little bit of time on this as it is very interesting. Looking at all the various segments for the gas division in terms of the volumes handled and sold for FY16 versus the previous year FY15.

So first let us start with LPG total throughput volumes for our terminals in Bombay and Pipavav I am very pleased to announce, we have broken the 1 million ton figure – 1.02 million tons between Bombay and Pipavav was the total throughput volumes for FY16. That is a record obviously, versus 680,000 metric ton a year earlier, for the total LPG throughput volumes. In other words a massive 50% increase in the volumes handled for throughput for Bombay and Pipavav. This includes obviously throughput volumes to Reliance. It includes throughput volumes to the PSUs and of course it includes their own retail and bulk distribution volume. So a total of 1.02 million tons in Bombay and Pipavav, our two terminals, versus 680,000 tons a year earlier. So 50% rise. Sourcing volumes last year for FY15 were down. It was 518,647 tons versus a year earlier 701,560. So that is a drop of 26% in sourcing volumes. I will tell you what is going to happen for the coming year for FY17 but that was a drop. Auto gas volumes rose by 15.8%. We saw 21,680 metric tons in FY16 versus 18,718 tons a year earlier. That is a rise of 15.8% in volumes and in fact LPG was 11,904 metric tons. This is the commercial cylinder business to hotels and restaurants and small scale industry versus 11,236 tons a year earlier, that is a 6% rise. The bulk industrial distribution volumes were 16,719 metric tons for the year FY16 versus 12,321 year earlier. That is a rise of 35.6% in bulk industrial volumes.

So to summarize the bulk of the profits growth at record EBITDA figure of 122.6 crores really was driven by the fantastic throughput volumes, breaking the 1 million ton threshold, the fantastic throughput volumes and reasonable volume gains in the retail LPG, sourcing was down for the last year.

Now coming to the outlook for the coming year FY17 and then update on new projects, for liquid term division I think the outlook I would like to say is we would like to maintain our business revenues and profits with the existing terms we have until the new 100,000 kilo litre of project in Kandla kicks in which is on track and we expect that to come on stream on track for Q1'17-18 financial year and healthier capital increase also. 24,000 kilo liter of projects which is coming on stream during the second half of this year but we expect really to maintain the kind of business revenues and profits in liquid terms division for the coming year FY17 until the new capacity kicks in really next year. But both the projects are on track, the new capacity on track and we also continue making progress on our Pipavav Railway gantry for petroleum project, discussion are still going on with the fort in Pipavav but a good discussion and in coming months expect to have some positive news to say on that, which will help us with our throughput in Pipavav because I think petroleum is very key part of progress in Pipavav.

The outlook for the gas division, as we said for the last few quarters the major growth in earnings per share expected for FY17, the coming year is going to come from the gas division as follows one by one. First we expect another major throughput increase this year from the LPG terminals. Last year we just have commissioned some new spheres in Pipavav. Last year our total throughput in Pipavav after that 1 million ton figure I mentioned, Pipavav was 263,000 metric tons last year. That is the total throughput in Pipavav. Now that we have commissioned the new spheres in Pipavav and based on our expectation of what Indian Oil, HPCL and BPCL are going to throughput in Pipavav we are targeting I can say today, we are targeting around 500,000 metric tons for this year. That is our budgeted target for throughput in Pipavav compared to 263,000 tons last year. So that incremental throughput in Pipavav will go straight to the bottom line and will drive our earnings for FY17.

Secondly out Bombay throughput last year was around 753,000 metric tons out of that million tons that I mentioned, which was based on through-putting for Indian Oil, for Reliance, for HPCL etc. another our own retail distribution. This year's target I can now say we are targeting 900,000 metric tons for Bombay, that is our target for throughputs. So if you add up the throughput of target for 900,000 tons in Bombay and 500,000 tons in Pipavav we are targeting 1.4 million tons of throughput this year versus 1 million ton last year. In other words, a 40% increase in throughput of both these terminals. So I think you will agree that the very significant rise, 50% increase last year and now this year we are targeting a 40% increase in LPG throughput fees, which as you know represent around 80% of the EBITDA of gas terminal division. That is why this is a very key statistics.

Now the third piece of good news I would like to say is on sourcing volumes. I was disappointed that finally we ended up with 518,647 metric tons of LPG sourcing volumes sold mostly to the public sector in Reliance but I can now confirm for the first time that this year our target is over 1 million metric tons for sourcing volumes for this financial year of FY17. Why can I confirm that? In the previous call I said that we have provisional order book. Now there is a confirmed order book for a minimum 1 million tons. There particularly the PSUs have minimum and maximum sales in the contract, so I am at least saying a minimum 1 million tons is now confirmed for 2016-17 which means a 93% rise we expect on last year's sourcing volumes which were 518,000 tons. So I think that will also significantly increase the Aegis group international profit in Singapore and 93% rise in resourcing volumes. Auto gas and PAT retail LPG the budget for FY17 is roughly around a 15% volume increase. In other words, similar kind of volume increase compared to last year. So to summarize for FY17 for the company as a whole EPS growth will be powered by a massive growth in gas division, throughput volumes in Pipavav and Mumbai and by the doubling of the AGI sourcing volumes and that is really what is going to power EPF growth. While we expect to maintain liquid terminal division revenues and margin waiting for the capacity increase in Kandla and Haldia for the next year.

Finally, as far as project update is concerned, Haldia LPG project which I obviously announced a few weeks ago is on track, we really in terms of procurement, in terms of awarding of major contracts, in terms of work progress milestones, everything seems to be on track at the moment. We are therefore reconfirming that we expect to commission this project, the 25.000 metric ton Haldia LPG project. We expect to commission this in Q1 of FY18, April-May-June of FY18 and this will represent a steep jump in gas profits for next year as far Aegis Group is concerned when it is commissioned. Second project which we have is the Kandla liquid project of 100,000 kiloliters. I can confirm to date that we have started civil construction of that project and that is ontrack for again, the same fear that we expect to commission that in Q1 of FY18, April-May-June of FY18 which will start to boost liquid terminal division revenues from that period onwards. Third project is the Uran pipeline interconnection in Bombay the LPG pipeline interconnection. I can again state that the work is on track, it is ongoing and we expect to complete this on schedule this year, which will boost future LPG throughput volumes further in Bombay when it is completed. The project is on track. Fourth project is the Haldia 25,000 kiloliters liquid project. That again is on track for commissioning probably around Q4 FY17 and earning revenues. I can also say that all of that is basically pre-sold. In other words we are building that because there are already customers lined up for that 25,000 kiloliters. So that will also boost liquid terminal revenues from Q4 of this current year. As I mentioned we are working positively on the Pipavav petroleum rail connectivity to boost Pipavav revenues because really the future of Pipavav as I said many times. Chemicals and petrochemicals there is a limited amount that we can do in Pipavav, we almost are doing that but in order to really to go forward we need this petroleum rail connectivity but I am pleased to say that we are making good progress both on the explosives permission as well as working with the board but nothing to report yet on that. Once we get those two permissions then really it is a very small project in terms of CAPEX to do that railway gantry extension because the rail line is already there but then we have to start working on doing the deals with inline refineries who want to then bring the product by rail into Pipavav. That is yet to unfold but we are working on that.

Finally, I can say and I am sure a lot of people will ask this on CAPEX but I can confirm no other CAPEX is budgeted for this year, we obviously had yesterday's meeting. The board has authorized no other CAPEX beyond the projects which I have just mentioned which is the Haldia LPG project, the Kandla 100,000 kiloliter project, the Uran interconnection and the 25,000 kiloliter project in Haldia. As of yet there is no other CAPEX planned for this year beyond that, which means that all the profits that are occurring this year are really devoted to dividend payment building up our cash reserves as well as funding the projects which I just mentioned but no other CAPEX has been sanctioned by the board. That is it for our presentation. Now we can take some questions.

Moderator: Thank you very much sir. Ladies & gentlemen we will now begin with the question and answer session. Our first question is from the line of Pranav Mehta from Value Quest, please go ahead.

Pranav Mehta: Sir my question is on your liquid division revenues. If you see the Q4 revenue, it is down like some 21% year-over-year and there is a big dip quarter-on-quarter also. So what would you attribute that to?

Anish Chandaria: Yes, I have to say that in January and February of this year 2016 there was a dip in the chemicals traffic in all our terminals including Bombay, Pipavav etc for 2 months because if you remember in all the financial markets and commodity markets the prices were crashing at that stage, distant memory enough. So there was some dip in the traders traffic, not the end users, nor petroleum but some of the chemical traders obviously were delaying on importing while the prices were falling until things stabilized. So we did see some dip, but from March things were back to normal and that continued for April, May etc. So I think that really is the reason. Otherwise no other particular causes for concern but there was a kind of one-off dip because of the chemical cargos traffic which was from traders. But last 3 months since March absolutely back to normal but I think that this was for two months. Previous year by the way, Q4 of last year there was actually some one-off revenues that we did for example, what we call PLTs Pipeline Transfers happened in March, so we did a very good figure last year which was some pipeline transfer for HPCL, that was the thing. But anyways the main reason was some softness in January, February two months for chemical inputs in this quarter. But things are back to normal now.

Pranav Mehta: And sir one or two more questions. Firstly on the Pipavav Explosive license, you said you are still in discussions but can you just give us a broad timeline as to when can we expect this to happen?

Anish Chandaria: Actually we have almost finalized the explosives license. So that is almost through actually. So that is not really a constraint anymore. So since we have got that pretty much in principle we are now actually just working with Gujarat Pipavav Board to firm up the location, design and some of the commercials for this railway gantry extension. Of course, whether we construct it or they construct it and what is the process, so it is actually now mostly to do with that. Once that is finalized the location, the drawing and the costing and who is going to build it and all that and I think we have had one or two rounds of discussions with GPPL already with the CEO etc. So I feel it is difficult but I would say probably in the next 3 or 4 months may be by October or something like that is the current situation. Once we have reached the agreement with the board the next stage is to actually do that railway gantry extension. That is a matter of 2-3 months and not a big thing. But while that is going on only then we would start going on and try to negotiate deals with the inland refineries. Obviously we have our hit list in mind but there is no point going to them if we have not actually got the permission for the railway gantry. So in summary if all goes well I think it would probably impact next year's earnings rather than this year's. So that is why I said that this year probably for liquid terminal divisions it is more about maintaining revenues, maintaining profits whereas this year the main driver of profit will be gas as I already said. But next year not only do we expect Kandla project to kick in, not only do we expect Haldia force that 25,000 but also I think if all goes well we would expect to see some growth coming out of Pipavav because of petroleum.

Pranav Mehta: In our gas sourcing business what was the realization in FY16? $4 or higher than that?

Anish Chandaria: In the previous year if that is what you are asking, we talked about 518,000 if you multiply roughly by $4 per ton that would be the kind of revenues we would imagine Singapore AGI. But this year we are going to double it and if I can say, because you did not ask that question, why we were to double it, but I think it will be useful for those of you interested. If it was the registration of Aegis Group International itself which we have carried out with Indian Oil, HPCL and BPCL now since last September, October which means that we are now entitled to participate in all international tenders by the PSUs. We were only doing local tenders before, which means that we have been able to win tenders for this amount this year, 1 million ton. But for future it is a very important development that we are now able to operate in whatever international LPG tenders they do, AGI are joint venture with ITOCHU has to be on that list. And that is a very-very good development. We have been working on this for the last couple of years. So previous to that we were only able to participate in what they call local tenders is that they were able to do but now we are on a much bigger playing field and as a result for this year 2016 we are now able to say that at least minimum 1 million ton is confirmed multiplied by that $4 per ton roughly but it will probably mean also more throughput as you know as well.

Moderator: We will take the next question from the line of Sandeep Mathew of ICICI Securities, please go ahead.

Sandeep Mathew: Is it possible to share the Q4 and FY16 utilization and average rate per kiloliter for the various ports?

Anish Chandaria: The rates per kiloliter are pretty much the same as what we have been doing previously. So pretty much in Pipavav etc. was around Rs. 160 to Rs. 180 per kiloliter. In Bombay it remains around Rs. 250-260 per kiloliter per month average. In Haldia it remains around Rs. 130-140. In Kochi it has remained around Rs. 100-120. So those rates remain. Utilization rates average for Q4 would have dipped in Bombay because of that 2 months January, February probably to around 70-75%. In Pipavav it probably would have been around 50%. Kochi is actually pretty good. It was actually around 70 to 75 cents. In Haldia it remained around 85% to 90%. So the dip that we saw in January, February affected more Bombay and Pipavav than Kochi and Haldia but as of March we are basically back to 100% in Bombay and basically others continue. Pipavav really I think we have to be, as far as this 120,000 kiloliters is concerned we are still not operating at full capacity utilization because the chemicals traffic which does depend for example, alcohol coming from Brazil, it depends on their shipment. They bring it or they do not bring it, so it goes up and down. But as I said the best way of going forward in Pipavav is if we can start bringing large quantities of petroleum by rail then I think we would be really looking forward to that. But those are basically the figures.

Sandeep Mathew: So would that also mean potentially in looking ahead some sort of delays in whatever expansion plans you had at Pipavav on the liquid side sir?

Anish Chandaria: Yes, I think that is a good question. That is a question which almost every month I ask our marketing team for Pipavav. Yes, I think that is true and I have said it a few times, I will repeat it and I said it to you also that I think we will not go ahead with Phase 2 of another 124,000 kiloliters where all the permissions are there, everything is there for liquid until we get these railway connections for petroleum. If that railway connection for petroleum happens in Pipavav the kind of tankage that is being discussed with the inline refinery could be hundreds of thousands of kiloliters because the volumes are so massive for example, for naphtha is one example. So that really is why we are working as hard as we can and now we have got the explosive searching in principle but now we are working with Gujarat Pipavav Board, it would not be wise to really build more capacity only on chemicals. It has to be a bit petroleum. So I think you are right. That is on hold at the moment. The concentration of let us build a 100,000 kiloliter of liquid in Kandla because there all of that is already free sold, that is the pretty much it. So Kandla is very much the petrochemical thing but in order to develop Pipavav more yes, I think we need to find a solution for this petroleum traffic and make the deals with those in land refineries. But if we do that yes, the volumes are so great potentially that we can then think about building the second trades. But as of now we continue only with the 120,000 kiloliters in Pipavav and try and manage the utilization as best we can.

Sandeep Mathew: Sir my second question pertains to the point you made on sourcing volume that you right now have a confirmed order book of close to about a million tons, so just to understand this clearly, so does the fact I mean is this basically what is the total number that has been currently put out for tenders or is this the one where we have been already selected. I mean how have we arrived at this 1 million ton confirmed order book of NAR?

Anish Chandaria: Yes, this figure of a million ton minimum is what we have actually won, which is actually a signed contract and actually the tender that we have won AGI with HPCL, BPCL. This is confirmed already. In other words, they put up more for tender but this is how much we have won for 2016. So this is why it is confirmed. And why it is a minimum is because in that tender they also have a maximum, so they could at their discretion take more. But I said at least let us say that this is the minimum confirmed contract. In other words, these are the ones that we have won for 2016. Now we actually won these tenders in the month of November and December actually. But why I said it was a provisional order book was it took time to get certain permissions that they needed that goes on unfortunately So that is why I can only say today that this is now confirmed.

Sandeep Mathew: Just one final question on terminal link so the way I look at it so if I just look at the delta so for instance you did sourcing of about 0.5 million this year and you did terminal link of close to a million. Now would that gap close because now you are affectively kind of going to almost 1 million ton on sourcing and so would you still be looking at let us say disproportionate increase in your terminal link volume as well or would this probably not flow through?

Anish Chandaria: The best way to explain way to explain this and simplest way is like this, keep it separate. So as far as sourcing is concern I said at least a million ton not all of that is going to go into Bombay and Pipavav because some of that is going to go other ports like JNPT. So obviously there we only get a sourcing fee but we don't get the term link fee. Second thing is on through put volume – I have given a target as clear as I can be that last year we broke a million tons of throughput in Bombay and Pipavav. I set a target of 1.4 million tons of throughput for this current year, 40% increase of Bombay and Pipavav of all of that is going to be sourcing volume. Some of that is sourced but some of that is throughput for example from Indian Oil who is in Bombay as well Pipavav where they are bringing their own cargos. so I think don't mix up sourcing. Sourcing is sourcing and throughput is throughput but I have given a clear indication that we expect a massive increase in throughput volumes in Bombay and Pipavav this year. I have already said that of that in Pipavav we expect to an additional almost 300,000 tons of throughput in Pipavav and almost another 200,000 in Bombay because we did 700,000 tons in Bombay I am targeting 900,000 so I think I have been an open and transparent as possible as to where that is going to come from but keep those two different. Sourcing is one and the throughput is another but I have given the breakup as best as I can.

Moderator: Thank you. Our next question is from the line of Pritesh Chheda from Lucky Investments. Please go ahead.

Pritesh Chheda: Just one question, can you share the total liquid volume in quarter 4 and total liquid volume for FY16?

Anish Chandaria: Well I cannot really share because I don't have the figure in front of me but what I would say which I have also told you before it has very little relevance. I will give you some indication it will not be an exact way but I will give you a very little relevance to revenue because our revenues are based on the storage rates or that figure I told you per kiloliters in terms of occupancy rates and all that which I have just said rather than that but as an academic exercise if you want to know how much we handle generally speaking in Bombay we handle something like 2 million tons in liquids in Bombay Port. I don't have the figure in Pipavav but the rest of would be small. It does not really have that much relevance because the revenues are based on how the storage rate and what is your occupancy rate in the terminal which I have already said. But I don't actually have this figure of volumes in front of me.

Pritesh Chheda: Will there be a dip so you mentioned about occupancy number or utilization number for quarter 4 you gave out, can you give a blended utilization numbers for all your assets put together and for quarter 4 and FY16.

Anish Chandaria: I obviously have not worked out on blended one but Bombay would be obviously the biggest one which I said in Q4 was around 70% and now it is back up to 100% and rest of the terminals Kochi, Pipavav in other words, probably 80% of the kind of capacity utilization is Bombay and 20% is everything else. So if I say that the capacity utilization was 70% in Q4 in Bombay and Haldia and I gave all other utilization I hope that would give you a sense but we are back up to 100% as of March in Bombay.

Pritesh Chheda: You said there is no other capacity getting added this year if something happens on Pipavav well and good then that gets added but as of now nothing gets added right?

Anish Chandaria: Except for Haldia that 25,000 kiloliters which is quarter 4 so just two to three months for that but yes which is why the earnings growth of this year really will be more to do with gas thing which is going very well as I said is more to do with maintaining the revenues and earnings for liquid terminal division this year until the new capacity comes on stream next year of Kandla 100,000 kiloliters obviously the full year of that Haldia expansion 25,000 and yes what we can do in Pipavav if that railway gantry happens then this can impact next year.

Pritesh Chheda: Are there any levers for growth in absence of capacity addition in these divisions?

Anish Chandaria: Could be because we are operating if for example more chemicals traffic comes to Pipavav then we can raise capacity utilization in Pipavav things like that that is possible but we are operating all the other terminals we are pretty much operating at full, Kochi, Bombay, and Haldia so I cannot really expect us to squeeze more than we are doing. The only way is to add more capacity or do more in Pipavav.

Moderator: Thank you. The next question is from the line of Dixit Doshi of Whitestone Finance. Please go ahead.

Dixit Doshi: Just a couple of question, you mentioned that you are currently in discussion with the GPPL and you expect things to settle by October. So let us say assuming that you get all the approval by towards the end of this year so from that to build another 1,20,000 how much time it will take?

Anish Chandaria: I think the good news is because all the infrastructure pipeline everything is already build it is just a question of putting up the storage tank. So I would expect somewhere six to nine months so it can be done pretty fast and remember that all the tanks don't get commissioned in one go, you can actually start doing in phases. You can actually start earning revenues from six months probably. So six to nine month range nine months to complete all of that 124,000 but probably six to nine months.so we are working as hard as we can to get this GPPL who I believe I was told they also talked about this in their earnings call. You could have gone on their transcript and they will confirm what I was saying as well. So we are definitely working with them and I am quite confident that because we have had already at least one or two rounds of discussion with them on this particular subject by the way I am talking about a lot of others things with them but anyways as far as this subject is concern. Remember as soon as this is agreed with Gujarat Pipavav Port our marketing guys have to go sell this capacity to the refineries. That's take time. We know who is on our list. We know that they are interested but it will take time. But I think the safest thing I can tell to anybody out there investors as well as analyst is that if things work out well it will have some impact in Pipavav revenues for next year from the existing 120,000 kiloliters just by boosting capacity utilization and yes it could have been probably trigger depending on what deals we make it will probably trigger the phase-II 124,000 kiloliters expansion.

Dixit Doshi: And just an update on Sea Lord container. Any update?

Anish Chandaria: Yes, I think that process is on and I think you will hear some good news on that so that probably in the next earnings call which probably will be around first week of August when we will have our AGM so since transaction is going on right now as you speak I don't want to say more on that but you will hear some good news on that probably by early August.

Moderator: Thank you. The next question is from the line of Pritesh Vora of Incedo. Please go ahead.

Pritesh Vora: Sir you mentioned about the gas sourcing at $4, is it the revenue accrue to Aegis or it is an EBITDA, how do you look at it?

Anish Chandaria: Well $4 is really the sourcing fee that we make on arranging these cargos let us say in simple jobs when we sell 1 million ton this year from Singapore AGI we will make $4 million. But there is not that much cost, not that much overheads in the sense that we have some employee cost in Singapore but there is obviously nothing else so really that $4 minus some overheads and minus including the office and employees and minus tax. After tax rate in Singapore is 17% so that's basically will be the profit which we will be consolidated in to Aegis .60% of the profit will be consolidated in Aegis and 40% will be minority to Itochu.

Pritesh Vora: 60-40 is the proportion right?

Anish Chandaria: 60% is Aegis will be consolidated and 40% will go to Itochu of those profits.

Pritesh Vora: What is the Itochu's contribution? They are equity partner in this sourcing game, is it?

Anish Chandaria: They are the trader who are helping us source this gas. They are the ones who are arranging the shipping and sourcing of this gas.

Pritesh Vora: You mentioned about the Kandla capacity expansion when that will come into online?

Anish Chandaria: That will come online, it is on target as I said many times. Q1 FY18 that means April, May, June 2017.

Pritesh Vora: Sir Kandla there are some other logistics player also who handles liquid and other chemicals and all that. How big you are as compare to them and what is your total overall Kandla volume?

Anish Chandaria: Right now we build 100,000 kiloliters which is our Greenfield project it is the first time that we will be there as far Aegis is concerned. There are 20 other operators. Some of them are very large capacity so I think we are late to the party but at least we have joined the party but I think the interesting thing is there is so much business over there that this 100,000 kiloliters is basically already sold in advance and that's really the thing. So I think all the terminals over there are full and we will be just heading towards that. I believe as a global figure there is around 1 million to 1.1 million kiloliters of storage capacity in Kandla already so we will be adding 100,000.

Moderator: Thank you. Ladies and gentlemen that was the last question, I now hand the floor back to the management. Over to you sir.

Anish Chandaria: Thank you very much for attending this Earnings Call. as I said we had a good set of results for last year 42% up in net profit after tax. We are expecting a good year powered by our gas division and I hope all of you will continue to take interest in this company. Thank you very much.

Moderator: Thank you. On behalf of Aegis Logistics, that concludes this conference. Thank you for joining us and you may now disconnect your lines.