“Aegis Logistics Limited Conference Call to Discuss Recent Business Update”

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MANAGEMENT: MR. ANISH K. CHANDARIA – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, AEGIS LOGISTICS LIMITED

Moderator: Good Day, Ladies and Gentlemen, and Welcome to Aegis Logistics Limited Conference Call to Discuss the Recent Business Update. 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 date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participants' line will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. I now hand over the call to Mr. Anish K. Chandaria – Managing Director and CEO. Thank you and over to you, sir.

Anish K. Chandaria: Thank you very much. Today, I just want to say first that we have put an 'Updated Investor Presentation' dated 'March 2016' on our website and I would be actually referring to that in discussing in this call and I am going to be presenting today "Projects Update" some new projects and also discuss that in detail as well as give an update on some of the already announced projects.

Around 18-months ago in October 2014, when we signed a joint venture with Itochu Corporation of Japan, we laid out a strategy and a fairly detail business plan for our LPG Division. Today, I am happy to announce and will explain the first of those projects in that business plan and their impact on Aegis earnings going forward. What is really amazing which will be a surprise to you is the scale of these projects is far beyond what we had originally envisaged in our business plan with Itochu. Until we receive all the environmental clearances and permits for these projects, I was obviously not able to announce these first projects in the business plan. But at long last today I can announce these projects. The Aegis Board of Directors has approved these projects last Thursday, March 10 and therefore I can now explain the details of these projects and their implications. As I said, these details are on our 'Updated Investor Presentation' which is on the website dated 'March 2016', so this is really what I am referring to.

So the first project that I would like to announce and explain is our new LPG terminal in Haldia, West Bengal, which will be 25,000 MT storage capacity, fully refrigerated LPG terminal, there will be two tanks of 12,500 MT each which total up to 25,000 MT. So, this will be the largest terminal in the Aegis portfolio. Investors will recall that first right now we have 20,000 Refrigerated Terminal in Mumbai and we have 5,400 MT Terminal in Pipavav this will be a larger one; 25,000 MT storage capacity in Haldia.

What is also very interesting is the potential throughput capacity of this terminal. We estimate at 1.5 million MT per year at full capacity utilization. Originally, when we were discussing with our anchor customer over there, we were talking around 500,000 MT per year, this was when we were putting to get the business plan we need to achieve. What I can say today is that because the customer demands requirement in Northeast has become so much larger, we are now building a terminal which has a throughput capacity of 3x that from the original business plan to 1.5 million MT per year. The project cost will be Rs.250 crores. There will also be, as part of the 'Five Year Plan' of the public sector, pipeline connecting this Haldia terminal, the pipeline routing is as follows: Paradip to Haldia to Budge Budge, to Kalyani, and to Durgapur. This pipeline will be laid over the next 3-5-years by the public sector in stages but Haldia LPG terminal we are building, we were already told by our customer that it will be very much linked up into this pipeline grid especially as far as the Haldia to Budge Budge, Kalyani, Durgapur.

The other very important development is that Aegis has already signed a 20-year (MoU) Memorandum of Understanding with a large public sector unit as our anchor customer. They will use this terminal for the next 20-years…obviously renewable after that but for the next 20-years for this type capacity.

In terms of the throughput rate that we are going to charge is going to be competitive with the prevailing market rates for the terminal, which will be a substantial hike compared to the rate that we see in the West Coast of India which are roughly around Rs.700-800 a MT, there will be a substantial hike because the prevailing market rates are higher in the East Coast of India. We expect the commissioning of this terminal, the project has already started as soon as the board has approved this on March 10, Thursday and we were ready to start from day one which was Friday, March 11. We expect the commissioning to be Q1 2017-18, that means April-May-June quarter. This would actually result in revenues. Our expected first year volumes for '17-18 financial year is expected to be around 50% of that throughput capacity of 1.5 million MT. In other words, first year expected volumes that we have an indication from the customer is around 750,000 MT for FY'17-18 and as time fills up and the pipeline is laid over the next 5-years beyond that growing to that 1.5 million MT. So, I think this is a very-very significant incremental project for Aegis group; the first of those three LPG terminal that I have talked about and now we can officially say it is underway and we expect it to be commissioned just about 13-14-months from today. That is a very-very excellent development and it is going to be a significant boost to our earnings per share for FY'17-18 compared to what is already forecast today.

The second project that I would like to talk about is debottlenecking of our Bombay LPG Terminal. The capacity of our terminal will remain the same; 20,000 MT. The scope of this debottlenecking project is the following: We have already ordered in-tank pumps for our storage tank which will double the pumping rates to around 150 MT/hour. This is doubling our existing rates which is about 75 MT/hour. The delivery of those pumps is expected around November-December 2016. We are also constructing internal pipeline from the LPG storage tank to boost the loading rate and we will also be connecting our Bombay Terminal pipeline to HPCL refinery in Bombay which is neighboring to our terminal, where they already have an existing subsea pipeline around 25 Kms South of Bombay to Uran. So we will be interconnecting to that existing pipeline to Uran. HPCL is also extending that pipeline to

Chakan which is on the outskirts of Pune which expects to be completed by October 2016, but that is for being conservative and assuming some delays that is assumed that the extension will be completed by April 2017. In other words, once this debottlenecking project is over, doubling the loading rate of the in-tank parts, the internal pipeline and connecting our terminal by pipeline-to HPCL and ultimately to the pipeline grid which goes to Uran and then to Pune. Once this is over, we expect by April 2017, this will be an incremental 400,000 MT p.a., starting in 2017-18 Q1 April-May-June on top of the throughput that we are doing today, in January that we have signed up Indian Oil for our Bombay Terminal. So we are already doing through Road Transport around 450,000 MT annualized which is targeted January-February-March quarter 2016, that is already happening, and obviously, we have a pipeline through Reliance which is already doing around 250,000 MT. So, we are currently at an annualized rate operating around 700,000 MT in Bombay in 2016. What I am saying is that in addition of this debottlenecking project and all the things that I mentioned will take that up to 1.1 million MT from April 2017 onwards from 700,000 MT. That extra 400,000 MT throughput rate as I said in Bombay is around Rs.700-800/MT. So everybody can calculate that from FY'17-18 another 400,000 MT of incremental throughput times that rate hardly any extra cost for that. So most of that is profit. That is another boost to our earnings per share in FY'17-18 on top of what I just said about the Haldia LPG terminal. It is a very strategic development which we have been working on for long time but it is now happening, it has been approved by the Aegis board last Thursday. The project cost will be Rs.15 crores. But the return from that incremental 400,000 MT multiplied by Rs.700-800/MT rate, you can understand it is a very-very high profitability project and it will be financed by internal cash flow. As will the Rs.250 crores project cost for the Haldia, we will not be taking any debt to finance either because the company's free cash flow is so strong at the current time we can reinvest that into these highly profitable two projects.

I would like to say that why so strategic in Bombay is that bulk of the road tanker traffic from LPG which we are currently doing, servicing HPCL largely with that 450,000 MT of LPG plus 250,000 MT. Almost all of that will probably shift to pipeline as far as the throughput is concerned. Even when we go to 1.1 million MT, the capacity of the pipeline is sufficient there, we expect that most of that will go through pipeline. There will be some road transport for example our Aegis sort of gas stations, etc., but most of the LPG coming from the terminal Bombay will be delivered through pipeline which is a very good development. In January, we did announce that commissioning of the second chemical berth in terms of Bombay, so that will also help that when we bring larger ship, if you have pipeline evacuation through what I just said that at this debottlenecking project that we will be able to unload and offload the cargo from the ship at a much faster rate. So all of these is part of the program. But it is very much earnings enhancing.

Third, I would like to update on the other projects which we have already announced what is happening as far as that is concerned. So first, the LPG sphere in Pipavav where we are going to construct 2700 MT of additional storage capacity which means an incremental 100,000 MT of throughput capacity at Pipavav. I can now confirm that they will be commissioned in April 2016, that is next month. The construction period is already over, we are now going through the commissioning cycle, in other words we expect those two spheres to be commissioned in April next month and that means we expect now an incremental 100,000 MT per year annualized in Pipavav throughput. As most of you recall, we are currently doing an annualized rate around 300,000 MT in Pipavav that we started probably from January-February March quarter but now from April we think that will go up by incremental 100,000 MT, meaning 400,000 MT annualized for financial year ’16-17 and beyond because of the new capacity that we are going to commission and normally again as I said we can take a throughput rate of around Rs.700-800/MT in Pipavav. So this extra 100,000 MT at Rs.800 which means another Rs.8 crores, almost all of that is profit by a little extra cost. So that will come into FY’16-17.

I can also update as far as the Liquid Projects. We had announced some months ago that in Kandla we are going to be building 100,000 KL of liquid capacity for chemicals and petrochemicals. We can now update that the current commissioning date for that is expected…we have already started the civil works for that project, but we expect that to be commissioned in Q1 FY’17-18, again April-May-June in FY’17-18 100,000 KL in Kandla. Current marketing indications are very strong in terms of customer commitment for that capacity. So we expect that we will be generating revenues from day one in Q1 FY’17-18.

We had also announced a Liquid Project in Haldia 25,000 KL. That has also already started construction. We expect that to be commissioned in Q4 FY’16-17, that means January-February-March. Again, the customer commitments are already there. So we expect that to be generating revenue from day one as well. So that is an update of existing projects beyond what I said the new projects of Haldia LPG Terminal and the Bombay Debottlenecking Project LPG that I just mentioned.

So to summarize, today, I have explained the first set of projects in our LPG division from the business plans that we had laid out with Itochu. The good news is that the first set of projects, not only are they much larger in scale that what we had originally envisaged because the demand is there for the customers, we have also signed up a large PSU for 20-years which is the great news. But I can also confirm as I have every investor meeting since October 2014 we are working on two more such LPG terminals, they will not be exact replica of what we are doing in Haldia in terms of site, but two more LPG terminals I can reconfirm that we are working on that, they are on the way, not to be announced today. More Liquid Projects to come beyond what I said in the 100,000 KL in Kandla and in Haldia 25,000 KL we are working on more, so in future board meetings we will be taking those up and I can say that almost every board meeting in 2016 we will be coming forward with new announcements. That will be the growth profile of Aegis over the next 2 or 3-years is very-very strong. But today I can at least officially announce these first two new major projects which will really boost the EPS in FY2017-18.

That is all. I can take if there are any questions.

Moderator: Thank you very much, sir. Ladies and Gentlemen, we will now begin the Question-and-Answer Session. We have the first question from the line of Dikshit Doshi from Whitestone Financial. Please go ahead.

Dikshit Doshi: Just one question about your subsidiary. You are buying buyback of shares. So any status over there?

Anish K. Chandaria: I think nothing today to announce, that is for future we are working on it, but I think we will be taking that up in the next few weeks, but it will happen.

Dikshit Doshi: Any update on petroleum product approval from Pipavav?

Anish K. Chandaria: No, again, we are working on it, nothing today, but as I said in 2016 there will be lots of future announcements, so you guess, today is only for Haldia and Bombay Debottlenecking Project.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Chandaria for his closing comments.

Anish K. Chandaria: Thank you very much for attending this quick call today and we look forward to your continued participation in and hearing about Aegis.

Moderator: Thank you very much, sir. Ladies and Gentlemen, on behalf of Aegis Logistics Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.