



“Aegis Logistics Limited Q1 FY 2018 Earnings
Conference Call”

September 07, 2017



MANAGEMENT:

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Moderator: Ladies and gentlemen, good day and welcome to the Aegis Logistics Limited Q1 FY2018 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 date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal 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, Vice Chairman and Managing Director. Thank you and over to you Sir!

Anish Chandaria: Thank you very much. Today, I will be presenting the Q1 FY2018 results for Aegis. The summary was that it was a steady quarter for our earnings. Total revenues for Q1 were Rs. 856 Crores versus Rs. 739 Crores, a year earlier that is a rise of 15.8% in total revenues. Total segment EBITDA for Q1 was Rs. 66.8 Crores versus Rs. 56.3 Crores year earlier that is a rise of 18.7% year-on-year.

Profit before tax was Rs. 49.1 Crores versus Rs. 38.6 Crores, a year earlier that is a rise of 27.2%. Profit after tax for the Company was Rs. 46.8 Crores versus Rs. 31.7 Crores that is a rise of 47.6% and profit after tax after all minority interest was Rs. 40.4 Crores versus Rs. 27.5 Crores that is a rise of 47% year-on-year.

As I said a summary of this quarter was another steady quarter of rising profit, but the second half of this year from Q3 onwards will see a step jump in profits as the new projects like the Haldia LPG terminal are fully operationalized.

Now let me go through the two segments that we have, starting with the liquid terminal division. The revenues for quarter one were Rs. 42.7 Crores versus Rs. 37.6 Crores, year earlier that is a rise of 13.5% year-on-year in the revenues. EBITDA for Q1 for liquid terminal division was Rs. 27.9 Crores versus Rs. 21.1 Crores, a year earlier that is a rise of 32.2% in EBITDA for liquid terminal division.

The explanation is the new capacity which was commissioned in Haldia is helping to boost the profits while the other terminals are all doing well with the exception of Pipavav which is still reasonably soft but Q1 was better than Q4 in Pipavav, but the incremental increase in EBITDA in the liquid terminal division of 32% mostly accounted for by the very good performance of the new capacity in Haldia.

As far as the Gas Terminal Division is concerned revenues for Q1 were Rs. 813.3 Crores versus Rs. 701.7 Crores, a year earlier and EBITDA for gas division was Rs. 38.9 Crores in Q1 versus Rs. 35.1 Crores year earlier that is a rise of 10.8%.



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Now what is behind this let us look at the volume analysis that I normally give for LPG. Starting with the LPG throughput volumes in our two terminals in Mumbai and Pipavav, in Q1 was 301.5 thousand metric tonnes versus 278.6 thousand metric tonnes, a year earlier so that is a rise of 8%, as I said steady rather than spectacular. The reason for steady is that we still have not yet got Haldia coming through which should be coming through in Q3, but based on Pipavav and Mumbai these were up 9%.

Sourcing volumes for gas was also up 10% year-on-year. Q1 was 232,612 metric tonnes that AGI sold versus 211,371 metric tonnes, a year earlier so that is a rise of 10% year-on-year. Our Packed LPG Cylinders business was basically static in other words 2,946 metric tonnes in Q1 versus 2,927 metric tonnes, a year earlier so not much growth, but our bulk industrial sales of LPG industrial distribution was very good in quarter one it was 8,836 metric tonnes in Q1 versus 5,231 metric tonnes year earlier that is a rise of 69% year-on-year. Auto gas was 6,204 metric tonnes in Q1 versus 5,763 metric tonnes year earlier that is a rise of 7.7%, so overall a steady growth in LPG volumes in Q1.

Now let me just finally discuss the outlook for the year ahead and also give you a project's update. As far as liquid terminal division is concerned, we expect continued steady growth for quarter two and bigger revenues and profits in the second half of the financial year meaning Q3 and Q4 as the new capacity in Kandla 100,000 kiloliters and new capacity in Haldia Phase II which is another 35,000 kiloliters will be completed in Q1 of FY2019 as far as Haldia Phase II is concerned, but particularly the Kandla expansion will come on stream in Q3 and Q4, which will boost the liquid terminal revenues in the second half of the year.

As far as the outlook for the gas division is concerned; the Pipavav projects of adding another 10,200 metric tonnes of LPG capacity in Pipavav, half of this is completed that means three spheres of the six spheres are completed, the balance three spheres will be completed by the end of this month, end of September so that means by end of Q2 all of the new capacity in Pipavav will be commissioned, which means again expect more incremental growth in Pipavav to add to earnings in Q3 and Q4.

As far as the Haldia LPG project is concerned, the mechanical completion is done and a few days ago we start with the commissioning of the project with the gassing up process and that is going on so although a more delay from where we expected to commission fully the Haldia LPG project by the end of Q1 quarter we are actually going to fully commission this Haldia LPG project this month in September because the gassing up process has started a few days ago but that a small delay from August to September. As far as ITOCHU deal completion for that project for taking an equity stake in Haldia project is concerned we expect that deal to be completed as per the legal agreements next month in October in other words they will be remitting a Rs. 250 Crores for that equity stake.



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To summarize another set of steady results for Q1 FY2018 and I have stated in previous earnings call we expect a very large jump in profits when the new projects of the Haldia LPG terminal the Pipavav, LPG terminal, the Kandla liquid terminal, Haldia liquid expansion etc., are commissioned in this month in September and we then expect the H2 earnings, the second half earnings of Q3 and Q4 to see a large jump when those projects actually are operationalized and we will expect see therefore a very large jump in the quarterly earnings from then on from Q3, Q4.

We are working on the next cycle of LPG terminal projects after Haldia. I had mentioned several times that we are working on at least two LPG projects going forward and I am pleased to say that we are reaching a stage where I think we are getting ready to probably start work on perhaps the next LPG I say two, at least the next one after Haldia we are very likely to bring it to the board of the Aegis perhaps as early as possible, which the next board meeting but it is not that board meeting the board meeting after that.

It is a very good thing that we are now getting close to the time where we are ready to sign a deal on that next LPG project. One after that is still a little further away because we are still doing some commercial negotiations, but at least I am pleased to say we are making good progress on those next two projects and then we will bring it to the board of Aegis for approval and then obviously we will talk about it and give all the details of what size of capacities we are going to be building and where and what kind of volumes of LPG are going to be handled at those, but that is for a future earnings call.

I can now take questions.

Moderator: Thank you very much sir. Ladies and gentlemen we will now begin with the question-and-answer session. We take the first question from the line of Sandeep Mathew from SBI CAP Securities. Please go ahead.

Sandeep Mathew: Good evening Sir. The first question was actually regarding this planned expansion into the new LPG terminals that we have talked about obviously the first two I guess key basic requirement there would be environmental clearance and probably a lock in with the long-term customer agreement, so any colour that you could provide at this point on where we stand with respect to these two on the two terminals?

Anish Chandaria: Again I will be careful not to go into too much detail but I can give you at least an indication that on the first of those two, we have actually received a bulk of the environmental permissions already so we have those in hands and as far as the anchor customer is concerned I remember like we had HPCL as an anchor customer in Haldia we have already identified and reached an agreement in principal with the anchor customer however not yet signed agreement, so we are still at such a stage but it will be using the template of the Haldia terminal agreement it will be similar so it would not be anything too new, but that is where we have reached; however, we



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have not signed anything and we have not even therefore brought the agreement yet to the Aegis board and that is why not announcing it today but compared to the last earnings call we have moved ahead in the sense that we now have identified, which of the three oil companies is going to be the anchor customer and the capacity has now been consensus has been reached as to what capacity and what offtake they will be from that anchor customer to start off with.

On the second project that is still at earlier stage because we are still negotiating, the capacities have been kind of agreed, but there is a little bit of discussion but I would say there are still some commercial elements and that project might not be LPG it might be a different gas, a similar type of gas. That is what we are talking about but I would say in terms of permissions, we have not really yet applied for those because it is still at an earlier stage so that is still at a less advanced stage but the first project after Haldia I think will be LPG and I think that is at a fairly advanced stage and the earliest we can bring it to the Aegis Board and then announce it to investors we will do that but at the moment I expect the next Aegis board meeting to be in December so that gives some indication of we are in September that gives us some indication of when we would hope at the earliest we could announce that but if it the things are not completely signed off and everything then it might be the next board meeting after that, but at least I am now able to have enough confidence that it is now most likely a question of when not if for that project.

Sandeep Mathew:

Sir just a follow up on that if I take the Haldia example again here, I think one of the key reasons why returns are getting amplified is because of the fact that we have seen very strategic in terms of getting a pipeline connectivity to that project. So is there something on similar lines that we can expect for the future announcements that are likely I mean are we working on anything on those lines and the second question again based on that would be for the second terminal that you mentioned which is not going to be LPG is it safe to assume that the customer will be from the private side rather than a PSU?

Anish Chandaria:

On the first question as you know and we have talked about this every terminal we do now we are always working on pipeline connectivity and even rail connectivity and I can definitely confirm that we are working on that as far as this next project is concerned, and nothing to say today, but that is the reason why we are putting the terminal in that particular location which will be disclosed when we are ready to announce that thing but that is what we are looking at so just like Haldia exactly you said pipeline in rail connectivity as well as road are always being looked at every terminal the LPG terminal that we are doing has to have that option so we are definitely working on it, but that is all I will say about it today which is why it will be - if it happens then it will be a very attractive project like Haldia. As far as the second question is concerned actually it is another PSU customer public sector customer not a private customer for the gas project in the south that we are working on but nothing has been agreed yet so I am not able to give more details, but it is I can confirm with the public sector customers.

Sandeep Mathew:

Just one question on the results Sir if I look at just on a sequential basis we have seen some decline in LPG terminaling throughput which I guess this larger function of the overall markets



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because inputs have been lower on a sequential basis as well. Now one thing that sort of was interesting to see was the distribution spreads that we make probably in the bulk distribution business for this particular quarter again seems to have gone up pretty significantly if I recall in 4Q we had actually seen this narrow, which was one of the reasons why I think at LPG EBITDA was slightly on the weaker side, so can we expect the current spreads that we are seeing positive high spreads to continue or would there be factors that are attributable beyond the company's controlled on that front?

Anish Chandaria: Yes on that I would say that the only change that has happened has been on the auto gas pricing by the public sector obviously we follow their pricing and then hence the margins and the new development is that as you know they started doing daily pricing of petrol so what happened was that previously they were linking the auto gas price to petrol so at that time I think the petrol prices change every two weeks or something like that, but what happened in Q4 was that the oil companies had previously for a long time they had a general rule that they will be about 40% cheaper than petrol for auto LPG so whatever the petrol price will be 40% cheaper in Q4 they changed the pricing to we will do 50% cheaper than petrol so there was a reduction in auto gas margin to that extent because they said it will be 50% cheaper than petrol. What has happened in Q1 is that they have change that because of daily pricing of petrol so now there is no longer a linkage with petrol now their new pricing policy is going back to the previous month CP, LPG commercial price and then the margin the mark up point of that that will be the price so there is no longer linkage with petrol. The effect of that has been an increase in the margin of auto gas compared to Q4, which is why we see a greater profit. I do not know but at the moment my prediction would be that they would continue with that until it changes but that is the current pricing. Actually I think right now that they because they cannot link it to petrol anymore it looks like they will continue this the part. We are not a price taker never as importer of gas we take the price and therefore the margin from the public sector is the only change otherwise everything else was stable on all are the margins in terms of the retail distribution.

Sandeep Mathew: Thank you and all the very best.

Moderator: Thank you. We take the next question is from the line of Vikram Suryavanshi from PhillipCapital. Please go ahead.

Vikram Suryavanshi: I just missed the sourcing of volume so can you repeat for me.

Anish Chandaria: The sourcing volumes for Q1 were 232,612 tonnes versus last year it was 211,371.

Vikram Suryavanshi: What is the tax rate in this quarter the provision is quite low so any specific reason?

Anish Chandaria: Yes there is and I knew this question is coming up. It is the new Indian Accounting Standard Ind-AS, which has been implemented first time for this quarter they have a different way of



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accounting for tax now if you like to know more about it, I will ask Mr. Moledina, our CFO who is joining our CFO who is joining us from United States.

Murad Moledina: Yes Sir.

Anish Chandaria: Can you just quickly cover the point on cash and deferred tax liability and all other aspects?

Murad Moledina: Yes basically this time the tax is lower on account of write back of deferred tax which is noncash on account of change in income tax rules of base year changing from 1982 to 2002 so basically it is noncash to the extent of Rs. 6 Crores and this will be repeated in FY2018 till end of FY2018 from next year onwards this will not be there, so you can just take that that every quarter there will be around Rs5-6 Crores of write back of deferred tax liability, which has been created on account of adoption of Indian Accounting Standards where we have valued our free hold land at fair market value and accordingly had created deferred tax liability April 1, 2016 but due to the change in base year, this year there will be write back of some part of that liability and that is to the tune of around Rs. 5 to 6 Crores every quarter, which will be there in Q1, Q2, Q3 and Q4 of FY2018 from next year this particular correction or write back will not appear.

Vikram Suryavanshi: I think that was very helpful and Sir just on this bulk volume growth what we are seeing is there any some seasonality or we see that kind of growth will continue?

Anish Chandaria: I do not think there is any particular seasonality, it is a volatile item because it depends on their products the industrial customers production schedule so very difficult to predict and sometimes it has been a good quarter but I would say that if we do not look at it quarter-by-quarter if you look at it on an annual basis, the year as a whole genuinely speaking has a fairly steady volume because it is a same industrial customers that are around the Mumbai region who take the LPG so we are looking at quarter-by-quarter look at the annual figure, which is roughly around 30,000 tonnes a year which is the bulk industrial volume. So this quarter it happened to be 8,000 tonnes plus but look at the annual figure as the probably good indicator of what their volume will be.

Vikram Suryavanshi: Thank you very much.

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

Chirag Vekaria: Good evening Sir. Sir just wanted to get some clarity on the commission date of various terminals in the liquid and the gas segment for example when will Kandla be commissioned and Mangalore and thereafter that the gas terminals if you can give some timelines?

Anish Chandaria: As far as the Haldia is concerned, I said it is also in the investor presentation but I can reconfirm that we have already started the gassing up process a few days ago so we expect this to be fully commissioned and fully operational of this month September 2017 as far as the Haldia LPG



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terminal is concerned. In fact the ship is expected to arrive in the next few days, so that is as far as Haldia is concerned, LPG. As far as Kandla is concerned at the moment we are expecting this to be fully commissioned. They will be in stages but fully commissioned that 100,000 kiloliters in Q3 of this financial year that means October, November, December fully commissioned although some part of it may be commissioned earlier than that, for example at the end of this month but let say fully commissioned by Q3 of this financial year. Mangalore is still some time away in terms of commissioning I would expect that to go into next year into FY2019 in the first half of FY2019.

- Chirag Vekaria:** Sir Pipavav would be operational I miss that thing Pipavav would be operational by when?
- Anish Chandaria:** Yes, Pipavav expansion of LPG I can say I have reported in the investor presentation they are six spheres; out of that three are already commissioned and the balance three will be commissioned by the end of this month.
- Chirag Vekaria:** Sir this Mumbai debottlenecking thing is done?
- Anish Chandaria:** Mumbai debottlenecking is done to the extent of one part, which is the Uran pipeline connection we completed last December nine months ago, so that was done a long time ago because we expected that the extension to Chakkan pipeline would be ready at least by October 2017 but HPCL says that now that is delayed up to the March 2018 as per their information. I think it is a reasonable probability that that will be done, originally by the way HPCL had thought it will be ready October 2017 but it is more likely than not in the next financial year, let us take it for now and I think once that extension is there then obviously HPCL will start using that pipeline and using our LPG from the Mumbai terminal to actually throughput to that pipeline and will then start cutting down the road traffic.
- Chirag Vekaria:** Sir as we speak what is the throughput capacity at Mumbai right now we are suppose to reach at 11 lakhs?
- Anish Chandaria:** We are currently operating at around 1 million tonne annualized so that is around 80,000 tonnes a month at the moment in Bombay that is the current run rate. That will only go up when this Uran-Chakkan is ready and remember I said that pipeline is capable of handling 1.2 million tonnes per year and then of course we have the Reliance contract which is doing about 250,000 300,000 tonnes, the second pipeline, so I think the safest bet is to assume that once that pipeline is ready that next year it is as far as Mumbai is concerned when I say next year FY2019 subject to HPCL commissioning that Chakkan pipeline then that 1 million annualized current run rate that we are doing in Mumbai may rise to somewhere like 1.3 to 1.5 million tonnes.
- Chirag Vekaria:** Sir and you are setting up an LPG bottling plant as well what is the revenue potential there?



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- Anish Chandaria:** First of all that is in Haldia in our H3 probably, we have just started it with a little bit of proprietary work but obviously the whole project team has been concentrating on commissioning the actual LPG terminal so not much work is there. Murad do you have a recollection of the kind of first year revenues that we are projecting in the Haldia LPG bottle plant?
- Murad Moledina:** Not very significant so this is just as an evacuation one more alternative to our customers so that they can pack their cylinders at our terminal and take it instead of taking it in some other bottle plant so it is more of a support and the revenues could be not at all significant for us so as it develops so we will of course have more clarity but it is more of a support to the terminaling activity.
- Chirag Vekaria:** That is it from my side. Thank you.
- Moderator:** Thank you. We take the next question from the line of Dhruv Bhatia from AUM Advisors. Please go ahead.
- Dhruv Bhatia:** Thank you for the opportunity Sir. Sir my first question was just some clarity on what you just mentioned about the Uran-Chakkan pipeline been ready by March 2018 as per the presentation it shows that the pipeline connectivity has been completed so is there something the status showing there something wrong in the presentation?
- Anish Chandaria:** I think what it refers to is that it has been completed in December 2016, Aegis part of it is complete which is 2.8 kilometer interconnect from our Mumbai terminal to the HPCL manifold that is what it means but that has been completed last December that is why they have refer to so the Aegis part is complete but the HPCL part is not complete, an extension to Chakkan.
- Dhruv Bhatia:** Sir and just last quarter you had mentioned that with the Haldia positioning you are expecting for the FY2018 itself to be 0.5 to 0.6 million of throughput since there is a slight delay do you still continue to hold that number or do you expect that to be lower than what you guided for?
- Anish Chandaria:** Well that is a good question. I think that we said the first year from the let us take a 12 months and let us say from September now because we know it is commissioning now that the HPCL requirement is going to be around 600,000 to 700,000 tonnes; however, you are right because we are one month delay into September rather than August there might be a marginal lesser quantity in terms of financial year from September to March because it is one month delay but that is marginal; however, the good news is I can say that we have now a written indication from BPCL that they would like to actually use this terminal as soon as it is commissioned as well and they have given an indication of the quantity per month so I think you can actually take it that since we have not taken that in to account the BPCL quantity on top of the HPCL quantity actually I would and I am not going to give the figure right now but nothing is yet signed with BPCL but I can give you obviously an update in the next earnings call once we have seen that but therefore I can certainly guide you that most likely the throughput will be higher than what I said earlier will



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be just HPCL even though it is one month delay because of the BPCL additional quantities that is going to come through.

Dhruv Bhatia: Sir just related to the same thing would there be the things we are going to start the commissioning by the throughputs from this quarter this month itself have you been able to get sourcing agreement as well for the throughput that is gone to be done through Haldia?

Anish Chandaria: Not yet because as far as HPCL is concerned they have not released the tender for the supplies for Haldia. Obviously they are waiting to see it fully commissioned but I think we are working on, our marketing people are working on it so when they come up with the tender then obviously we will bid for it and we will see but right now the focus is on commissioning the terminal in the next few days, fully commissioned.

Dhruv Bhatia: It would be safe to say that the throughput step up jump from the coming quarters will be much more than the sourcing jump that you will see.

Anish Chandaria: Absolutely that is absolutely correct.

Dhruv Bhatia: Sir just a question on this ITOCHU deal that you have done was Rs. 250 Crores what I understand is that Rs. 250 Crores would be infused by ITOCHU in the subsidiary which is the Haldia subsidiary since that subsidiary does not have any revenues or profitability how is the money going to get transfer to the main company that is Aegis Logistics because is there going to be a tax implication on the same?

Anish Chandaria: Murad do you want to address that?

Murad Moledina: I think we have clarified this in our previous concall was what has happened is the project in our subsidiary has been financed through loans by the holding companies so once the subsidiary company issues new shares and gets the money from the JV partner ITOCHU it will be the used to pay back the loans of holding company so there in that sense there will be no tax effect.

Dhruv Bhatia: Last question from my side was after the in your annual report since you get the split of the EBITDA of the gas division the calculation for the sourcing EBITDA comes to roughly around \$6.5 per tonne and it is whenever we have interacted earlier you have always mentioned that the number to be around \$4 per tonne so what should be expect going forward with this number continue to be at \$6-6.5 or should be look at \$4 going forward?

Anish Chandaria: No I think \$4 is a reasonable thing, maybe there was a one-off transaction, probably a spot transaction where we will be make some more money but generally for modeling purposes I would say around \$3 to \$4 per tonne as a good range so that is probably the thing, just they may have been I do not know the details there may be in a one off transaction or something but \$3 to \$4 per tonne is a reasonable thing and of course as Aegis we are only 60% of that because 40% is



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ITOCHU so we have to deduct the minority interest and we look at the consolidated figures but \$3 to \$4 per tonne you should stick to.

Dhruv Bhatia: Thank you so much Sir.

Moderator: Thank you. We will take the next question from the line of Ashish Shah from Goldman Sachs Asset Management. Please go ahead.

Ashish Shah: Congratulations for a good set of numbers. I just wanted one small understanding from you and I hear that Reliance is planning to replace propane with ethane at that Nagothane facility so how do we look at it does the opportunity change for us?

Anish Chandaria: Yes there is something for the future of course they still have to lay a pipeline to take that ethane etc., so that will take some time but I do not want to go into too much detail right now but we are working on a backup plan where they may end up taking another type of gas over there instead of propane so I would not say too much on it right now but let us just say that whenever that happens so we are working on a backup plan which since to be acceptable to Reliance and so we will say more about it once that is done but for now it is continue as is and we do not expect any changes any time soon until either they build a pipeline or as I said we have already presented that with another gas which may work for them but we are working on that and but for now I do not expect any immediate change we will carry on it as of now.

Ashish Shah: This pipeline would be form the port to still that plant or something of pipeline would they require.

Anish Chandaria: No the pipeline would be for carrying this ethane so it is going to take some time that is why we have time to plan up an alternative.

Ashish Shah: Thanks a lot.

Moderator: Thank you. We take the next question from the line of Sandeep Mathew from SBICAP Securities. Please go ahead.

Sandeep Mathew: Just a follow up on Haldia Sir you mentioned that BPCL has signed an agreement to offtake LPG from the facility but just recently I think there has been some news about then starting to tender execution work for their own import terminal there so is this likely to be a long-term agreement or it should be view this?

Anish Chandaria: First of all I want to correct you I did not say BPCL has signed anything yet I said they have written a letter to us that they would like to take LPG terminaling facility nothing has been signed.



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- Sandeep Mathew:** They have indicated.
- Anish Chandaria:** But before their terminal is constructed because they are only getting right now to the stage of looking at tendering up or contracted if a minimum of two to three years so it is at the movement the idea is until that terminal comes up they will be using Aegis terminal.
- Sandeep Mathew:** Thank you.
- Moderator:** Thank you. We will take the next question from the line of Jiten Doshi from Enam Asset Management. Please go ahead.
- Jiten Doshi:** Any update on the transactions that you all are doing with ITOCHU for the stake sale in one of the terminals and any update on any expression of interest for any further sale in the future terminals and how are you strengthening the relationships why are this equity infusion by them?
- Anish Chandaria:** I just said in response to a previous question that as far as the ITOCHU transaction for the Haldia project we expect their completion checklist to be finished by October where then the deal will be completed and the infusion of Rs. 250 Crores will take place. Now it is interesting that you just asked about relation with the ITOCHU they were just with me in my office literally 20 minutes to half an hour so they come from Japan to discussion various things and I think it is going very well. We are making good progress on the AGI front that is what they came to speak to me about actually on gas supplies. I would not be saying more right now because that is news for future but we worked out something very interesting for future with them on more supply. I think as far as their further investment in other terminals is concerned right now of course they are eagerly seeing like all of you that the new terminal that may come up in future by Aegis after Haldia but right now I think probably for the next 12 to 18 months at least they will not do any further investment into taking up another stake because we would like to see how the Haldia project progresses but the most likely outcome is after about 12 to 18 months they may well look at perhaps one more terminal of Aegis that they may like to invest. There is no indication from them which one or what is that but I think that is the piece when we are negotiating for the Haldia transaction that is kind of the way they were inching that once they have bedded down and seen how Haldia performs may be at that stage they will come to us and start discussing about another stage but right now carry on as it.
- Jiten Doshi:** Basically what would your yearend borrowings look like after you receive this capital infusion from them what would be your net borrowing be on the balance sheet?
- Anish Chandaria:** I think it is when that money comes in, in October right now that will obviously lower our borrowing to that extent but at the moment I do not want to make a forecast of the March 2018 balance sheet debt because I just mentioned I do not know if you were there at the early past that we are gearing up for the next LPG project which it could be a large one after Haldia, which is going to be the west coast I think you were in investor meeting with you I had indicated that so



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there may be some debt element to that so I do not want to forecast what it will be because if that happens then we might take some debt for that.

Hiten Doshi: All the very best. We look forward to your next quarter's numbers. Thank you.

Moderator: Thank you. We take the next question from the line of Saurab Chopra from Centrum Broking. Please go ahead.

Saurab Chopra: Can you give me some update about Pipavav liquid terminal regarding the capacity duration currently?

Anish Chandaria: It has gone up a little bit compared to Q4, I believe it is now at a 25% capacity utilization rate whereas it was almost 5% only in Q4 so we are earning some revenues but it is still poor performance. Unfortunately I do not see any quick resolution to that because we have been trying our best, where it is stuck is with Gujarat Pipavav Port we have been talking to them about the railway gantry for petroleum but we are not really finding a resolution on that there are some complications with the other terminals in the area that is Gulf petrochem and IMC who have to agree at to the use of the railway gantry and common user etc., so we are I do not think we have found a resolution on that so our marketing people are trying their best to get chemical cargos at least we are now at 25% capacity utilization as of Q1 but nowhere near where we should be.

Saurab Chopra: Thanks.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants. I would now like to hand the conference over to Mr. Anish Chandaria for closing comments.

Anish Chandaria: Thank you very much for attending. As I have indicated, I think I am very much looking for to the second half of the year, as far as Q3 and Q4 earnings reports are concerned because with all these projects coming into commissioning we expect Q3 and Q4 to see a very good set of results right now steady as you go for Q1 which we just had and Q2 but we look forward to the second half of the year seeing a big jump when the commissioning of all these projects will come into the earnings. Thank you very much.

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