



**AEGIS LOGISTICS LIMITED**  
**CHAIRMAN'S SPEECH**  
**AT**  
**53<sup>RD</sup> ANNUAL GENERAL MEETING**  
**AT VAPI ON SATURDAY, 17<sup>TH</sup> JULY, 2010**

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Dear Shareholders of Aegis, Ladies and Gentlemen,

It gives me immense pleasure in welcoming you to the 53<sup>rd</sup> Annual General Meeting of Aegis Logistics Limited. On behalf of the Board of Directors and my colleagues at Aegis, I thank you all for your kind presence here today.

The Annual Report containing notice convening the meeting, the Directors' Report and the Annual Audited Accounts are already with you, and, with your permission, I take them as read.

It's a pleasure to share with you all the highlights of the progress made by Aegis Group since we last met twelve months back. The year 2009/2010 has been a year of significant progress.

**MACRO ECONOMIC OUTLOOK**

The global economy has only partially recovered from the financial crisis of the previous year. The debt crisis in Europe has resulted in spending cuts in many European countries. However, on account of good macro economic management, for India and rest of Asia, the year has brought good opportunity for economic growth.

Aegis with its high quality portfolio of assets, well defined corporate strategy, strength of functional organization, and strong balance sheet will be able to exploit these growth opportunities in the oil & gas sector.

**AEGIS GROWTH INITIATIVES**

I am pleased to announce that Aegis has now embarked on a sustained growth path. The last couple of years has already seen Aegis initiate a number of growth initiatives, including acquisitions in the LPG business, forming strategic alliances and continued expansion in the third party liquid logistics business.

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However, today I want to explain to you, the shareholder, the next major stage of our growth in the oil & gas logistics business. The Company's strategy is to build a "necklace" of port terminals around the coastline of India, construct inland depots and retail autogas outlets.

Aegis has now identified a number of major new business opportunities which, in the long term, can fully leverage this port infrastructure and distribution network. These opportunities include: transit storage and re-export of crude oil and petroleum products, the bunkering business (refueling of ships with marine fuels), jet fuel logistics for the airline industry and non-fuel retailing in our autogas stations.

For example, the logistics business for trans-shipment and re-export of petroleum products is one of the biggest future opportunities for the company. There is a global boom in demand for such oil storage facilities and India is now on the radar for international oil trading companies. These firms are interested to come into India, for transit storage of their crude oil and petroleum products. The product is then re-exported depending on their trading requirements. For the first time, India will become part of their Asian supply network and Aegis is negotiating to become a major partner in servicing their needs. The volumes involved are many times larger than have ever been handled by Aegis in the third party liquid logistics business and this business can drive the company's growth.

The same network infrastructure built by Aegis can also be used to enter into other key businesses in the future such as the marine fuel logistics business and ATF logistics for the airline industry at the major ports.

The oil & gas logistics sector has remained relatively small in India by global standards until now, but with continued deregulation and liberalization of the oil sector by the Government, the scope and scale of the business is likely to undergo a huge expansion and your Company will be there to participate and lead the development of the industry.

The oil price deregulation recently announced by the Government is also a step in the right direction and will have a positive impact on Aegis. In the Autogas business, Aegis can now expect some increase in sales in the long term due to a larger gap between market determined pricing of petrol and auto LPG. The Company will intensify its marketing efforts to convince customers to switch from petrol to auto

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LPG. Aegis may also see a small improvement in margins in the commercial LPG cylinder business on account of a likely reduction in illegal diversion of domestic LPG after the increase in cooking gas price.

To summarize: this is the next phase of growth for Aegis in the lpg business and the oil logistics business. Our management will be announcing specific major projects over the coming days and months to tap into all these growth opportunities. We will keep you, the shareholder, informed of all these announcements through our web-site [www.aegisindia.com](http://www.aegisindia.com) and other communications.

### BUSINESS PERFORMANCE

Let me now turn to the business performance for the last financial year. It was a record year in terms of profits for Aegis. The Group clocked the highest profits before tax of Rs.54.35 crores. Return on Net worth was 23% and Earnings per Share stood at Rs.22.22. Even after the acquisition of Shell's LPG business in India under full cash deal, the Cash and Cash Equivalents at the year end stood at Rs.43 crores.

In the Liquid Logistics division, the Group's terminals at Mumbai were operating at 100% capacity. The Group initiated debottlenecking at its existing sites which will release additional capacity during the ensuing year.

In the Gas division the Company rolled out its 68<sup>th</sup> Autogas station recently including three flagship city stations in Bangalore. With increasing awareness of LPG as a clean fuel and market determined prices of petrol and CNG, consumption of autogas is slowly gaining momentum – although it will take a long time to reach full potential penetration of the market.

The strategic alliance with Essar Oil Ltd which entails a cross-selling arrangement wherein both companies would be able to sell each others fuels through their retail outlets is progressing. The 1<sup>st</sup> Essar site to sell Aegis Autogas was commissioned in Kalyan a few months ago.

The acquisition of Shell Gas (LPG) India was completed in April this year. This acquisition will help the Group to enter into a new market segment of cylinders for distribution to commercial / industrial customers.

These developments in the gas division will drive future profits in this segment.

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The Company is progressing well in its strategy of building a necklace of port terminals around India's coastline and we will be making further announcements shortly.

### REWARD TO SHAREHOLDERS

The company proposed highest dividend pay out of 57.5% and carried out Buy Back of shares during the year. Your Board of Directors have also recommended to issue Bonus Shares in the ratio of 2 fully paid equity shares for every 3 fully paid equity shares held .

### LEVERAGING TECHNOLOGY

Even as Aegis undertook major initiative in various areas of operations, considerable attention was given to building up a robust Information Technology platform. The SAP R/3 ERP system was put in place across the company and supplemented by ISOIL in the area of Terminal Management and a portal for Customer access. The technology backbone enables the company to respond quickly to new opportunities and provide better service to its existing customers.

The Company is also making contribution in its own way towards corporate social responsibility through charitable institutions.

### ACKNOWLEDGEMENTS

I want to thank the Board of Directors for their immense support. I am also grateful to the Central and State Governments where Aegis operates, all our stakeholders, investors, bankers, financial institutions, lenders, suppliers and customers for their consistent and resolute support and confidence. Last but not the least the employees who have been our strength in the progress of the Company.

K. M. Chandaria  
Chairman

17<sup>th</sup> July, 2010

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