"Aegis Logistics Limited Q4 FY '20 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to the Aegis Logistics Limited Q4 FY '20 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on date of this call. These statements are not 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 from Aegis Logistics Limited. Thank you, and over to you, Mr. Chandaria.

Anish Chandaria: Thank you to everyone for attending. I will be presenting the Q4 FY '20 results as well as the full year audited results for financial year '19-'20.

So I would describe this is a good set of results for Q4, especially in light of the COVID disruption in March and superb annual results with a 53% rise in normalized profits after tax year-on-year. The normalized earnings per share, EPS, after minority interest, but excluding the Employee Stock Purchase Plan, which is a noncash charge, was Rs. 10 for the year, that is Rs. 10.0 for financial year '19-'20 versus Rs. 6.6 earnings per share a year earlier. So as I said, that's a rise of 53% in the EPS, earnings per share on the normalized basis, which is very pleasing.

Now I will go through the quarter 4 results as well as the full year profit and loss figures. The total revenues for Q4 were Rs. 1,241.6 crores versus Rs. 1,852 crores a year earlier. Total revenues for FY '20, the year as a whole was Rs. 7,183 crores versus Rs. 5,615 crores a year earlier. That's a record for Aegis Group, Rs. 7,183 crores. The EBITDA for quarter 4 was Rs. 158.4 crores versus Rs. 117.8 crores a year earlier. So that's a rise of 34% year-on-year in the Q4 EBITDA for the group. EBITDA for the full year FY '20 was a record Rs. 563.3 crores versus Rs. 412 crores a year earlier. That's a rise, a year-on-year rise in full year EBITDA of 37%.

The normalized PBT, profit before tax, for Q4, again, that is excluding the noncash accounting charge of the Employee Stock Purchase Plan, the normalized profit before tax was Rs. 128 crores for quarter 4 versus Rs. 86.5 crores a year earlier, that's a rise of 48% in the quarter year-on-year. And the normalized pretax profit for the year as a whole, FY '20, was Rs. 446.3 crores versus Rs. 302.3 crores a year earlier, again a rise of 48% year-on-year. And finally, the normalized Q4 profit after tax after minority interest, that is profits, net income after tax after minority interests available to Aegis common shareholders was Rs. 75.6 crores in Q4 versus Rs. 62.1 crores a year earlier, that's a rise of 22%. And the normalized profit after tax for the year as a whole FY '20 was Rs. 338.4 crores versus Rs. 221.3 crores, that's a rise of 53%, as I said before.

So a very good set of results for quarter 4, especially in view of the start of the lockdown in the last week of March, but also an excellent set of results for the year as a whole, up 53% year-on-year.

Now let's go through the segment analysis of the underlying businesses, starting with the Liquid Terminal Division. The Liquid Terminal Division revenues for quarter 4 were Rs. 53.3 crores versus Rs. 46.8 crores a year earlier. That's a rise of 14% in revenues even with the lockdown in the last week of March. So that was quite pleasing that there was a rise of 14% in quarter 4 year-on-year. And the full year results also were pleasing. For FY '20, it was a record Rs. 208 crores in revenues for this division. We have never broken Rs. 200 crores before. So that's Rs. 208 crores for the year as a whole for the Liquid Terminal Division revenues versus Rs. 183 crores a year earlier, that's a rise of 14% year-on-year in revenues. And that I would say is a creditable rise after the expansion of the Kandla Liquid Terminal and the Mangalore and Haldia terminals expansion. So that's a creditable rise in revenues.

As far as the EBITDA figures for the division were concerned, in Q4, the EBITDA for the division was Rs. 36.7 crores versus Rs. 29.2 crores a year earlier, again a healthy rise of 26% in Q4 year-on-year. And EBITDA for the year as a whole FY '20 was Rs. 140 crores versus Rs.104 crores a year earlier. That's a rise of 35% in EBITDA in this division for the year as a whole.

And I would just like to say, as far as quarter 4 was concerned, even though, obviously, with the start of the Coronavirus crisis and lockdown in India in March, despite that, as I said, we had a rise in the EBITDA of 26% in quarter 4 year-on-year. And a lot of that is because our model here is mostly based on storage revenues. So the goods were there in the tanks from most of the clients. Even though it's true that starting from the last week of March, the amount of tanker deliveries reduced drastically dispatches because, obviously, the government was not allowing nonessential goods like certain chemicals to be transported. So despite that disruption, because our model here is based on revenues from storage, we continue to earn well in this division.

Now let me go through the Gas Terminal division. First, starting with revenues in quarter 4, Rs. 1,188 crores versus Rs. 1,807 crores a year earlier. Most of you are aware that gas prices go up and down, so it's not so much the revenues that matter, but the underlying sales volumes, which I will go through in a few minutes. Our EBITDA for quarter 4 was Rs. 122 crores versus Rs. 89 crores a year earlier. So that's, again, a healthy rise of 37% in the EBITDA for the Gas division. Of course, here, because LPG was an essential product, even though there were supply restrictions on transport road tankers in many other products, LPG, the government said it was an essential product. So that continued to be dispatched. And here, of course, the business model is not storage revenues, but it's very much dispatch volume, throughput volumes, and so therefore, that was important that the LPG continued to flow. And I think I'm proud that Aegis played its role in making sure that the cooking gas LPG flowed throughout the country during this crisis. When there was a tremendous crisis during this lockdown, we made sure that the LPG kept flowing in all our terminals and made sure that the demand was satisfied for cooking as when everyone was locked down at home and were cooking, obviously, at home. We made sure that there were no supply interruptions at all as far as the Aegis was concerned and a good performance by our management, particularly our operations staff.

Now let me come to the year as a whole for Gas division. That was the quarter 4 figures. The revenues for FY '20 were Rs. 6,975 crores versus Rs. 5,434 crores a year earlier. And EBITDA for the Gas division as a whole for the year FY '20 was a record Rs. 423 crores versus Rs. 308 crores a year earlier. That's a rise of 37% in the Gas division EBITDA for the year as whole.

Now let me go through the LPG volume analysis for the quarter 4 as well as for the year as a whole, starting as ever with the throughput volumes in our LPG terminals in Mumbai, Pipavav and Haldia together. Quarter 4, the LPG throughput volumes were 728,364 metric tons versus 710,000 tons a year earlier, so a small rise of 3%. Good to see a rise in sales volumes in quarter 4 despite the start of the lockdown in March, the last week of March, and the challenges of maintaining those uninterrupted dispatches, which I mentioned before. So it was a challenge during this lockdown. Even though LPG was an essential product, it was a challenge to make sure that we had the uninterrupted dispatches. So I think that's creditable that we were able to maintain the throughput volumes at the rate of 728,364 metric tons in quarter 4 even during the start of the lockdown.

As far as the year as a whole is concerned, the throughput volumes for the PSUs, the national oil companies, was 2,995,748 versus 2,303,786 year earlier. That's a rise of 30% year-on-year. Of course, when you add up the volumes in bulk industrial sales in our own retail, we will have crossed 3 million tons for our total throughput of these with the terminals. But I'm just saying I'm dividing up just at the moment for the PSU throughput. So that was just short of 3 million, 2,995,748 for the year, which is a record.

The bulk industrial sales, which went through our terminals, but I'm counting that separately, for Q4 was 31,195 metric tons versus 18,784 metric tons a year earlier. That's a rise of 66% of our bulk LPG sales to industry. So that continued to go up very healthily even in quarter 4 even though there was a lockdown in the last week of March. And for the year as a whole, FY '20, the bulk industrial sales were 111,630 metric tons versus 70,755 metric tons. That's a rise of 58% even on the whole year in the bulk industrial sales. So very healthy performance in our retailing industry.

Now our commercial and domestic sector LPG sales in Q4 were also up healthily. It was 7,580 metric tons in Q4 versus 5,224 metric tons a year earlier. That's a rise of 45% year-on-year in Q4. Despite the lockdown in the last week of March, especially which affected hotels and restaurants, we still had a 45% increase. In fact, if we hadn't had a lockdown in the last week of March, that figure of 7,580 tons would have been even higher.

For the year as a whole, FY '20, the commercial and domestic LPG sales in cylinders was 24,921 metric tons versus 17,733 metric tons year earlier. So that's again a rise of 41% year-on-year in the sales for commercial and domestic LPG sectors. That reflects a big increase in our distribution network. It's a long way to go in our 5-year plan, but I'm just pleased to say that that 41% increase year-on-year reflects our big increase in our distribution network and that effort continues for the next few years.

Autogas sales in Q4. 115 gas stations as of end of March. We've increased the number of gas stations operations. Since then as of end of March 2020, it was 115 gas stations, which did total sales of 6,866 metric tons versus 6,585 metric tons, that's a rise of 4% only. Again, I have to say that really, in the last week of March, all Autogas sales stopped completely because all autorickshaws, taxis, cars, everything stopped, so there were really zero orders from last week of March onwards. But for FY '20 as a whole, it was 28,005 metric tons versus 26,052 a year earlier. That's a rise of 7.5% for the year as a whole.

Now finally, as far as LPG sourcing volumes are concerned for quarter 4, it was 425,000 metric tons, that was done by Aegis Group International from Singapore versus 472,515 a year earlier. That's a drop of about 10%. And for the year as a whole, FY '20, however, it was much higher 1,861,149 metric tons versus 1,231,599 a year earlier. So that's a rise of 51% in sourcing volumes for the year as a whole. But quarter 4 was a small drop.

So summary of our various market segments in the LPG business. As I said, it was over 3 million metric tons handled as a whole in our terminals from all the market segments, including the throughput for the public sector units as well as all the retailing. So over 3 million tons handled, and that resulted in a 37% increase in the Gas division EBITDA for the year as a whole FY '20.

Now let me talk finally about the outlook for the year ahead, FY '21, including particularly Q1, April, May, June, the outlook for that, the impact of COVID, and also the projects update.

So starting with the Liquid Terminal Division: As I said, the business has remained reasonable during the lockdown because our customer model is based on storage fees. Going forward in FY '21, I think you're all aware that there is a big economic slowdown in India. And that may result in lower number of ships and cargoes going forward, particularly in the first half of the year, but that may be continued during the year. And I am thinking particularly of chemicals traffic because there is an economic slowdown. Therefore, the amount of cargoes, raw materials, the chemical companies, chemical traders also want to import may be affected and also petroleum. Fact is that because of Coronavirus, people are driving and moving around less, so there's less road fuel being sold.

And therefore, the movement of petrol and diesel in our terminals where we are storing in Mumbai, in Kochi etc. maybe a little less and may be affected. So I think that's natural. However, at the current time, and I'm talking about Q1, it has been a small impact so far. Actually, things have held up reasonably well. So at the moment, despite being at the height of the Coronavirus crisis right now, Liquid Terminal Division has remained fairly stable. But I think we would not expect a lot of growth this year in revenues purely because, as I said, I think it's reasonable to expect there would be the economic slowdown would impact chemicals traffic as well as petroleum traffic, but so far, so good. And Q1 has reasonably held up. But I would not expect a big jump in growth in revenues in this year as a whole in the Liquid Terminal Division. But I think, at best if we can hold steady, that will be a good performance in view of the economic slowdown and the Coronavirus crisis.

Now as far as the Gas division is concerned, during COVID, the crisis, particularly April, LPG throughput volumes have held up reasonably well as it is an essential product and people were obviously using cooking gas as a fuel. But however, I would like to say that the outlook for quarter 1 as far as LPG throughput volumes are concerned is potentially a small drop in sales volumes versus the quarter 4 figure, which I reported was almost 700,000 tons, a small drop in volumes. We might expect as the LPG inventories are currently high in the country. There were a lot of spot tenders by the PSUs in April because there was a panic that there was going to be a lot of LPG cooking gas required and the refineries had shutdown essentially in April. But refineries have restarted since May. So therefore, you're going to have some more domestic LPG production. Therefore, the amount of LPG imports will probably go down to somewhat in quarter 1 because of the high inventories and the restart of domestic production, which wasn't the case in the month of April. And so I think it's probably the small drop expected in throughput volumes, I think it's fair to say. And also, our Pipavav terminal volumes will be disrupted because of the ongoing Railway Gantry project work. So I would not want to say that there will be more than a small drop, but we probably expect a small impact on the throughput volumes.

Retail was badly affected in April and May. That is when, obviously, the height of the lockdown in April and May because, obviously, all taxis, autorickshaws, hotels and restaurants were completely closed in April and May. And I think naturally, we have seen very small sales in the retail to those sectors, and that would impact sales volumes in April and May. However, we have got some bounce back in June, which is good, particularly in Autogas because some states have opened up the restrictions early like Karnataka, which is our biggest sales volume for Autogas anyway. So we've seen actually a sharp bounce back in some states because the Autogas stations restarted and as the autorickshaws and taxis have restarted. But then there are other states which are very slowly opening their restrictions on autorickshaws and taxis. But slowly, it's beginning to come back. So we will see some bounce back in June, but April and May were obviously badly affected for retailing in Autogas. And also, the same for hotels and restaurants, slowly in June, state by state. Some of the sales are coming back as far as the commercial sectors are concerned as they reopen some states faster than others.

So I don't think it's likely that things will go back to normal in quarter 1. Obviously, April and May were very bad. But even quarter 2, for retail, I would expect some continued growth and bounce back from the low levels it was. But I think it's unlikely that things will get completely back to normal in the first half of the year. That means Q1 and Q2 for retail, it will obviously depend on how fast the restrictions are lifted state by state in terms of the lockdown. But that is beginning to happen. But obviously, we're not through the worst of the Coronavirus crisis. So that is going to continue to impact on Q1 and Q2 certainly.

So to summarize, our overall guidance for Q1 as far as the LPG division is concerned is probably a small drop in LPG throughput volumes expected versus Q4. I emphasize a small drop, not unexpected during the height of the lockdown, particularly in April and May. But things will begin to bounce back as the restrictions are lifted in Q2, but we will remain profitable throughout. I hesitant to add every month, April, May, June will be profitable for the group as a whole in the LPG division and the liquid division, but I think there will be some impact during the height of the lockdown, particularly in April and May. June will be much better.

Now let me go through the projects update. I'm very pleased to announce htat the Uran-Chakan pipeline has been commissioned in the month of June at long last. So I can confirm that it's been commissioned, and the first gas was piped in early June and has continued to be piped through to HPCL. But we expect the full capacity to be reached only in the second half of this financial year, FY '21. That means in Q3 and Q4 onwards, from October onwards and to then generate incremental earnings in the second half of the year, incremental earnings when it reaches maximum capacity in the second half of the year. So that's really good news because as I have been at pains to talk for the last 4 years, it is a very strategic pipeline. It can carry 1.2 million tons of LPG and can therefore, boost our throughput when it is operating in a maximum at an annualized 0.5 million tons per year. That's in our investor presentation. An incremental 0.5 million tons per year could be added once this reaches the maximum capacity, which we expect will be reached in the second half of this financial year. But it has started in June.

Next, the Railway Gantry project in Pipavav. That was shut for 6 weeks because of the lockdown from end of March, so the whole of end of March and April and into the second week of May. But then we got the permission in that state in Gujarat in that locality to restart the project at long last after 6 weeks. So that project is going to be delayed by about 3 months from where we initially expected, but we now can confirm that we expect to start that railway connectivity by quarter 3. So instead of quarter 2, because of the shutdown of our project, all staff were not allowed to work. But when we're allowed to restart in the middle of May and the project is going in full swing now. We expect to start the railway connectivity in Pipavav by quarter 3 of FY '21, the current year. And we will then expect to boost sales volumes, throughput volumes in Pipavav, in the second half of this financial year, second half of FY '21.

So just like Chakan pipeline, the second half of this financial year from October onwards, we expect that to boost the Pipavav throughput volumes. Again, the amount of throughput that we will add in Pipavav, because of this Railway Gantry, this is obviously a commercial discussions which are going on with the national oil companies right now. So no more to say on that right now as to how much it would be. But in our investor presentation, we have given an indication as to what kind of range of additional sales volumes we could expect on an annualized basis once this Pipavav Railway Gantry starts. But at long last, we can confirm that we think it will be operational by Q3 of this year. That means October, November, December of 2020.

Next, the Kandla LPG project, our most important and big project. Again, we were shut down from the end of March. But we were allowed to restart, in this case, from April 20. That's a specific date that we were allowed by the district collector in that area in Kandla to restart. Fortunately, our subcontractors were able to do a really good job with their manpower that they had throughout that period of April, until April 20, they housed the bulk of their employees and their stock nearby so that when we were allowed to restart, they had not gone home, and they had not gone elsewhere, but they were there in the area and they were allowed to restart the work on April 20. That day, when we got the permission because the workers were housed by them around the area in Pipavav, they were able to bring those people back. And on April 20, we actually got back working, but it's not fully staffed. At the peak in March, before the lockdown we had, I think, something like 400 people on-site with all the subcontractors working, it was insourcing.

We are now still around 200 to 250 people on-site, so not 400. But the project is going well. Despite having lower manpower than at the peak, but the project is going well. We monitor it week by week at our level. And we do expect a delay of about 2 months because of that lockdown in Kandla and also 1 or 2 items only delayed in terms of procurement. There's a plant in America, in Nevada which is just restarted in the month of June, where we're importing in-tank pumps etc. So there are goods that we are importing. The factories in India have restarted. I'm talking by our suppliers. But 1 or 2 items delayed here and there. But the bulk of the procurement is on time. But we do expect a delay of about 2 months because of the lockdown when we were not allowed to work on the site, which means that we now expect the commissioning in quarter 4 of FY '21. That means to commission the Kandla LPG terminal in quarter 4 of FY '21. And the impact on earnings, therefore, will only come in FY '22, the next financial year rather than any in this year. I think that's our current expectation.

Next project, the Mangalore Liquid Terminal expansion. We have a project of 50,000 kiloliters, which is of Liquid Terminal in Mangalore. We already have 25,000 operational as you know. But this is adding 50,000 kiloliters to take it up to 75,000 kiloliters. A very strategic port, Mangalore. That project is ongoing. And actually, that's on time. We expect to complete in this financial year, and the impact on earnings will come in FY '22. So that project is on time, and we expect to commission that this year, and then the impact on earnings will come next year in FY '22.

Finally, there is a small project in Haldia on our Haldia 4 plot, of 12,000 kiloliters. That's ongoing, and we expect to finish that by the first half of this year, FY '21. So the impact on earnings will come in the second half of this year for that small project of 12,000 kiloliters in Haldia in FY '21.

So let me conclude by saying despite the challenges of a weak Indian economy going ahead and the Coronavirus crisis, which is still not over obviously in India, with which we have not yet reached the peak in India, as far as Aegis Group is concerned, we expect to continue growth in earnings in FY '21, driven mainly by the new projects being commissioned this year, such as the Chakan pipeline, the Pipavav Railway Gantry and some bounce back in the retail LPG segment. However, the first half will be softer due to the lockdown impact, the first half of this financial year, FY '21, as I explained, particularly in Q1 when the height of the lockdown was in April and May. But the second half may be stronger once the Chakan pipeline and the Pipavav Railway Gantry is fully operational in the second half. And some bounce back in retail is expected as the restrictions are lifted, particularly in the second half from October.

And so I think that's probably the picture that we can give for FY '21. We do have a strong balance sheet in Aegis Group, very little debt, and that's a really good position to be in, in times like this, tough times like this when we don't have very much debt in our balance sheet. In fact, we have surplus cash reserves and it's a good time to have a strong balance sheet in this time of crisis. And we continue to have a bold medium-term growth plan, which is laid out in our investor presentation. And we'll continue to fund that given that we are profitable and we have surplus cash flow coming in from operations. And we'll continue to fund that growth plan, and we'll continue to execute it as we had before.

I was just saying about the dividend that the Board has approved a final dividend of Rs. 1.2 per share. Meaning the full year dividend for financial year FY '20 was Rs. 1.7 a share, including the interim dividend that we have declared earlier. Rs. 1.7 per share for FY '20, which is an increase of 21% on the dividend of the previous year, FY '19. And that reflects a balance between confidence in continued growth in earnings, but with caution about the economic outlook in India and the continued Coronavirus crisis, especially in the first half of this financial year, FY '21. Although we did have a 53% increase in earnings per share in FY '20, which is an excellent performance, the Board has recommended to shareholders an increase of 21% in dividends, reflecting that caution in the first half of this year when we are in the midst of this Coronavirus crisis. While Aegis continues to do well in terms of profitability, we should be cautious in the first half of this year in terms of the sales volumes as I described, but we do expect the second half of the year from October onwards.

At the current time, we had to obviously, the usual caution about what happens in Coronavirus crisis. But at the current time, because of the new projects which will achieve maximum capacity, the Chakan pipeline and the Pipavav Railway Gantry project in the second half of the year and the expected bounce back in retail, assuming no further lockdowns in the second half year from October. We expect that to boost the earnings in the second half of this year, leading to an expected growth in earnings for the year as whole FY '21.

So that is my presentation. We can now take questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Kashyap Jhaveri from Emkay Investment Managers. Please go ahead.

Kashyap Jhaveri: My first question is just a clarification. If I look at your reported EBITDA, that's roughly about Rs. 135 crores. And the normalized EBITDA that we'd report in the presentation, the total comes to about Rs. 159 odd crores. This is the first thing that I'm seeing such a large variation of in excess of about Rs 23 - 25 crores between these 2 numbers. So what I'm saying that if I look at the previous quarter also versus Rs. 158 crores reported in the presentation, the EBITDA reported in SEBI format was about Rs. 152 crores. So there was no large variance but this quarter I can see a very fairly large variance over here.

Murad Moledina Can you please repeat your numbers?

Kashyap Jhaveri: Yes. Sure. So if I look at your EBITDA in the presentation, normalized EBITDA for the quarter, Rs. 122 crores plus R. 37 crores gas and liquid total comes about Rs. 159 crores.

Murad Moledina: Correct.

Kashyap Jhaveri: But in the previous quarter, it was about Rs. 158 crores. If I look at what you have reported on BSE, the EBITDA number comes at about Rs. 152 crores for the previous quarter and Rs. 135 crores for this quarter. So there is a fairly large variance between Rs. 159 crores reported in the presentation and Rs. 135 crores, which is in the BSE format.

Murad Moledina BSE format, you are taking from where?

Kashyap Jhaveri: I mean you have filed in the SEBI format, right, on BSE, the normal audited cost results that we file...

Murad Moledina Yes. That is Rs. 135 crore, right, what you are saying?

Kashyap Jhaveri: Right.

Murad Moledina Rs. 135 crores is PBIT, not EBITDA. It doesn't add up the depreciation. If you add up depreciation, you will come to my presentation EBITDA number.

Kashyap Jhaveri: And actually, I'm subtracting depreciation after and not taking other income also into account, which is about Rs. 19.5 crores. So Rs. 19.5 crores, other income will actually match with depreciation, which is about Rs 18.7 crores. And then your EBITDA number will also be...

Murad Moledina: Other income is split between segment. Other income will also be operating. So it will be embedded in the PBIT. You cannot knock off depreciation against the PBIT entry like that, yes?

Kashyap Jhaveri: Okay.

Anish Chandaria: So this Rs. 19.5 crores other income, a fair part of that would be included in the presentation EBITDA number, which is around Rs. 158 crores or Rs. 159 crores. And that should explain fair part of the variance.

Kashyap Jhaveri: Second question is for Mr. Chandaria also mentioned about quarter-on-quarter, there might be a disruption in terms of a small or probably decline in terms of foothold. If I look at PPAC data, the imports for the first quarter, first 2 months, which is already out, are roughly about 2.9 million tons. And for the full quarter of FY20, fourth quarter FY '20, that number was roughly about 4 million tons. So if June variance is so large to probably disrupt the volumes by a small decline because, again, first 2 months has been very strong in terms of imports, which ideally should reflect in that throughput, right?

Anish Chandaria: Yes. Let me answer that. So actually, we know what our throughput was in April and May in our own terminals. Of course, I'll be reporting that in the next earnings call. I mentioned 2 things. If you look at the quarter as a whole, that the PSUs have bought a lot in the month of April and even quite a bit in the month of May, which means that they are currently overstocked now. And then the refineries have restarted production towards the end of May, which means that domestic production of LPG has certainly restarted in April. April and May, there was actually no domestic, hardly any domestic production we have released, so it was all imports. So that means that supply of LPG has increased quite a lot. Therefore, there is definitely going to be less imports going forward, particularly in June, yes, but some of May as well. So when you take that all together, I think, as I mentioned, that probably as far as the impact on us specifically is concerned, because of less imports in April, May, June as a quarter for the PSUs, there will be some small impact for us because of the 2 factors that I mentioned about the refineries restarting domestic production and therefore, less imports and overstocking. The other issue which I mentioned, a small issue which is that, obviously, we restarted our Railway Gantry project, and there will be some disruption while that project is going on with our LPG throughput in Pipavav because, obviously, safety distances and welding work and all that. But I think that's that we would normally expect, and we are trying to finish the project as quickly as possible because it will have a much greater impact. So I'm giving guidance that not to be over bullish on throughput volumes for LPG in quarter 1, April, May, June because of those 2 factors, but nothing major, but some small drop is what I said. But those things we will work out. Obviously, the Pipavav project will be over by Q3. So it's a matter of time. And I think that as far as the inventory issue, LPG imports issue that I mentioned, probably in the second half of the year, by Q3, that will also be cleared up. So there might even be ongoing some impact into Q2 as well as Q1. But we will see. It is difficult to forecast exactly quarter-by-quarter. But I think you will be right for us to at least give some indication that there will be potentially a small drop in throughput volumes. But I mentioned the word a few times, small. So small is not to get overexcited.

Kashyap Jhaveri: And just last question on our distribution. We have seen significant market share in this particular quarter, so what is driving that? And we used to mention about this distribution

EBITDA, which was like a 5-digit number fairly recently. Has there been any improvement there in the last quarter?

Anish Chandaria: In margins?

Kashyap Jhaveri: Yes. I mean per ton so I think it was about Rs. 10,000...

Anish Chandaria: Yes. The margins have remained the same. There just have been very little sales volumes, for example, in Autogas. So Autogas, I can, right now, for example, we are selling Autogas. I'm very pleased to say. I have the forecast from our Head of Retail. So because, for example, I mentioned State of Karnataka has restarted the Autogas station. Now I want to tell you, again, as far as sales volumes are concerned, the Autogas sales volumes for the month of June is still not back to what it was in the month of January and February because not all states have reopened completely, but states which have reopened, our most important state is Karnataka, for example, yes, the stations have bounced back well as the autorickshaws and taxis have restarted. But yes, but as far as the margins are concerned, we've been talking about Rs. 10,000 a ton. That has remained about the same, and stable margins. And the margins on the commercial cylinder and domestic cylinder of around Rs. 3,000 to Rs. 4,000 a ton, that has also remained stable. But as I said, the problem has not been margins, which have remained stable, but lack of sales because everything was shut down like hotels and restaurants in the month of April and May, but that's also slowly restarting state by state. So we'll expect some bounce back in June, not to the level pre-COVID but yet but at least now, we're getting some sales back.

Kashyap Jhaveri: And on market share? I mean what drove the market share gains in this quarter?

Anish Chandaria: Sorry, I couldn't hear. Growth in market share, did you say?

Kashyap Jhaveri: Yes. I mean versus about 30,000 on an average we used to do last year, we banked up about 41,000 total and now at about 46,000.

Anish Chandaria: Not really relevant to talk about growth in market share because we've had very little sales in April and May. So I think right now, it's just get the sales going again, which we have started in June, I'm pleased to say. So forget of market share right now, just get some sales. We'll see where we are in market share once we are able to restart most of the places. And look, let's be honest about it. When you have a mass lockdown or a curfew, as I call it when nobody is allowed to go out anywhere, especially in April and May, throughout the whole country, national, how do you expect the sales to go on, particularly, for example, transportation as well as no one was allowed to go to restaurants and hotels. But as I said, states are at different stages in opening up. Some states have worked than others in there. But I think, at least, things are beginning to restart as far as the retail sales are concerned. But as I said, we'll worry about market share when things are fully open.

Moderator: Thank you. The next question is from the line of Shaleen Kumar from UBS. Please go ahead.

Shaleen Kumar: Can you talk about a bit on the sourcing outlook as well? I might have missed, in case you have talked of...

Anish Chandaria: Yes. Sourcing outlook, yes, I think there will definitely be less spot tenders because the oil companies in April did a huge amount of spot tenders. Actually, we couldn't even fulfill some of those because there was a mad scramble for ships and all that with this whole thing going on about the Coronavirus. So I think they're not going to do many spot tenders now. So probably it's going to be the normal kind of annual tenders or 6-month tenders that we expect. And as I said, there will be less imports for the next few months, probably it looks like than there was in the month of April, which was a very big figure because of the panic buying of these public sector units because of the restart of the refineries' domestic production. So there'll probably be less imports for the next few months. I think the situation will become a little clearer by quarter 3. I'm sorry to keep saying that things will get better from quarter 3 for everything. But that's what our current expectation is purely because we haven't reached the peak in the Coronavirus. So that's why quarter 1 and quarter 2 although things are opening up now for sure, but there are still real hotspots, as you know, in cities like Mumbai, and Delhi, and Chennai, etc. So I don't think it's fair to say that even on sourcing things we will get back to normal. So in summary, even on sourcing, I think the first half of the year will be a little slow compared to normal. But we might expect there to be more imports and more tenders in the second half of the year. But as I always say to most of you now, this is a very small part of the business, the margins are around US $2 per ton. It's not a great game-changer. So whether it happens or not, it's not a big impact on earnings. But yes, you asked the question, so...

Shaleen Kumar: Sure. Also just following up from the last participant. Intuitively, we expected good quarter. So 2 reasons, like as you rightly said, refineries were shut, so more import. Also, that scheme announced by Prime Minister of free cylinders to some 8 million families for 3 months. So shouldn't that take care of demand even for the coming months as well? What are the inventory they have, since there is going to be additional demand because of the scheme as well?

Anish Chandaria: Yes. So you're right to highlight that. That's a good point. There has been a positive impact on demand because of the Prime Minister's scheme. That's true, but against that is supply. So it's really the balance between demand and supply. So I think you're right that there has been a boost in demand because of that. But then that has worn off to some extent because that was for a period of time, extra 2, 3 cylinders. And then against that is the increased supply as the refineries have restarted production. So what I'm kind of describing is the balance between that demand and supply. And our best guess for quarter 1, April, May, June, is that there will be somewhat a small drop in the level of imports and therefore, the amount of throughput that we do. Again, I say a small drop, nothing to write home about. But I don't see it at the moment. And obviously, we are watching the figures every month or every week even. I don't see at the moment a big jump in sales volumes. So that's why I'm saying that either stable or a small drop is probably a reasonable expectation. What happens in quarter 2? Again, it's very difficult to forecast at the moment. But it depends on all the factors that I mentioned, the amount of domestic production that happens, the amount of demand, and then the amount of stock levels. So difficult to forecast. But I think probably it's a safer assumption to assume that Q2 might be still soft, softer. But Q3, Q4, because of the factors that I mentioned, the Chakan pipeline and the Pipavav Railway Gantry, that seems to be reasonable to expect that, that will be a jump, shall we say, in our own throughput volume because of those 2 projects rather than the overall demand situation. And also, I think, yes, normally, anyway, the festival season in Q3, the Diwali and all that, and I hope that India has passed its peak in the Coronavirus. So based on that, that we expect that second half of the year, the throughput volumes to be growing again. But the first half of the year may not be growing is what I'm really indicating.

Shaleen Kumar: Sure. And sir, the last bit, any intelligence on competition or competing terminal more so like Adani and also the status of BPCL terminal at Haldia?

Anish Chandaria: Yes. So Adani, Mundra terminal has already started, I believe, in Mundra last October. So it was about 9 months ago. So they are continuing. The throughput, of course, they are not at full capacity at all because they are only able to move by road. They don't have a pipeline. So that carries on. We will be ready with our Kandla LPG terminal, as I said, delayed by possibly 2 months, so delayed till Q4 of this financial year instead of Q3. But we are making progress on our pipeline, into connectivity work that I've mentioned several times. We're making progress despite the COVID lockdown, the meeting is still going on in Zoom and all that. We're making progress. As far as the Haldia LPG terminal is concerned, obviously, they are delayed. Because of the lockdown, their project is delayed. But at the moment, the current intelligence that we have from our friends in BPCL is possibly 2 to 3 months delay in their commissioning. But the throughput volumes have been good actually, in Haldia particularly, actually surprisingly good. So in the current quarter, I'm talking about Q1. Actually, it has been very good. So demand continues well in that particular location, and the throughput continues to be good. I had a Board meeting with Itochu the other day. I think it was actually yesterday on that particular joint venture, which we have with them in Haldia. And they also complimented the management, particularly the operations management in Haldia for continuing with the supplies at such a time. So they understand also in Japan how tough things are all over the place, all over the country. So I think it was nice to hear them also complementing how well the Aegis management in Haldia have done in terms of the operations to make sure that the dispatch is continued. And so that's good. But I think BPCL will probably be 2, 3 months delay. That's our intelligence have informed us.

Shaleen Kumar: So are we expecting what in second half to BPCL to commissioning?

Anish Chandaria: Yes, I think so. I think that's reasonable. Of course, they've been delayed a lot more beyond that. But that's our current expectation. Yes.

Shaleen Kumar: And just to understand, like how much BPCL right now contributes to our Haldia terminal?

Anish Chandaria: Right now, around 75% to 80% of our throughput in Haldia is HPCL, so BPCL is only about 20%. So it's really HPCL, which is 80%, 75% to 80%. But at the current time, our current planning and our budgeting for our Haldia terminal, because we fully expect BPCL to start the terminal this year sometime, that it will be delayed 2, 3 months probably. Our current budgeting and I can say that is that HPCL from its own growth in volumes this year expected, for example, from places like Panagarh, their bottling plant, we expect that to compensate for the 20% of BPCL that will go after their terminal. That's our current expectation.

Moderator: Thank you. The next question is from the line of Chirag Vakharia from Budhrani Finance Limited. Please go ahead.

Chirag Vakharia: I just wanted to understand, given the slowdown we are in, do you think this Chakan and Pipavav incremental offtake that you're talking in second half will happen?

Anish Chandaria: Our current expectation is, yes, this is based on the customer requirements, not because I said so. So the customer requirements, for example, regarding the Chakan pipeline, I mean, again, I would be careful how I say it. But they were very keen, let's say, the customers, particularly HPCL on getting this commissioning done of the Chakan pipeline. So our expectation based on what we hear from the customers is that because there will be huge savings for them once they use this pipeline, right, instead of moving the same goods by road, by moving the pipeline. So our current expectation is that there will be a good boost to volumes over and above the current volumes that they take. That's based on customer indication to us, which is why I can say it. As far as the Pipavav Railway Gantry is concerned, I already mentioned that it's been difficult for us to talk to the customers about Railway Gantry, Railway Gantry because it hasn't been completed. But the discussions have already started on Zoom in the last couple of weeks since we restarted the work. And every indication that we have so far is that they have identified particular bottling plants, which have railway sidings in the north, particular specific bottling plants, which have railway sidings in the North, which I repeat, this will be big savings for them to take it through the Railway Gantry from Pipavav compared to what they're doing now. So in other words, diverting from other terminals to Pipavav. So there is commercial sense behind it, both in Chakan as well as the Railway Gantry, that it will be major logistic savings for them to do it, which is why it gives us confidence it will happen.

Chirag Vakharia: Sir, how much incremental ESOP is there balanced to be written off?

Anish Chandaria: Yes. As per the plan, which I've set out earlier, I think it's in previous earnings calls. So for example, this year, Murad, you can just explain how much should we will be expensed this financial year FY '21 and FY '22, a little bit more?

Murad Moledina: Yes. I think last year, we debited Rs. 238 crores. This year, it will be Rs. 90 crores. And then the year next Rs. 14 crores. That's about it.

Anish Chandaria: The bulk of it was taken as an accounting charge last year, FY '20. And then there'll be an amount that he mentioned for this year and then a tiny amount, 14 crores, in the FY '22.

Chirag Vakharia: And 2 questions for Mr. Murad. This other financial liabilities have gone up for FY '20, what is that for?

Murad Moledina: That is AS 116, I believe. That is what you're talking about, Rs. 300 crores.

Chirag Vakharia: Rs. 316 crores.

Murad Moledina: Yes. So there, the lease now has to be worked out. The operating lease has to be worked out at the present value and taken as an asset and depreciated and correspondingly liability created. So it is an accounting entry due to AS 116, which is….

Chirag Vakharia: Yes. Got it. And sir, just last one, for FY '21, the effective tax rate would be, there is some tax note that you have written. So what would be the effective tax rate for FY '21?

Murad Moledina: I think it will not be much different than the current year, maybe 2%, 3% more than the current year. So we prepare around 18%.

Anish Chandaria: Around or a little less than 20% is the effect.

Moderator: Thank you. The next question is from the line of Depesh Kashyap from Equirus. Please go ahead.

Depesh Kashyap: So my first question is on your Slide #16 where you showed the expectations for LPG imports till FY '35. So the government plans to double the refining capacity 500 metric million tons by 2030. And also, the government is getting very aggressive with the city gas distribution and was there an aim to cover 70% of the Indian population. So just wanted to like even if you factor in the delays like you think this can a be big structural threat to your business? How do you think about it, sir?

Anish Chandaria: Yes. Look, as far as refinery expansion is concerned, I think I can explain it to you like this, the world has changed. And this is before Coronavirus anyway, but even after Coronavirus. The idea that there's going to be a massive expansion in refining capacity in India, given that there has been such a sharp drop in petrol and diesel and jet fuel demand and is very unlikely in any time soon. So I really would not like to assume that there'll be a massive expansion, multibillion dollars, anyone is likely to spend on refining capacity. The world has overcapacity in refining now, including in the Middle East, which is 3 days away from India. So I think it just doesn't make any commercial sense. Similarly, on the citywide gas distribution, a lot of hype, a lot of hype has happened, not unusually in India. It happens all the time. And I'm afraid any businessman who is operating in India knows that current economic conditions are really difficult, okay? And not for the next 3 months, it's going to be for the next 2, 3 years, probably. There's a huge problem in the financial sector, which was pre-COVID and now post-COVID the nonperforming loans is going to be huge. So the idea that there are going to be lots of companies and entrepreneurs who are going to be setting up, spending crores of CAPEX on setting up citywide gas distribution networks, with all its difficulties, and I can go through for a long time, I don't have time now, it just doesn't make sense. In fact, my clear forecast, it is my opinion, is that many people will walk away from those commitments, and it will not happen. So a little bit will happen, but most of it is not going to happen. People don't have money to invest. Companies don't have money to invest. Entrepreneurs don't have money to invest with very few exceptions. One of which is Aegis, which actually has a strong balance sheet, so we're going to carry on with our investment. And the last point is as far as natural gas is concerned, pipe natural gas, please understand, it's extremely uncommercial proposition to build pipelines to every house and every apartment block to spend crores and all that, plus building a national pipeline grid, which is also very expensive. And so I think the most likely scenario is that LPG will be the primary cooking fuel for the next few decades in India because there's very little investment in infrastructure required with the exception of some of the terminal capacity that we're building and all that.

And actually, look at what the government is doing. The government is spending money. The PSUs are spending money on building LPG pipelines, not so much on the LNG pipeline. The government is pushing the PSUs, IOC, HPCL, BPCL to increase the LPG import infrastructure. In fact, they are the ones who are saying, okay, Aegis, please build some more import terminals. So that's what's happening on the ground. Very little action right now is happening on natural gas, citywide gas distribution networks for the reasons that I gave, not just because of COVID, but because it actually doesn't make commercial sense. So I think our opinion is very strong that actually for cooking, a country like India with thousands of villages, etc., it is LPG where the growth is there for many years to come, and we put a 15-year forecast here. And I think that's what the international LPG world if you talk to the LPG world, which we do all the time, that's what they believe as well that India is, and I've said this many times, India is recognized in the LPG world as the most attractive growth market for LPG imports in the world in terms of size, a major importer, over the next 20 years. And that's why we at Aegis have decided to focus so much on the growth in LPG.

Depesh Kashyap: Understood, sir. Very helpful. Sir, secondly, the ongoing projects that you talked about, the proposed CAPEX comes to around Rs. 485 crores. Out of this, how much has already happened? And how much should happen in FY '21?

Anish Chandaria: Murad, do you want to take that for the existing projects?

Murad Moledina: Yes. Around 40% is done and 60% would follow.

Depesh Kashyap: And that should happen this year, right?

Murad Moledina: Yes.

Depesh Kashyap: And Murad sir, one more question like can you help me with the closing balances of ROU assets and liabilities on March 20, please. Because I think that those numbers are clubbed?

Murad Moledina: Will be difficult. If you will write to us offline, we will provide you that.

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

Pritesh Chheda: Sir, I have a question with respect to the LPG logistics volumes that we reported in quarter 4 where there's a 3% volume growth and your commentary about Q1 whereas we were running on a fairly high number in quarter 3 at about 9 lakh. So all of this connection, when we look at with respect to the import growth or the domestic consumption growth, the number looks a fairly lower number. So just to do with the inventory in the system which disturbs the volume number? Or there is a case for spot cargoes, which have come and which wouldn't have gone through our terminal? So a light there would be extremely helpful to understand, the volume growth.

Anish Chandaria: Yes. It's a good question. Quarter 3, we had a record, as you said, above 900,000, we are very happy. Quarter 4, look, actually, things were going quite well in January and February. But the Coronavirus was going on in March as well. Yes, the lockdown was last week of March. But there's no question that there was a rethinking of some imports etc. and then because the PSUs did not know exactly what was going to happen. Then, of course, there was a panic when they did put the lockdown. So actually, the April figures, the April figures were very high in terms of the throughput. In that quarterly figure that I gave was 728,364. The April figure was very high because there were lot of spot imports etc. But then, as I said in May, sometime in May, I don't know the exact date, but probably the second half, as they overbought actually in the month of April, then in the month of May, they started doing less imports because the demand was satisfied. And they had these high stocks and then the refineries restarted at the end of May etc. and then that continued into June. So I think during this COVID crisis as far as quarter 4 is concerned, I think I was talking about January, February, March. I didn't mean April. I'm sorry, I mentioned April. I meant January and February was very high. And then in March, there was some uncertainty. And then in April, we again spiked up very high and then May, all right. So month by month, there have been some swings in the figures. The import figures and the amount of tenders during this very uncertain time of COVID, which made it difficult for the PSUs to forecast exactly what was going to be demand and what was going to be stock. I think that's why in times of volatility, it was a little difficult for them to forecast also how much to import, how much not to import. So that January and February was normal, all right?

I think that's fair to say. And actually, things were going well. March, there started to be some uncertainty policy because that's when India started realizing that, oh, this Coronavirus crisis may hit. I remember, I was in India, that was the last time I was in India, at that time when people in India were watching what was happening in the rest of the world. They were watching what was happening in China, and what was happening in Europe and all that. So things started becoming volatile from March is my point. That continued into April and into May, and so that's I think natural to expect that that to be some volatility. And I think it is probably unreasonable to expect that for while all that uncertainty and volatility is going on, the things will be a smooth, linear growth curve. I think that's unfair to think that. What I have indicated is to be clear about it is that actually, things have held up well in the LPG business. I'm actually proud that we got 728,364 metric tons in quarter 4. You will see the figure in Q1, I said it might be a small drop.

So things had help up, but I think with these volatile times it would be unfair to think that things just carried on growing as they were before this volatile times. But I said there's some good news around the corner because of the new projects, Chakan pipeline, which you heard about from me many times, I know, and the Pipavav Railway Gantry is similar, that that will all come on stream and that will have a positive impact, significant impact, if you look at the figures, significant impact in from Q3 onwards, which is not so dependent on outside environmental factors or the...

Pritesh Chheda: The cannibalization of road rail with your pipeline, right? With the pipeline volume?

Anish Chandaria: Yes. That's right. We'll be diverting that into our terminals because of pipeline and because of the Railway Gantry. So that's a fairly certain thing.

Pritesh Chheda: So is it fair to assume in that incremental 0.5 million ton since half yearly benefit you will get for the Uran-Chakan. Half of that 0.5 million ton can flow in?

Anish Chandaria: I don't want to give an exact forecast. But as I said, if you see our investor presentation, I have said that that at the maximum, the Chakan pipeline on an annualized basis could mean an incremental 0.5 million tons. And the Pipavav Railway Gantry could mean another 0.5 million tons, so that's 1 million tons more annualized from those 2 sources if things are operating maximum capacity. What the actual figure will be, we will see. But we have a chance from to start generating those types of volumes from the second half of this financial year, which will be a good thing for the year as a whole.

Pritesh Chheda: And just clarifying, when you're telling small drop in volume in quarter 1, your reference number is quarter 4 LPG logistics volume of 728,000 tons? Or your reference number is...

Anish Chandaria: Yes. That's right. It is with reference to that quarter 4 figure, which is the published figure of 728,364...

Pritesh Chheda: 728,000. Okay.

Anish Chandaria: That there may be, either it will be similar or a small drop. This is kind of….

Pritesh Chheda: And lastly, sir, there is a unit EBITDA profitability, which is significantly higher this quarter, if I look at the LPG business. Just taking the EBITDA and dividing by the logistics volume, the deviation that we see is to do with the...

Anish Chandaria: Yes. It is difficult to give a general answer because obviously there are different segments in that etc. So I'm not sure of the answer to be very honest on that. Because the throughput that the EBITDA margins are stable on all the various things, but I think probably just see how it pans out in future quarters and you'll see.

Pritesh Chheda: No. I'm just asking the deviation is largely to do with the extra profitability that we're getting on the distribution side?

Anish Chandaria: If you're talking about quarter 4, yes, you're right and now I understand your question. Yes. Because the retail distribution margins are higher. I mentioned Autogas Rs. 10,000 a ton and in quarter 4, we had higher sales from both, I mentioned the commercial sales were 45% up year-on-year and the Autogas was also good. So obviously that means greater margins because the retailing was higher margins and more sales means higher margins.

Pritesh Chheda: Anyhow you did profitability, there would have even expanded for that, right versus the quarter 3? There would be even further expansion, right?

Anish Chandaria: Yes. I think so because we had greater sales. We had more stations in quarter 4 compared to quarter 3. We had new commissions for example in Autogas and every ton is Rs. 10,000 more profit. And we had more dealers for the commercial thing and we had higher sales, even in quarter 4 versus quarter 3, so yes.

Pritesh Chheda: And lower LPG price.

Anish Chandaria: Unfortunately, in quarter 1 now, because of the lockdown that some of that would have gone out, as I said many times, because of the lockdown. But quarter 4, yes, the impact of retailing was good.

Moderator: Thank you. The next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.

Aditya Mongia: I had 2 questions for you. The first one was on competition. You would have seen a few months of competition coming from Mundra. So do you envisage a case for any kind of predatory pricing coming from them in the near to medium term, especially for the workforce volumes, which may impact Kandla and its pricing?

Anish Chandaria: At the moment, their declared rate is much higher than our declared rate in any terminals anywhere. And the main thing I can tell you is that our capital expenditure for these projects. Our Kandla project, for example, is budgeted at Rs. 350 crores. We are so super competitive at that rate of construction built.. We can be super competitive at that kind of project cost and I can't predict this and we know Adani, I don't expect there to be a predatory pricing from them. We know them. We talk to them. Because the market is big enough for them and us. And therefore, we can share the market. But I have said and it is true which is our biggest cost advantage. Our biggest competitive advantage is definitely going to be pipeline, connecting the Kandla LPG terminal by pipeline. For example, existing GAIL Loni pipeline. We have got an in principle approval from GAIL, conditional approval already in writing. That is the biggest thing because, finally, as I've emphasized, over many years now, it is the delivered cost of the LPG, not just the throughput rate from the terminal, which is far more critical to the company. So if you can transport by pipeline to the bottling plants of the customer, that is around half the cost of transporting which is where Adani is doing it today. So that is really critical. And that's what we're working on, as I said before we commission the terminal and ask me that when that is done. It is not done yet, but we are still 9 months away from completing the terminal. But work is going on. And as I said, we have got an in-principle approval from GAIL for that interconnection and to use that pipeline. They are the owner of that pipeline. So that's why I've said it publicly many times.

Of course, there are certain conditions which we need to meet, and we are in the process of meeting those conditions. But none of them is a showstopper. So that is absolutely critical to the future of Kandla, that connectivity of the pipeline is there. That is absolutely true. And I make no bones about it, but that makes us very competitive terminal. Plus the fact that our capital cost is Rs. 350 crores, which is compared to other terminals very competitive.. That's a huge competitive weapon that we have.

Aditya Mongia: Sure. That explains. And the second question, I just wanted to kind of check with you the way I'm thinking about in the very near term, which is a lockdown period. Whether it is correct or not, I'm talking in some perspective of LPG imports. From a demand perspective, my assumption is that demand for LPG is likely resilient to the kind of lockdown that we have seen right now and this may continue for some time whereas the supply of LPG, domestic supply, it being a byproduct of a refinery, would see downside to us. And this import should actually be having a good period ahead for the time that lockdown continues. Are these assumptions right or wrong? And I'm not talking of 1Q, 2Q, or on a Q-on-Q basis, but this pre-COVID and post-COVID, how do you think about it?

Anish Chandaria: Yes. So I think during the COVID crisis, there has been a complicated interplay between demand and domestic production and stock levels etc. I think I've said that I'm not going to repeat it, during the COVID crisis. But that will come to an end eventually, hopefully. Post-COVID, I do think that these things will wash out, those particular complications that I mentioned. And I think that is quite likely that you will not quite likely, almost certain that we'll see our regular demand growth in India of LPG, which has been running pre-COVID, it was running at about 7%, 8% volume growth per year. So let's assume because there is an economic recession going on in India, and there's less income and migrant labor has gone back to their villages. Let's assume demand growth may not be 7%, 8%, but it might be 6% or 5% to 6%. But that is reasonable to expect that kind of demand growth. In that case, given that there is, as you say, a kind of supply constraint from Indian domestic production on the refinery, that's true. We would expect import growth to continue to happen again post-COVID, meaning that bulk of that demand growth of 5%, 6% will come from import growth again. That's what our expectation is post these few months of COVID lockdown restrictions, the volatility that I mentioned. So I think it's reasonable to expect demand growth given that cooking gas is an essential product, may not be quite the kind of demand growth figures that it was before the recession started, and for the reasons we gave. But I think we expect reasonable demand growth possibly 5%, 6%. And we expect the bulk of that to come from import growth as well. So that, I think, is reasonable.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, we'll take this as a last question. I now hand the conference over to Mr. Chandaria for closing comments.

Anish Chandaria: Thank you very much. Lot of questions today, more than usual. Maybe everyone is still working from home. I don't know. Anyway, I would just like to summarize that, look, there are challenges in India that we're all aware of, of a big recession, which is going to be global, plus in India. And there is still a continued Coronavirus crisis. India has not reached its peak yet. Don't know when that peak will be reached. And then even after the peak, it takes months for the curve to go down. We all know that. So during these uncertain times, I think what we are trying to do at Aegis is try to manage our way through these uncertain times, volatile times with a fortress balance sheet, with very little debt, and with net cash reserves. And I'm pleased to be able to say, as I said today, that every month of this Coronavirus crisis, we have remained strongly profitable and strongly cash-generative despite still doing restarting our projects, CAPEX, we've been generating surplus cash flow to the extent that we're able to raise our dividend by 21% year-on-year, which shows us some confidence. But I think we remain cautious about the near term, particularly Q1 and Q2 especially in the LPG throughput business and retail. Cautious, meaning not to give a view that there's going to be a big growth because I think that would be unreasonable. But cautious in saying that we would expect to maintain current levels or a small drop in sales volumes. And also cautious in saying that there will be some impact on retail volumes, particularly in April and May. But there is already a bounce back in June. Not to they expect that we will reach the sales volumes in retail that we had in January and February, which was very good, record levels, but to expect that there will be some bounce back in June and July and August and September, but it will still take some time to return to the sales volumes pre-COVID in the retail business. But the good news is, as I've emphasized, that we have some projects, which are coming on-stream in the second half of the financial year from October Q3 onwards, particularly the Chakan pipeline as well as the Pipavav Railway Gantry, where all things being equal, if they are commissioned on time, as I said, and the projects are going on well right now, then that's going to positively boost the throughput volumes in the second half of the year, which will certainly help us to achieve some earnings growth in FY '21. But during these difficult times, our emphasis is to be cautious and to also try and be cautious in our cash flow and liquidity management, continue with not taking on too much debt, hardly any debt. But we still are pressing ahead with executing our planned projects that we have because they are going to lead to further growth in medium-term profits.

So that is the summary. And we will expect to see you all or at least on audio, in our next earnings call, which would be around the end of July. Thank you very much.

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