

"Aegis Logistics Limited Q3 FY2019 Earnings Conference Call"

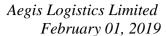
February 01, 2019





MANAGEMENT:

MR. ANISH K. CHANDARIA - VICE CHAIRMAN & MD - AEGIS LOGISTICS LIMITED





Moderator:

Good day ladies and gentlemen and a very warm welcome to the Aegis Logistics Limited Q3 FY2019 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 telephone. Please note that this conference is being recorded. I am now glad to hand the conference over to Mr. Anish Chandaria, Vice Chairman and Managing Director of Aegis Logistics Limited. Thank you, and over to you, Sir!

Anish Chandaria:

Thank you. I will be presenting the quarter three results for FY2019. I will describe this as a solid quarter of results, and I will be making an important project announcement today at the end of this call, and this will be worth listening to.

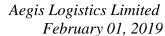
Total revenues in quarter three were Rs.1,320.5 Crores versus Rs.1,443 Crores a year earlier. Total segment EBITDA was Rs.102.6 Crores, in quarter three, versus Rs.83.9 Crores year earlier that is a year-on-year rise of 22% in the quarter.

Profit before tax was Rs.75.8 Crores versus Rs.59.2 Crores a year earlier that is a rise year-on-year of 28%. And profit after tax for quarter three was Rs.65.2 Crores versus Rs.56.4 Crores that is a rise of 16%.

I will now go through the segment results for the two segments. Starting with the Liquid Terminals division, revenues for quarter three were Rs.46 Crores versus Rs.40.3 Crores a year earlier that is a rise of 14%. And Liquid Terminals division EBITDA was Rs.24.63 Crores in quarter three versus Rs.24.58 Crores year earlier.

We are pleased about the revenue increase of 14% year-on-year, because this clearly shows the contribution of the new capacity in Kandla, which I mentioned, was really commissioned at the start of the quarter around October, fully commissioned, the start of the quarter after we got all the permissions. So you can see, in the first full quarter of operations October, November, December, it is already been contributing substantial revenues to the division. And I can also confirm that the whole terminal is full, 100000 kiloliters, the Kandla terminal in the first three months of full operation is already full.

I also have some positive news on the Mangalore project, which was around 25000 kiloliters. And finally, we received the consent to operate after six months of trying with all the various committees in Mangalore, in, Karnataka. So the consent to operate was received a week ago and the first ships have already arrived, first cargoes were arrived in the last day or so. And we will





now expect these 25000 kiloliters also in quarter four, that means January, February, March, to start contributing to revenues in the division and in this quarter four.

I am also happy to announce that with the full capacity utilization reached in Kandla, the Kandla liquid terminal, the Board of Directors yesterday has approved a further expansion, the next phase of expansion in Kandla of 40000 kiloliters of liquid expansion. This will be a capex Rs. 25 Crores, and we expect completion of this project, 40000 kiloliters of liquid tanks, to be completed by quarter three of FY2020.

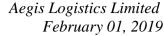
We have put down a budget for this incremental 40000 kiloliters of around Rs.8 Crores per year of revenues on an annualized basis, that means from when it is commissioned that we expect an annual boost of around Rs.8 Crores revenues at full capacity with an EBITDA margin of 90%, which means really around Rs.7 Crores to Rs.7.2 of additional EBITDA from this expansion. The reason why we are bringing this 40,000-kiloliters project right now is that the marketing team in our Liquid Terminals division really are pretty bullish about market prospects in Kandla.

Now I should also say that we have additional land to build more capacity even after this 40000. We estimate we could build an additional 100000 kiloliters beyond that. In other words, taking the total size of terminal when it is finished to 240000. So today, with 100000 kiloliters and this 40000 that we are announcing today, which will take around nine months to construct, we will be at 140000 kiloliters. But I am just bringing people to note that there is an additional 100000 kiloliters still available for further expansion as we continue to grow in a phase-wise manner in the Kandla liquid terminal.

Now turning to the Gas Terminals division. GTD, as we call it, continues to do very well. The revenues for quarter three were Rs.1,274 Crores versus Rs.1,401 Crores year earlier. The EBITDA for the quarter was Rs.77.9 Crores, which is an all-time record, versus Rs.59.4 Crores a year earlier that is a rise of 31% year-on-year in the EBITDA.

Now let me go through the underlying volumes, sales volume analysis. The LPG throughput volumes in the three terminals of Mumbai, Pipavav and Haldia for quarter three was 572040 metric tons versus 520744 a year earlier, that is a rise of 10%.

The packed cylinder volumes, this is the business which is going to commercial and the domestic market segments, was 4371 metric tons versus 3496 metric tons a year earlier, that is a big rise of 25% in sales volume. And this is a result of another big rise in the number of distributors that we have for the Aegis pure gas brand in the commercial and the domestic segment. And I can really highlight that we expect this trend of rising sales volumes to continue, including, for example, in this quarter, quarter four and quarters going ahead, based on the pipeline of new dealers, which who are joining Aegis and not only in Maharashtra and Gujarat, which remain the two biggest markets, but also in the south that is Karnataka and Tamil Nadu and Andhra Pradesh. It is a long way to go, but I think it is very pleasing to see this 25% rise in sales volumes. And these 4371





metric tons in three months is the highest sales that we have ever recorded in this business since we took over the business from Shell many years ago, 7, 8 years ago.

The industrial bulk sales of LPG were also very healthy in Q3, 23132 metric tons versus 11546 metric tons a year earlier that is a 100% rise year-on-year and again, very good demand for LPG from our regular industrial plants.

As far as Auto-gas was concerned, it was - the sales were 6006 metric tons versus 6015 metric tons a year earlier. We are now operating 112 Auto-gas stations in states in west and south India. But we have an increasingly-healthy pipeline of new unified stations where we sell Aegis Autogas, and we also sell Essar-branded petrol and diesel. All the new sites sell three products, which is good for the dealers and good for Aegis, because obviously, it means more traffic. Obviously, we make the maximum margin from selling Aegis Auto-gas, but the dealer as well as Aegis makes some commission from selling the Essar-branded petrol and diesel.

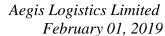
Again, I can just say that it is regarding the healthy pipeline. What is being pleasing is the way we are using we are now using social media, including Facebook, Google, and WhatsApp to target new dealers to set up these Auto-gas stations. It is actually cheaper form than the old-fashioned way of advertising for new dealerships. But that means the pretty healthy pipeline now going forward in terms of the next 12 to 18 months in terms of new sites.

Obviously, we have to go through the NOC process of getting permits, so it takes time. But we have a pretty good pipeline of new dealerships coming through. And of course, do not forget that we are now going to be expanding our retail footprint, not only Auto-gas, but also the Puregas commercial segment into the northeast of India. We have a growing number of inquiries for dealerships in the northeast following our commissioning of the Haldia LPG terminal, and we look forward to that expansion into northeast India for our retail business, adding to sales.

As far as the sourcing business was concerned, quarter three sales were 273406 metric tons versus 305990 metric tons in the same period in 2018. And this is the last of the 2018 calendar year contracts as this was October, November, and December 2018.

As I mentioned in the last earnings call, we have much bigger quantities lined up in the calendar year 2019 with the 1.5 million ton order from IOC, Indian Oil that we won already for this business, Aegis Group International. That is 1 million tons to be delivered to Kandla to their terminal in Kandla in 2019, that contract has already started. And the 0.5 million tons to be delivered to the Haldia and that is also in calendar year 2019. So we are going to have a record year of LPG sourcing business in 2019.

Now let me come to the outlook and the new project announcement that I mentioned at the beginning of the call. I think, as far as quarter four is concerned, we feel that LPG import volumes will remain strong in Q4. I am talking about the throughput volumes, especially in





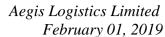
Haldia. We think in quarter four the growth in the retail segment will be good, especially, in the commercial and the domestic LPG market segments. And also I mentioned, the sourcing volumes will also be good, because we won the contracts from IOC for 2019. So for quarter four, we are looking at good results in the gas division.

Now let me talk about the new projects. We already talked about the expansion of 40000 kiloliters in the liquid terminal, but I am pleased to finally announce our first new LPG terminal project since the Haldia terminal one year ago. And this was approved by the Board of Directors yesterday. This will be a 45000 metric ton fully refrigerated LPG terminal in Kandla port. The capital expenditure, we budget as Rs.350 Crores. We expect this to take our throughput capacity of this terminal to be up to 4 million metric tons per year.

As I said, the static storage capacity will be 45000 metric tons, but we expect, depending on the exact mix of evacuation of the LPG with pipelines and roads etc. We expect the maximum throughput capacity that we can reach in this terminal over the next five, 10, 15, 20 years to be 4 million metric tons.

And I have previously talked in various investor meetings as well as earnings calls that we are trying to work on a project to build the largest LPG terminal that we have ever built. This is the one, 45,000 metric ton fully refrigerated LPG terminal. The significance of the storage capacity is, obviously, that means that we can cater for bringing very large gas carries, VLGCs at unloading 45,000 tons in one ship.

Now let me go through a little bit more about the commercial background to this. We have decided after long period of negotiation with all three oil companies that means Indian Oil, HPCL and BPCL that we are going to maintain this is an open-user terminal for all customers, including IOC, HPCL, BPCL, so that all users may use this terminal. And we will enter into similar terminal contracts with these OMCs as we have in Mumbai and Pipavav. And the conclusion we reached was that all three of these companies have massive requirements in this territory, massive import requirements in this territory. So it makes sense for us to have a similar model like we have in Pipavav and Mumbai that we cater to the whole industry. There may be industry cargoes, for example, as they come in Pipavav and in Mumbai. So it is a different model to Haldia where we had one anchor customer HPCL, but this, we feel, is the right model for Kandla where as you will just hear from me about the market in one minute, we felt that it could actually maximize sales volumes if we cater to all three companies rather than have one anchor customer. So I think it is a very positive development. We debated a lot internally about whether we should just pick one of the companies to kind of exclusively work with them, but I think we came to the conclusion. Finally, our job is to maximize sales volumes, revenues and profits. And it is better to have this as an open-user terminal like what we have in Pipavav and Mumbai. So this will be an open-user terminal.

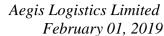




Now let me talk a little bit about the market territory and some of the statistics that we have been working on, and looking at a of 15-year time horizon from today. So these are the kind of forecasts of imports, etc., that we have made. First thing to note is that the market territory for LPG imports for this Kandla terminal is absolutely huge, bigger than the market territory that we saw in Haldia, bigger than the market territory we see in Mumbai. And by which I mean the market territory that we target for this Kandla LPG terminal is - are the states of Gujarat, Madhya Pradesh, Uttar Pradesh, Delhi, Rajasthan, Chhattisgarh and the north generally. And the projections for imports into this market territory over the next 15 years is, as I said, huge. In fact, based on our market research, we estimate that 40% of India's total LPG imports will come from this region by year 15. Year 15 from today means year 2033. So our estimate is that, I repeat, 40% of India's total LPG imports by the year 2033 will come in this region alone, which is why we decided to build a 45,000 metric ton refrigerated terminal with an input capacity of up to 4 million tons. In other words, the calculation and judgment that we made was built as large as possible, because it is going to be this terminal which is going to cater to 40% of India's total imports. So it is really what I would call west, north and central India. That is what we are really catering to.

Now one - other indication of this and this is a very, very important factor in our decision on the location of this terminal at Kandla in Gujarat. There are obviously, other ports in Gujarat. And it is a large coastline. But why did we choose Kandla? And - so one key factor in this decision of building the terminal in Kandla is we think this terminal is going to be very competitive in terms of - with other LPG terminals which are coming up in Gujarat. I will say a little bit more about competition. One very significant factor in our decision to go for Kandla was that the government plans for pipelines to carry these imports both pipelines actually go via Kandla port. And the key factor for maximizing sales volumes through this terminal is offering the customers, which means, essentially, IOC, HPCL, BPCL, the cheapest delivered cost of LPG to the bottling plants in this territory that I mentioned. And if you have to two pipelines who go via Kandla into this region of north, west and central India, and when you are going to be handling millions of tons eventually of imports, by its very definition, if the pipelines which the government has already decided the routing. If they are doing via Kandla and going in those territories that is where existing bottling plants and new bottling plants are going to be along the routing of those pipelines. So that is why we very carefully decided the strategy of Kandla once we were involved in all the meetings of where the routing of these pipelines was.

Now one pipeline already exists, pipeline one, which is the - what they call, the JLPL pipeline, which is called the Jamnagar-Loni pipeline, which goes via Kandla. This pipeline currently carries 2.5 million metric tons per annum, but is being expanded to 3.5 million metric tons per annum. So this pipeline already exists. It is being operated by GAIL. And one other very important factor, which we discussed in the board meeting yesterday, where the directors were discussing this project, was that reliance from Jamnagar, from the refinery, which has been been sending significant LPG volumes into this pipeline for years accounts for quite a bit of the



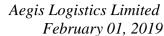


current 2.5 million metric tons, they have already officially written to the oil companies that they will be significantly reducing their supply into this pipeline, because they actually want to now produce other products like propane. So that means that more of these 3.5 million tons, actually the vast majority of it, is going to be imports. And the fact that we are putting up our terminal in Kandla where the pipeline passes through, means that we can actually feed into that pipeline as far as the imports are concerned and deliver the LPG at a much lower cost since we are going through the pipeline rather than by road, which is the most expensive.

Pipeline number two is a future pipeline. It is called the KGPL pipeline, which stands for Kandla Gorakhpur. Gorakhpur is in Madhya Pradesh. And I actually call this the central India LPG pipeline. That is my jargon, but it is officially called in the government, the KGPL pipeline. Now this pipeline, there was a lot of debate over the last three years at the central India level, central government level at the body called PNRGB, the Petroleum and National Gas Regulatory Board, which brings together users of the pipeline, obviously, IOC, HPCL, BPCL. And I am very pleased to say that Aegis was invited and participated in many of those meetings when the routing as well as the capacity of this KGPL pipeline was decided.

Again, please note, when I say KGPL, Kandla to Gorakhpur. Kandla is the origin of this pipeline, again a very important reason why we decided to set up this large 4 million ton capacity LPG terminal in Kandla. And you will be very pleased to hear that the capacity that was finally decided for this pipeline will be 6.5 million tons per year. That is the capacity that has been decided at the PNRGB level and notified, etc.

We - now if you look at the routing of the pipeline on the map, I have a lovely map in front of me, which shows - the reason I call it the central India LPG pipeline, of course, the origin is Kandla so it goes through Gujarat. But it also goes through significant amount of territory in central India, including Madhya Pradesh and other states along that route, which is where they feel there is going to be, again, a big growth of imports over the next 15 years. So if I add up the two pipeline's capacity, 6.5 million tons in this Kandla-Gorakhpur pipeline and 3.5 million tons in the Loni pipeline, which already exists. That adds up to 10 million metric tons per annum, which is going to be used by IOC, HPCL and BPCL for imports into this territory. That means that is how much they expect to carry by pipeline over the coming years. I would urge one note of caution, the Loni pipeline already exists, so that is something that we can - as soon as our terms are ready, the customers, HPCL, IOC, BPCL can start using. But the central India pipeline, the Kandla-Gorakhpur pipeline is for the future. Of course, there are various forecasts as to when this will be complete. Officially, they do talk about three year's time, but I will be cautious, as a private investor, that I am not convinced that they will be able to complete this large pipeline in three year's time. We have seen and experienced with many other pipelines that they take longer. Look, even if it takes six years, seven years, and I really do not know the answer of that, not three years. My rule of thumb is only to double the number of years in terms of what they forecast initially in terms of the number of years for construction.





Either way, it is extremely significant that the oil companies have all decided on this pipeline that it is necessary, that they have put a very large capacity, 6.5 million tons. So this indicates to us, and I am sure to you, that the industry expects this very large volume of imports to go through these pipelines, up to 10 million tons, and it will take years. But we have built the terminal for next 20, 30 years, and I am saying that, that is why we decided to go for Kandla.

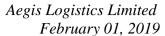
Now I did say that the import capacity, the maximum capacity that this terminal can handle, would be around 4 million metric tons per annum. Obviously, that is more likely to happen when this Kandla-Gorakhpur pipeline is finally commissioned. So we will build up the sales volume year by year. Do not expect that from year 1 that we will immediately reach 4 million tons, obviously not. We will start off by evacuating by road and by pipeline into this Loni pipeline. But I can tell you that our budgets in sales volume for the first year of full operations from when commission it is 0.75 million metric tons, 750,000 metric tons. This is based on the oil companies as to what is the realistic prospect of LPG demand in the first year.

And as far as the project is concerned, obviously, it was approved by the board yesterday. I can tell you that as of today, this morning itself, we have sent our project team, Aegis' project team to Kandla, to the site, to actually start work, so literally, the next day. What that means is, again, very positive news that the promise to start construction have all been received. What we wanted to do, unlike in previous projects, while we were looking at all the commercial decisions that we have made, we were working in parallel for getting these environmental permits and construction permissions, etc., those have been received, which means day one is today of construction, and we can actually start, and our whole project team is there working today.

We expect completion for this terminal to be quarter two of FY 2021. So let me repeat quarter two of financial year 2021 i.e. around 18 months from today. And obviously, the project team that we have is the same team t with a few additions, that we had on the Haldia LPG project, the fully refrigerated project, which was a 25,000-ton project. This is a 45,000-ton project. So I think it is a really good track record for this team in terms of delivering the project on budget and ahead of schedule, actually, as far as the Haldia was concerned.

Finally, I would like to just mention as far as this project is concerned, please note people sometimes take it for granted that Aegis can put up these terminals at a very low cost and take it for granted. But please note, Rs. 350 Crores for a 45,000 ton fully refrigerated terminal is really superb cost control. That is the lowest figure that anyone has built in India, and we will be on budget as far as this is concerned. As I said, we have proved it in Haldia coming in, which makes this terminal super competitive in terms of the project cost and therefore, how we can ensure that we are competitive on throughput rates and everything else.

If I did say I will talk a little bit about competition. I think it is very clear. Anyone who has done a little homework that a number of LPG project announcements have been made for putting up terminals in Gujarat in the last year or so. And one of the reasons for coming out with our project



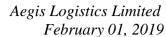


announcement and actually starting construction now, as soon as possible, for us in Kandla was to also signal to some competitors who we think are not very credible that they have chosen ports which do not have pipeline evacuation and who have very difficult evacuation which are far away and therefore, will have higher evacuation costs from where the customers want LPG such that they will be uncompetitive. And our project cost of Rs. 350 Crores compares to, I will not mention names, but I can tell you that there have been announcements of another terminal 5x the cost of Aegis, Rs. 1,500 Crores is a figure I have seen. How can they be possibly commercially viable if they are trying to build a project 5x the cost of Aegis, Rs. 1,500 Crores versus Rs. 350 Crores, not quite 5x but you get the drift, it does not make sense. Plus, they do not have solutions. They have no track record, etc.

So without going into details of project by project, we certainly feel, and everyone can make their own judgment, that some of these projects, which have potentially been announced or have been announced, they are not credible. But obviously, Gujarat and this territory does need more LPG import capacity, which is why people have been coming up. We simply feel that they are in the wrong ports, and they are completely uncompetitive and therefore, will be commercially unviable. Plus their groups have never built LPG terminals in India. They do not have a track record. But I think it was important for us, and I was pushing our management to come out with this announcement of Kandla that Aegis is building an important, large 45000-ton, 4 million ton throughput capacity terminal as fast as possible. We were losing time. I was getting little frustrated at how long it was taking for us to make our final technical and commercial decisions. But finally, we were able to agree internally that we can announce this today, because there are two potential competitors that look within 18 months, Aegis will have a massive terminal in the right location where, as I said, at the origin of two major pipelines.

I would also like to comment on Adani Mundra project, which many of you have asked me about, and it is absolutely correct, that there terminal has been under construction in Mundra and will be completed this year, probably in a few months' time. What I would like to say is our project of Kandla, 45,000 tons, is taken with full recognition that there will be a Mundra LPG terminal project from Adani, which is going to be commissioned. But I would fully - of course, their project cost is much more than ours, etc., so less competitive, etc. But I would say that it is, therefore, a reality that there will be two LPG - two confirmed LPG terminals, new terminals in Gujarat, which will be the Adani Mundra LPG terminal and the Aegis Kandla terminal that will be operational. I am not convinced that either any or even one of the other terminals that have been, so called will be put up, especially, with the announcement today of Aegis that we are putting up this terminal. But it could be the case that there will be two terminals that will be the Adani Mundra and Aegis.

However, as I explained in my earlier discussion of the territory that we are catering and the kind of volumes that will need to be imported into this territory, which as I said, we forecast by year 15 from today, 40% of India's total LPG imports will come through in this territory that actually - the good news is the industry actually requires both these terminals of Adani Mundra and Aegis

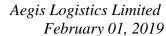




to cater to all those imports. Remember those two pipelines, are going to take 10 million tons per year. So our terminal will be up to 4 million tons and Adani is there as well. So I think we take this decision of building this terminal with full recognition that there will be at least two terminals in this territory. But we are very comfortable with our project costs, extremely competitive, and we are also very comfortable with our position in Kandla in terms of the hooking into these two pipelines from the future that this is really the fundamental competitive advantage. And as we have seen from our 20 years of experience in Mumbai, location, location, location, is very key in terms of generating the sales volume. And ultimately, as I said, what is becoming even more important for the industry as a whole, this applies even to our existing terminals in Mumbai, in Pipavav and along with Haldia that the game has changed in the last few years which we fully recognize, which I have been espousing very clearly to both our management as well as to investors. What is now key is the deliberate cost of LPG. That is what, ultimately, is going to be the competitive edge that you need. The delivered cost of LPG, not only the freight cost that is bringing the LDCs into a particular port, but - which has, obviously, been a very important factor in the past few years. But it is also the evacuation of the LPG at lowest cost, which means most of evacuation, like pipeline, railways, etc., which are much cheaper. Actually, the current estimate is 50% cheaper than road. That makes a huge cost saving, delivered cost saving of the LPG to the bottling plants. And I am saying that we have found a very good solution in Kandla in terms of location with that.

Okay. Now finally, just my last comment. I can assure you going forward, after this Kandla LPG terminal, we will be coming forward this year that is this year and 2019, and basically, let us say, next financial year 2019-2020 we have further projects in LPG, further announcements. We will be coming forward with a number of other projects. In other words, this Kandla LPG project is not the last one. Remember, our strategy is to build a necklace of LPG terminals around the coastline of India. So there will be other projects coming down the line. There will not be only new terminal capacity that does - that is certainly the case. But they will also be projects which are particularly, which we are working on right now, not for announcement today, but we are working on right now, which will further enhance our competitiveness for the LPG delivered cost.

What I mean is that the projects that we are working on, beyond only other terminals, building capacity, are going to be very much devoted towards improving the evacuation of the LPG from even existing terminals that we have, which means Mumbai, Pipavav, Haldia, so that we can actually get more LPG throughput from those existing terminals. That is where we are focusing our projects. And there are multiple projects, let me tell you that we are working on. Obviously, we will come forward with announcements on those when they are ready, but we are working on that. But at least today, at long last, I am very proud to be able to announce this major project in Kandla. And as I repeated in terms of the total LPG import capacity, today between Pipavav, Mumbai, and Haldia, we have been talking about; we have an import capacity of 5 million tons. But now with this announcement of the Kandla LPG project, we will be - for Aegis group, our





total LPG import capacity, once the Kandla terminal is commissioned in 2020, will be 9 million metric tons per year.

That will be our import capacity, 5 million, plus adding Kandla of 4 million up to 9 million metric tons per year. And this compares with our current this year's kind of run rate our current annualized sales volume of throughput of around 2 million tons plus. I would not give the exact figure, but because we, obviously, have quarter four to go. But we are currently at the run rate of between 2 million and 2.5 million metric tons actual throughput volumes. So you can see that if we are building up the capacity to 9 million tons, that leads a lot of potential sales and profit growth there in terms of LPG throughput volumes, in terms of LPG retail volumes, etc., etc. And we will be building more LPG capacity in other ports, as I said; we will be coming out with other announcements in future. And what is very key is how we get from 2 million - 2 million to 2.5 million. How do we get the sales volume as fast as possible towards the kind of capacities that we are building? I can definitely say that it will not be overnight in one year or two years that we will go from 2 million or 2.5 million to 9 million.

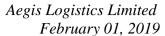
That is obviously not what I am saying. What I am saying is we are building these terminals for the next 10, 15, 20 years, but we will have enough capacity to be able to grow the sales volume, volumes depending on import requirement year in, year out over the next 10, 15, 20 years. And that is the right thing to do, because when you build these terminals, you build them for 20, 30 years. You do not build them for five years. So it gives investors an idea of the kind of strategy that we are following, not only the necklace of LPG terminals at different locations around the coastline of India where the LPG imports are required, but also that we are trying to build a large capacity as possible so that we remain in this leading position as far as the LPG import business is concerned in India. Okay. That concludes my presentation. I can now take questions.

Moderator:

Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Kashyap Jhaveri from Emkay Global. Please go ahead.

Kashyap Jhaveri:

Hello. Thank you very much Sir for the opportunity and congratulations for great numbers. It quiet commendable to see your numbers with such growth should be quarter after quarter, so congratulation on that. I have actually four questions. One is that you know in terms of liquid, if I look at your average, it went up a quarter and has been stagnant at about Rs. 25 Crores for the last, almost about eight, nine quarters. And this is, despite Kandla having come in last year, plus, you said that the revenues have also started flowing in. So in other terminals, are we facing any margin issues as such? Second question is on Haldia and Mangalore. If you could help us with what has been the ramp up after having completed them in H1? Third question is on this KGPL pipeline. I understand that there is a feeder pipeline of Pipavav, Ahmedabad also, so eventually, would we be looking at expanding gas terminal at Pipavav? And fourth question is more of bookkeeping. If you could talk about the realizations in Mumbai, Haldia, Kandla and Pipavav in liquid segment?





Anish Chandaria:

Yes. Let me take them one by one. Just one minute, I am writing the notes. Yes, as far as the EBITDA in the liquid being stagnant, EBITDA percentages and EBITDA figures, yes, that is factually correct. And the main reason is, for example, when we start a terminal in Kandla or even the new capacity in Haldia that we have been building, what we normally do is start up with, let us say, lower value products and then we slowly - so we get the terminal full 100% like in Kandla and then we slowly move to more, let us say, higher value specialty chemicals products. In fact, that is the process, which is on right now in Kandla, right now, actually. And one of the reasons that our marketing people said, "Look, we would like to now have 40,000 tons of additional." So the simple answer is that look, we - as far as the other terminals Kochi, Mumbai, reasonably stable in terms of the kind of product mix. I do not think there has been too much change. But if you want to see a overall higher EBITDA figure from the revenues that we generate in the liquid terminal, I think it is going to be more a question of handling these type of higher-value products, particularly with the new capacity that we have built in Kandla as well as Haldia. And even in Mangalore, for example, we have just commissioned, literally, in the last day or two. We are starting out with, let us say, bulk products like diesel and petrol for Nayara Energy that is the new name for Essar Oil. We start out with bulk, because they have an urgent requirement. In fact, they have signed a long-term contract with us for that. But then we started concentrating, the marketing team started concentrating on higher-value chemical products where the margins are better.

So I think it is difficult to forecast quarter by quarter in terms of EBITDA for the Liquid Terminals division. What I can forecast is that revenues are going to rise in this division, because we are building new capacity. Obviously, the 25,000 kiloliters in Mangalore is coming through. Now we have - and we are building more capacity in Haldia as well as in Kandla, as I said, with this new project. But the exact EBITDA figures will come out as a result of day-by-day decisions on which products to handle. Obviously, the limit that we have given our Liquid Terminals division is squeeze as much revenue out of the terminals as you can and ultimately, that means higher EBITDA. That is the limit. But of course, we do respect that - look, first job is get the cargoes in with the bulk products and all that. So if I can say that when we start these terminals, the process of squeezing out more EBITDA from new capacity takes time. It does not happen in one quarter, but you will start to see as more ships come in, as more customers come in, as different types of chemicals come in, you will start, I hope, to see more EBITDA squeezed out of these terminals. But it takes time, because we start off the terminal and then, we bring in bulk products, get the terminals used and then slowly the marketing people try and bring higher margin products. As far as the ramp up in Haldia and Mangalore is concerned, Mangalore, I have said, is - we have just literally commissioned it in the last year or two. The first cargoes are coming in, I think, today and that is 25,000 tons. I am told by our marketing team is that they expect to to reach full capacity, 100% capacity in the 25,000 kiloliters in few months, because there is actually been long, pending requirement of customers for this capacity to come up in Mangalore. So they are going to ramp it up pretty fast. As far as Haldia, the expansion that we have in Haldia is concerned. Again, it is a gradual process of expanding the capacity in Haldia.



We have an existing project, which is carrying that out. This is in our site, which is called H4. So it is still a project site and it will still unfold probably over the next six to nine months, next two to three quarters, which will be adding to the capacity. Murad, just remind me how much capacity we currently have at Haldia and between H1 and H4? And how much incrementally we are still to build this year? Hello?

Murad Moledina: Yes, I think we are now at 100,000 kiloliters in Haldia after all the H1, H4 expansion. We started

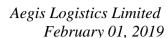
with 65,000.

Anish Chandaria: Yes. And how much do we still have to construct in our existing...

Murad Moledina: Another 25,000.

Anish Chandaria:

So we are coming towards the end of that phase of the project, another 25,000. But we have already the bulk of it, 1,000 kiloliters already. And I think the program is probably then in the next one or two quarters, then it is only 25,000 kiloliters to keep building that out. And again, the same process will happen that we will first try and squeeze out more EBITDA from those tanks, but we probably will start with lower-value products first and then overtime, gradually, we try and squeeze out more EBITDA. As far as the KGPL pipeline, the Kandla-Gorakhpur pipeline is concerned, yes, there is a very good comment on your part, and obviously, you have done your homework that the PNRGB, the Petroleum and Natural Gas Regulatory Board at our request as well as the request of two of our customers BPCL, HPCL also write and approved, which we have in writing, a spur into Pipavav from that Kandla-Gorakhpur line. In other words, it is very important for us, so we pushed it but we were supported by our good customers, BPCL, HPCL, which made sense. When the decision-making of routing was done, it was approved that there will be an interconnection or a spur into Pipavav from this pipeline from the main pipeline Kandla and Gorakhpur, which means that we can also import into Pipavav. We meaning we as well as the customers can import into Pipavav and feed through that interconnection from Pipavav into the Kandla Gorakhpur line. So that will give us additional evacuation options from Pipavav. As I said, it is important for us, because we would like to be connected into this pipeline, this large 6.5 million ton pipeline whenever it comes. But it at the request of two of the customers, BPCL, HPCL, because they wanted the flexibility that sometimes they could bring product into Pipavav. And then this could be fed through into this big pipeline. So we will be able to offer very competitive terminals in Pipavav as well as Kandla and both will be able to feed into this big Kandla-Gorakhpur pipeline. But as I said, good homework for seeing that yourself. In terms of the realizations Liquid Terminals, they are roughly around the same levels that we have normally talked off, historically, that is Mumbai is the highest. Somewhere, the weighted average, I do not have the exact figure but the weighted average, if you see, will be somewhere between Rs. 260 per kiloliters per month to around Rs. 280, Rs. 290 per average weighted average rupees per kiloliters per month, Kandla will be around Rs. 180 per kiloliters per month. That is the average right now. We might be slightly lower than that right now. As I said, we are dealing with bulk products more. But we are shifting to higher values. So you can





probably target Rs. 180 per kiloliters per month on average. It might be slightly lower today, may be Rs. 100 - Rs. 150 to Rs. 160.

As far as Kochi, probably around, weighted average would be around Rs. 100 to Rs. 125 per kiloliters per month. As far as Haldia is concerned, similar kind of figures, maybe a little higher, because we are handling more chemicals these days in Haldia, petrochemicals. So it might be somewhere around Rs. 125 to Rs. 140 per kiloliters per month on average. And Pipavav is a little lower, because we are still struggling with getting enough cargoes in. So we are probably still talking around Rs. 100 per kiloliter per month in Pipavav.

So that is basically the kind of realization that we see. There are different EBITDA percentages, because different cost level. So actually the EBITDA percentage, even though the revenue is higher as people do know in Mumbai, the EBITDA percentage would probably be about 60% -60% to 65%, whereas, somewhere like Kandla is, as I said, 90%, and somewhere like Haldia, is also around 85%. Purely because the costs are lower in those locations. Mumbai being the high cost area. The EBITDA percentage is lower, but obviously, the realization is higher.

Moderator:

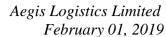
Thank you. Thank you. The next question is from the line of Sandeep Mathew from SBICAP Securities. Please go ahead.

Sandeep Mathew:

Good afternoon. The first question I had was regarding the Kandla terminal, so I think the strategy to leave it as an open user terminal - I just wanted some more colour on that. The reason I asked this is because of two reasons. First is one of the largest LPG importers and your PSU customers has already proposed plants at Kandla to expand their existing capacity to almost close to 4 million tonnes from their current run rate that they are achieving, which is a fairly significant ramp up in their own debottlenecking exercise. The second biggest PSU banker customer that you can potentially think of has already put out public tenders inviting bids for supplying LPG to the two pipelines, we have just indicated. This came out in September if I remember correctly. So these are 10-year user agreement, so depending on obviously how these tenders go and I would also like to know if we have participated and whether we got any final word verdict on that. That is essentially puts us on a sort of a tight spot is it with two of the larger customers probably tying up capacities if we do not part taken those so what your thoughts around how the development is happening on this particular Kandla terminal?

Anish Chandaria:

Yes. Sure. As far as IOC is concerned obviously we have been in discussions with them as far as their clients are concerned. You are right that they have a possibility and they have been talking in overall meeting to them as well. As far as their existing 30000 metric tonne terminal in Kandla, they could and they have actually taken some decision that they could build additional capacity to get for their own import requirements. What we have been talking with them is that – I was not going to give all the commercial details but now we will be talking at this time is making them a very attractive offer with no investment in new capital for this construction. We are next door to your existing terminal. We are 200 meter away to existing terminal and we are

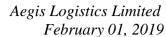




coming up with our project anyway. So why do not you use us and what since they have to deal 30000 metric tonne and they want to bring VLGCs that means 44000-45,000 metric tonne. What we have been discussing with them that I were not going to give all the details, is the kind of overflow arrangement that if the cargos and they have only 30000 tonnes as of today. They can put additional LPG into our own terminal, which will be 45000 tonnes where they do not have to invest any capital and they will get a very competitive price and obviously all the evacuation options are there. So that is the kind of discussions that we are having with them as far as IOC is concerned and we are convinced that they will be using our terminals as I would not go into the details of the discussion. The second company, which I can say, is BPCL who has absolutely come with a couple of tenders. We did participate in those tenders and in fact even just a few days ago, there were lot of tenders which have been drafted, which we have aggressively bid on, those tenders should we say very difficult for any companies to actually comply with them. There are lot of questions whether those tenders will actually work, let me put it back but will see; however, those tenders are for example one of them is for 1 million or 1-1.5 million tonne. So if still relatively small part of the total imports that they are tendering, our project is not based on those tenders. Let me put that way because those tenders are relatively small part of even BPCL's own imports. What we have decided to do and quite explicitly, I have been quite explicit about it is we have decided not to base our project on that tender for example because as I said those tenders may be very difficult to actually fulfill for any company. There are real questions marks when going into the details of whether anyone can actually make money on those types of tenders. So we have explicitly decided that we will setup our terminals and on the open user model to cater for BPCLs requirements, but without a tender, we are just saying okay, here is the terminal with a very competitive and it is in the right location, you do not have to have a contract like a tender uptick agreement here, but this terminal is here, is the right occasion competitive and you can use it on the normal basis that like what we have in Pipavav or Mumbai in terms of this kind of having a terminal management implement with us. So I think that is and we feel and in the last customer of HPCL similar discussion we have based on those discussions and negotiations with those three companies over the 12 to 18 months. We feel that this is the best way to maximize the sales volumes for this terminal, not to restrict ourselves to one anchor customer and not restrict ourselves to tenders, which do come up with whether they will ever actually work out for any one we have? Of course you have to participate in the tenders when they come, so we have to participate in that but our project and sales volumes and all that do not dependent on any particular customer and on any particular thing. But our job is to make the terminal offer so competitive that they will use it and we think that the market is big enough with the kind in the territory that I said that it will be extremely viable as far as these terminal that is the judgment that we make.

Sandeep Mathew:

Any data point that is giving you confidence that imports will far exceed at least PPAC own internal projections over the next 10 to 15 years because obviously as you said these projects are set up with a timeframe of 20-30 years but PPAC own import versus our import projections based on what your slides in the presentation indicate does not seem to least show a very large





ramp up so are we factoring in LPG imports to grow at a much faster rate than what PPAC are themselves probably projecting here?

Anish Chandaria:

Yes, actually that is again a good question. Obviously we have published the same slide that we have had, which is based on the PPAC figure that we had for last couple of years. We have made internal projects, different projections, which we agreed not to publish here externally right now, but we have made internal projections based on new demand forecast that we have derived from our conversations from these oil companies. What has changed, I think and the PPAC is still not updated but that means that we have to wait our judgment on the future based of old figures. What has changed is the ramp up that they have seen in terms of LPG penetration rates has been much faster than what was previously discussed even two years ago, I mean this Ujwala scheme really has gone much further. I believe the latest figures for example as of around this last quarter if the penetration has already risen to about 80% and that means that there are still about 50 million households out of the 240 million households in India, which are still yet to be connected with the LPG but that means 50 million households 240, if my maths is correct is around 20%, but why these demand forecast that we have internally are higher is that the ramp up of this Ujwala scheme has been much faster than we expected and also the expectation of consumption per household is higher than what they expected, so in other words bringing forth the penetration plus forecast of higher consumption per household and actually when you see the figures when they come out year-by-year for example to year 15, right now that draft shows around 20 million tonnes of imports let us say on the scenario by year 15, actually the kind of figures that on a revised scenario that we see a huge increase in the total import figure by year 15, 2033, much higher than that figure of 20 million tonne and an example is the territories that I just said in Guiarat that has part of that and you can see that the oil companies themselves are already basing their capacity or figures on that pipeline that is the Kandla pipeline on the higher figures. That also indicates and expects and forecast much higher imports than what was projected by PPAC. So PPAC will take its time and they will revise their figures whatever, but yes I can confirm that as far as Aegis is concerned is that based on also on our daily, weekly monthly conversations with these few oil companies they are expecting much higher demand. You can even go and see on the web presentations made by these oil companies, which give you some indications of their forecast for demand. They are public statements, you can go and see and they have much higher demand forecasts than was previously you are going to estimate or forecast by the PPAC. So yes, the answer is we expect much higher imports, not 20 million tonnes by year 15, much high imports and that does not mean 10% I am talking about is completely different figure and I think that people can debate whether the higher forecast are correct for the higher scenario. We have made a judgment call that when we build these terminals the figure will indeed be much higher than those PPAC figures and therefore we need to build this capacity because as you put these terminals, they are there for the next 30 years and so our judgment is very much in line with that and I can tell you that again without going to too much in detail that other private consultants that we have seen it in term of their market research they have also kind of come out with much higher figures in the PPAC. So we continue to have that slide in our investor presentation, but I



think if I were to overlay another scenario you would see much steeper gradient on the demand. Finally, also I can say that we have done a very detailed exercise of the Indian domestic production, the green line in our draft, the domestic supply refinery by refinery going, we have done a very detailed internal exercise going refinery by refinery in terms of projections of how much LPG they are going to produce and we think that kind of 16 million tonne figure for the domestic supply by year 2034-2035 as per our currency. Again we think that is an overestimate, we feel that the figure is not going to rise very much actually based on what we know refinery-by-refinery. So therefore again more imports because higher demand less domestic supply more, more import. So for both those reasons, our internal forecasts are much higher for imports and that gives us the real bullishness to build not only the Kandla LPG but as you see in coming month further LPG terminal import capacity that we will be announcing.

Moderator:

Thank you. The next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead. As there is no response, we have moved to the next question from the line of Lokesh Manik from Vallum Capital Advisor. Please go ahead.

Lokesh Manik:

Good afternoon Sir. Congratulations for a good set of numbers. Sir my question was actually pertaining to a recent article I came across and IOCL exactly had quoted wherein the article was about the fall in LPG imports in India and he had quoted saying that we have reached penetration of close to 88% and he further sees a flat or downward trend in LPG imports in India or LPG consumption in India. I was also able to verify that data industry which is available, what I have come across is basically over a period from 2005 till date the LPG consumption per connection has come down from 10 kg to 7 kg and just looking at your number out first 36 million metric tonne consumption in India in the year 2035, so I am just to understand how we will be able to utilize the planned capacities?

Anish Chandaria:

As far as the penetration raise to 88% or 80% whatever, very large estimates in terms of how many households they have actually connected up, etc.; I also see the same divergence and figures then. All three oil companies have a little difference in terms of those estimates, in terms of how many connections, but for now let us take my lower figure because I think going from what was penetration rate of 72%-73% only year ago to 88% is not incredible to me; however, I believe that for now let us presume it is uncorrected 80% which is the figure that I have seen from one of the oil companies is a more correct figure than 88%, it is more credible than going in one year from 73% to 88% is more likely, but important question that you raised was about the LPG consumption, 10 kg to 7 kg and all that and this is actually a very crucial point that you have raised and I will tell you our answer whether people agree or not. What we have seen on the ground is when new below the poverty line households are connected initially they take their first cylinder under that scheme but then when it comes to refill not everybody depending on the income level, not everybody takes up their refill. In fact we have seen in several cases, we have heard also from the oil companies in certain areas of the country let say which less prosperous, they go back to their dirty fuel, even though they have an LPG connection, they go back to going forward for whatever because this obviously much cheaper where it because - so even though



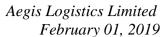
they are technically in that penetration figure of what I said 80%, they may not be refilling all of them. So there is what I would call a kind of like in s-curve affected, if I can put it that way that we feel that in chance of the consumption perhaps so let look at a new household BPL figure. If you think of the s-curve it starts out, they get a connection, their actual consumption is much lower than the normal average because they may do one connection, they get that free but then they do not resell, they wait and they go back to some cheaper fuel like burning what or whatever. But there is a kind s-curve effect, which we see which is it starts of slow in terms of the consumption but they already have the connection, etc., and then it became to start raising over time as they get let us say more income they actually start raising their consumption, I am just talking about an individual household, now you have to when you are doing these forecast of LPG demand you have to actually play a round with the LPG consumption per household figures and ultimately what our average is. I think what I am saying is to cut to the cake over a longer period of time. Over 15 years, we as well as these oil companies actually expect that average consumption per household particularly the new customers to as their incomes go up to actually increased the consumption, what happens in the first three months, six months, over the next 15 years, is on the logical with respect to that but that has a very, very significant effect on the overall demand figures in India. Even a relatively small and gradual increase when you do the modeling of LPG consumption per household particularly the newer household, that actually has a very significant impact on the demand. So when you actually play along with the figures and no wonder if I have to take the most aggressive scenario, which I do not think we do, but I think based on reasonable assumption, but not to conservative as well. It has a very, very big impact on LPG demand and that is the judgment that we have made that actually every time that we have looked to this in terms of what has happened to the LPG demand, the demand figures have been much, the forecast has been much lower and it ends up that the actual demand is much higher. Now once this is a gradual process that over the next 10 to 15 maybe even 20 years, but I think this is a logical argument as far as then you have to obviously, then take that into account in terms of the size of import capacity that you build, do you build a much smaller capacity because you do not think that the imports are going to be as high or do you actually build a much higher capacity, we take the judgment that the figures are going to be much higher than this kind of LPG demand of 36 million tonnes by 2034-2035 and as I said much higher means not just 10% higher, I mean just incredibly much higher, in which case and as I said those are not very, very aggressive figures. I think that is why it goes down to, finally they are old scenarios, they are old forecast, they are all judgment course, but I think the safest assumption as far as Aegis is concerned is to assume that demand and imports will be much, much higher than what was estimated even two years ago.

Moderator:

Thank you. We will take the last question from the line of Pranav Mehta from ValueQuest. Please go ahead.

Pranav Mehta:

Good afternoon Sir. Sir my question on the gas throughput volumes for the current quarter, so if I look at now it is kind of down around 14-15% quarter-on-quarter, so I just wanted to understand





the reason behind this Q-o-Q drop and if you can like give some qualitative comment on each of your locations, Mumbai, Pipavav and Haldia?

Anish Chandaria:

Actually the reason although generally that the Reliance took less throughout for their plants in this last quarter, I mean as far as LPG was concerned, Mumbai, Haldia, all that Pipavav was going on as normal, so I think it was that factor. What is important going forward for the future, that was their production plan, but what is important going forward for the future is very much what happens in Haldia where for example in this current quarter January just finished I know the figures there, what we have understood is not only for this next quarter but even the next financial year, Haldia is going to be continued ramp up of growth, I asked our gas marketing team what they expect from HPCL and again without going with too many numbers, what is amazing is the aggression of HPCL marketing plan, now let me just give you an example, because this just throws a little as you said, they have commissioned the large bottling plant in Asia called Panagar I believe about six, seven months ago. Today they commissioned, but that still only operating at 20% capacity utilization, so when for example we were to see HPCL marketing people, we have asked them about that and they told that they look we are going to really ramp that Panagar plant up over the coming years, in fact and certainly in the next few quarters. So you are going to see further growth in Haldia, the market is moving. As far as Mumbai is concerned, I think one or two years, I think very key part of the future growth of LPG throughput in Mumbai is going to be what happens with that Uran-Chakkan pipeline, which unfortunately is still not complete. They are on their last 25 km again we went to see each refinery recently. They are fully committed to finishing this project. The question is when I really do not know. Every time we ask them and they have a further delay but look again taking in the let say in the medium term kind of timeframe that is the 1.2 million tonne capacity pipeline, not only do you know that HPCL would like to throughput incremental sales that means more imports through our terminal once that pipeline is fully commissioned because of all the infrastructure they are building in Chakkan-Uran that there is a case. We also know that Indian oil IOC who is currently doing around 200,000 tonnes runrate in Mumbai through us have been discussing with the sister company BPCL and HPCL about using that pipeline that potentially doubling this throughput from 200000 to 400000 tonne because obviously they are also building a lot of infrastructure in Chakkan. So this is probably how if anybody gets when their pipeline will be ready, we are ready, we have been ready for two years, but if anybody gets when that will be done, but I am just saying that is probably where we can see the growth coming in Mumbai but that is something looking forward. As far as Pipava is concerned, we are working on certain projects to which I am not really to talk about now, but we are definitely working on certain evacuation projects in Pipavav which if they come through then we will be able to throughput big incremental quantities of throughput in Pipavav. To summarize, I would expect quarter by quarter that let us take the next year or so, I would expect significant increase in throughput in Haldia, I do not expect significant throughput increases in either Mumbai or Pipavav until in Pipavav we are able to do that project which I will be announcing in future and in Mumbai until this Chakkan pipeline is there, so we have kind of let us say static in Mumbai and Pipayay,



growing in Haldia and I expect that to continue until we bring the projects in Pipavav and as well as the Chakkan pipeline is commissioned in Mumbai and then obviously we will have the new capacity coming through in 18 months' time in Kandla, so the safest assumption is that we will continue to grow overall throughput volumes but different terminals have different plans.

Moderator:

Thank you. That was the last question. I now hand the conference over to Mr. Anish K. Chandaria for closing comments.

Anish Chandaria:

Thank you very much for listening to this earnings call. I gave quite a lot of information on what we think is going to happen in the LPG business and LPG industry and which is shaping our strategy of building more LPG import capacities and even we expected even two years, very strong LPG demand and forecast of imports. Clearly, Aegis is making a very fundamental judgment that we expect demand and imports to be much higher over the 15 to 20 years that was earlier forecast and we believe that would be justified and therefore we are building out this import capacity, which with this Kandla new project will take up to 9 million tonne import capacity and as I said we are working on increasing that import capacity in future with announcements of new terminals, LPG terminals in the future beyond Kandla, at other ports we are working on that, so that will not end because we again believe that we do need to significantly expand our capacity. Along with that we are working on a number projects for improving our evacuation option mostly related to pipelines and rail connectivity, road is always there and that some other things that we are working on improving our evacuation options because the game of LPG terminals is changing to so that if you want to maximize the sales volume and be competitive in your terminal, if no longer a question of just having a contract but it is a question of actually being able to achieve cost leadership in terms of delivering the offering the customers the lowest cost LPG delivered cost to their final destination, which are the bottling plants. That is really the name of the game and I think that are our strategy in terms of going forward. I hope I have been as clear as I can as to without divulging all the details of how we expect to implement our strategy, but as I said one of the best weapons that we have in our armour is the incredibly super competitive cost and timeframe that we take to build this building a 45000 tonne fully refrigerated terminals for Rs. 350 Crores, I repeat is a very super competitive capital expenditure and that stands in very good stead in terms of competing also for business with these terminals but is all with the background of rising LPG demand and imports over the next let us say 15 year timeframe, which is the way where we do our forecast. Thank you very much for this thing and we will be updating you in future earnings call. Thank you.

Moderator:

Thank you. Ladies and gentlemen, on behalf of Aegis Logistics Limited, that concludes this conference call for today Thank you for joining us. You may now disconnect your lines.