"Aegis Logistics Limited
Q3 and 9 Months FY2021 Earnings Conference Call"

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MANAGEMENT: MR. ANISH CHANDARIA - VICE CHAIRMAN & MANAGING DIRECTOR - AEGIS LOGISTICS LIMITED
MR. MURAD MOLEDINA – CHIEF FINANCIAL OFFICER – AEGIS LOGISTICS LIMITED

Moderator: Good afternoon, Ladies and gentlemen, welcome to Q3 & 9 Months FY2021 Earnings Conference Call of Aegis Logistics Limited. 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 any assistance during the conference, 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 & Managing Director for Aegis Logistics Limited. Thank you and over to you Sir!

Anish Chandaria: Thank you very much. I will be presenting the Q3 FY2021 results today that is October to December 2020 Results. I would describe this set of results as a continued good recovery, in the quarter-on-quarter profits in Q3 as compared to Q2, as India as a whole moves to recovery from COVID-19. The results are still slightly lower on a year-on-year basis, but they are moving in the right direction and I think are good proof of a recovery for Aegis.

Total revenues for Q3 were 1,546 Crores versus 650 Crores in Q2 so you can see a jump in the revenues quarter-on-quarter. Just as a reference it was 2,169 Crores year-on year. The total Normalized EBITDA for Q3 was 147 Crores versus 124.8 Crores in Q2 that is the rise of 18% on quarter-on-quarter and just is evidence as I said of a good recovery quarter-on-quarter. Again, looking at the previous year's EBITDA, Q3 of last year of FY2020 it was 157 Crores a year earlier. So that is still a small drop of 7% year-on-year even though the quarter-on-quarter has increased by 18% so there is a slight still not quite overtake in pre-COVID EBITDA year-on-year.

The normalized profit before tax that means excluding the employee stock plan of 14.04 Crores in the quarter Q3 the normalized profit before tax was 120.2 Crores in Q3 versus 101 Crores in Q2, a quarter-on-quarter rise of 19% and compared to a year earlier when the normalized PBT was 130 Crores that is a drop of 7%. Again consistent with the EBITDA it is 7%, less than last year but still a recovery from Q1 and Q2.

The normalized profit after tax again excluding the employee stock plan that the non-cash employee stock plan was 92 Crores in Q2 versus 78 Crores in Q2 a rise of 18% year-on-year and finally the normalized profit after tax after minority interest which means profit after tax available to Aegis common shareholders at Q3 was 85 Crores versus 70.8 Crores in the previous quarter, Q2 so that again a quarter-on-quarter rise of 20%. So, as I said a continued good recovery from Q1 and Q2 into Q3 and we think that is going to continue in Q4 that kind of recovery and we are hoping to achieve the kind of pre-COVID sales and profit levels, we are approaching that point now, and then it is a question of moving beyond back to have a complete recovery.

Now let me go through the segment analysis starting with as usual with the Liquid Terminals Division. The strong performance continues into Q3 that we had in the previous quarters. The revenue for the Q3 was 56.8 Crores versus 56.4 Crores in Q2 and by the way 54.8 Crores a year earlier so that is a steady performance in terms of the quarterly performance of revenues and EBITDA also was exactly the same 39.2 Crores in Q3 versus 39.5 Crores in Q2 so the same had also rise compared to the previous year which was 35.6 Crores in the EBITDA. So, as I said continued stable, high level of revenues and profits in our liquid terminal division which is increasing.

Now we come to the Gas Terminal Division which the revenue for Q3 was 1,489 Crores versus 594 Crores in Q2 so that is a big rise, as I said in the sales revenues and I will go through the reasons for that when I come to the underlying sales volumes. The EBITDA was 108 Crores in Q3 for the Gas Division versus 85.4 Crores in Q2 that is a big rise of 26% quarter-on-quarter in the EBITDA of Q3 compared to Q2 this year. By the way a year earlier we are down by about 12% pre-COVID EBITDA.

Still not completely recovered in sales volumes to pre-COVID but we are on the way as far as the Gas Division is concerned and that is confirmed by our underlying sales volumes by all the various market segments in Q3 which I will go through. First and most important the LPG throughput handling volumes for our three terminals in Mumbai, Pipavav and Haldia in Q3 it was 775,316 metric tonnes versus 722,514 in Q2 so that is a rise of 7% quarter-on-quarter. It was much higher in Q3FY20, during pre-COVID around 958,000 tonnes a year earlier. So, we still have not gone above the pre-COVID throughput levels but we are on the way as I will discuss a little later in the outlook, but is pleasing to see a 775,316 metric tonnes Q3 throughput in our terminals for LPG.

Industrial sales in Q3 were 23,250 metric tonnes versus 23,621 metric tonnes in Q2 so broadly stable. Auto gas was sharply up in Q3 6,159 metric tonnes in Q3 versus 4,756 metric tonnes in Q2 so that is a quarter-on-quarter rise of 29% and that clearly shows more taxies and cars movement as the COVID restrictions throughout India were lifted so obviously in October, November, December that quite sharp rise in our sales. But it is still below 16% below our sales volumes pre-COVID in the same time last year Q3 which was

7,328 so that is a 16% lower than the previous year but well on the way to recovering those kind of sales volumes now and we hope that to continue in Q4 as more movement is there post COVID.

As far as the LPG cylinder segment is concerned that is the commercial and domestic market segments are concerned Q3 was also sharply up at 6,042 metric tonnes versus 4,499 metric tonnes in Q2 that is a rise quarter-on-quarter 34% sharp rise again hotels, restaurants were recovering sales as people started going back to hotels and restaurants so our sales to that segment increased but still not back to pre-COVID sales. We are still 8% down year-on-year in terms of pre-COVID sales levels but again evidence in Q3 of a quite sharp recovery in our retail sales quarter-on-quarter 34% up in that segment.

Sourcing in Q3 374,322 metric tonnes versus 142,911 metric tonnes in Q2, again a sharp rise as the National Oil Companies started sourcing more gas through the private sector tenders including our company Aegis Group International.. So that concludes my presentation and the results.

Now I will give a short updates on projects. All the project works, in the Kandla LPG projects, the Mangalore liquid project and the Haldia liquid project are on track for completion in Q4, that means January to March 2021, this current quarter. Everything seems to be on track, and we expect to compete and commission all three of these projects in Q4. I am pleased to inform you, finally, that we were able to commission the railway gantry in Pipavav in December 2020 that is last month and the first rakes, that is the railway wagon were delivered a full of LPG to Indian Oil in January to one of their Delhi plants and 1,000 kilometers away through the rail and very nice to see that it is finally after so many years of hard work finally this is commissioned, we got all the railway permissions and the first deliveries were made in January.

Now it will take a few weeks now to streamline and increase the volumes not only for IOC but to start delivering even for HPCL and BPCL, but we start first with IOC so it will take a few weeks to start maximizing the throughput volumes in Pipavav as we expect, but it is started and I am pleased to say that and you will see those in the volume figures in coming weeks and months increasing, which should add to the kind of LPG throughput handling volumes figures, quarterly volume figures.

I can also at this stage say that the Chakan pipeline in Mumbai, the Uran-Chakan pipeline has been working closer to the maximum capacity that means the Mumbai terminal in the month of December, we and HPCL completed all the necessary technical work that we needs to achieve those kind of maximum throughput figures in Mumbai and we are not quite yet at the maximum capacity, we expect that to come through in the coming weeks as well but we actually show a sharp increase in the Mumbai throughput in December itself once all the technical work for the pipeline, so that is good again for LPG throughput volumes in future quarters not only in Q4 but in the whole of FY 2022. So those two projects the Mumbai Uran-Chakan pipeline and the Pipavav railway gantry are now completed, as far as the project work is concerned and now we have to get the benefits of higher throughput volumes in both terminals Mumbai and Pipavav in the coming weeks and quarters and years ahead to be honest.

Now let us talk about the outlook for Q4 and I think I repeated the Chakan pipeline in Mumbai ad Pipavav railway is expected to increase our throughput volumes further in Q4 as well as the next financial year and years to come so that is obviously going to improve our outlook for Q4, because of Mumbai LPG throughput and Pipavav LPG throughput. Also, I can say that the retail LPG segment which I referred in Q3 should improve further in sales in Q4 that is our expectation versus Q3 as we look to go beyond pre-COVID sales.

It is obviously a long road back from in terms of auto gas and in terms of the commercial and domestic segment but as I said in Q3 we were getting 80% to 90% of pre-COVID sales already in Q3 so we have a prospect in Q4 and then certainly in the next financial year of moving finally beyond pre-COVID sales levels and obviously that will impact a lot on our profits, going forward into Q4 as well, as into the next financial year as Aegis recovers fully from the COVID restrictions.

As I say in every earnings call but I would like to repeat Aegis will now be accelerating the construction of the necklace of LPG terminals with the added connectivity projects including railway and pipeline into connection. In the coming weeks and quarters you will hear much more from us of a new cycle of very specific and detailed project plans to accelerate these projects. As I said it is really you are going to hear from us now that the at least for Aegis it is concerned the Coronavirus restrictions are over you are going to hear from us some specific and detailed acceleration of a new cycle of projects in the LPG and liquid terminals, including the connectivity projects, and that is very exciting and we are going to hear more of that which means the Aegis is on the next growth cycle for the next three years, but nothing more stay on that today but we are going to be coming out regularly with very specific and detailed plans on the future next three year growth cycle.

Now that the Kandla LPG and Mangalore liquid and Haldia liquid projects are coming to a close in this quarter, Q4, obviously we will be announcing the next cycle of growth and we have also good hopes on continuing to build our national retail LPG footprint as I have laid out many times before with the Aegis branded and auto gas commercial, industrial and domestic market segments under the aegis brand names and this will become a major driver of Aegis growth for years to come along with completing the necklace of terminals. The reach is, to build to a national LPG retail footprint. we expect to continue that and we continued throughout the Coronavirus crisis to continue to build our distribution network and we see an acceleration in those growth plans in the coming three, four years and that is going to be a big driver of Aegis growth. So that completes my presentation of the Q3 results. I can now take some questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Priyankar Biswas from Nomura. Please go ahead.

Priyankar Biswas: Good afternoon Sir. Sir my first question is regarding the LPG volume and more likely on the outlook specifically. In this particular quarter we have seen that there has been a significant uptick in sourcing, whereas the uptick in the terminaling has been relatively lower than the uptick in sourcing. So, in that respect is there some deferment of volumes that have potentially happened in 3Q that we can be looking at in to 4Q possibly?

Anish Chandaria: No, there is no real linkage between sourcing and the volumes, I mean there is no direct linkage, obviously that means more imports are coming in but there is no direct linkage. I think what really matches in terms of forecasting LPG throughput volumes which as I said 775,316 was up 7% quarter-on-quarter from Q2 and 775,316 is higher than the 700,000 in Q1, so you can see that every quarter has raisin but I think what really matters in terms of forecasting volume growth in the LPG terminals is the very specific factors for each terminal. For example what was happening in Mumbai in terms of the Chakan pipeline until that was reached a kind of maximum capacity level which it had in December because there were some technical work going on. Actually this rise in Q3 to 775,316 a lot of that was because of increased volumes in Mumbai although that was only one month in December, so now we will see three months of that increased volumes in Mumbai so that is going to show up in the results.

Similarly as far as Pipavav is concerned while the railway gantry project was going on with all the disruptions that entails because huge amount of construction work was going on as far as that railway gantry obviously the volumes in Pipavav have not been as high as we would expect but now that that project is over and commissioned and obviously only the first deliveries were to IOC in January we will see in coming weeks and months and the quarters, much higher volumes in Pipavav. So I think the prospects are good for Q4 and succeeding quarters in LPG throughput in the three terminals, Haldia, Pipavav and Mumbai. So in other words there were specific projects which needed to be completed so that we can expand the throughput in those terminals which we will see in the coming quarters and then obviously we have the Kandla LPG terminal starting in Q1 of the next financial year that means April, we expect to commission so you will start seeing that. So we are going to see a cycle now of rising throughput volumes in our terminals not only because of Mumbai work, the project work, the Chakan pipeline, the Pipavav railway gantry, Haldia as well as the Kandla we are going to see a sharp increase in the next year of throughput volumes which is obviously going to come through in to the figures and into the bottomline. So, it is not regulated directly to the sourcing volumes it was specific project work that we needed to complete in Mumbai and Pipava particularly.

Priyankar Biswas: So, in essence, so like broadly towards at least the 4Q end at least the Mumbai and the Pipavav should be at their potentials at least the maximum potentials and would that be a right assessment?

Anish Chandaria: I would say Mumbai yes. Pipavav I would not like to comment because it is a new thing, moving by rail I would still say that it will take a few months for it to achieve the kind of maximum throughput level. It might even take two or three quarters to achieve but it is certainly going to result in an incremental volume growth in Pipavav in Q4, but I do not think it will still take a few quarters because we are just starting with IOC we still have to sign up BPCL and HPCL but now that the project is over and now that we can prove that it is worked with the first rail wagons in January obviously will build on that commercially but there is no more project work. So I think you see some further throughput in Q4 from Pipavav, but it will take some further months for it to kind of go towards the maximum throughput levels but as I said I think it is all possible now to see that coming through to the tune of volumes.

Priyankar Biswas: Sir just one more question from my side so in Pipavav what I understand is that the port cannot really accommodate the VLGCs at this point of time so is there any plans at least from the port management or otherwise that they enter to do something to address this issue so that maybe Pipavav terminal can achieve its full potential from a LPG perspective?

Anish Chandaria: That is an excellent question and I have an excellent answer. You are absolutely correct in that and the good news is we have agreed a plan with the port, where they are going to make the existing jetty VLGC compliant. That plan is underway as you speak so they have already started getting work etc. So, in just a few months time and do not ask me to give an exact timeframe, but the few months we expect to be able to handle VLGCs in Pipavav as per the plan jointly agreed with APM GPPL, Gujarat Pipavav Port and you are right that that will actually increase the volumes further in Pipavav in the coming months that is actually one of the reasons why we will not achieve the maximum until the VLGC compliance is there. I think we will say more about it once that work is over with the port that work being done by the port not by us, we do not have do anything but we have had a lot of virtual meeting between us with the port in the last few months and that plan has been agreed and that they are implementing as we speak. So in a few months time and that is one of the reasons why we will not achieve the maximum yet from Pipavav but even before we get to VLGC compliance just a simple factor of installing this railway gantry means that we can still handle midsized gas carriers MGCs ships in Pipavav yes that is one of the reasons why it will take some time to reach the maximum throughput volumes in Pipavav, but it will certainly mean an increase compared to Q3 in Pipavav and that will show through in the results.

Priyankar Biswas: So, does this mean that once this VLGC compliance is done so we can possibly exceed the 0.5 million tonnes that we typically project for or is the 0.5 million tonnes that we are actually includes like VLGC compliances?

Anish Chandaria: I think we can improve on the 0.5 million tonnes in Pipavav yes. We can improve if the once the VLGC compliance and remember our expected capacity in Pipavav is 1.6 million tonnes. So, there is a long way to go. We are not going to reach 1.6 million tonnes I can tell you right now we are not to do reach that this year but there is a long way to go, but the importance of the railway gantry means and the VLGC compliance means that we will be I think we will go about 0.5 million tonne here in Pipavav.

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

Depesh Kashyap: Sir just wanted to understand a throughput market share trends I understand that in 3Q last year our market share was exceptionally higher 24% but there are number seems which was muted as compared to Indian LPG imports in November and December so just wanted some color on the competitive intensity are you seeing any pressure from new terminals especially Mundra.

Anish Chandaria: Not really to be honest it is more to do with the evacuation issues that we had in Mumbai as well as in Pipavav it is not really to do with competitive pressures it is more to do with our internal, should we say connectivity and logistics issue which we have resolved now, we have resolved both Pipavav with the railway as well as Mumbai Chakan pipeline, which was commissioned only in June but then in other words we had constrains to evacuate more LPG in Pipavav in Mumbai but now so it was nothing really to do with competitive pressures but now that we have resolved both those in the month of December the future looks bright for both those terminals and that is why I am very proud to be at this stage that we have to be commissioned Pipavav and we are now approaching the kind of maximum levels of evacuation that we could see in Mumbai which I remind you we are now targeting 1.5 million tonnes of throughput per year in Mumbai versus the run rate of 900,000 to 1 million tonnes in Mumbai this we could maximum do we just do with road tankers because of this pipeline. So that give sense that Mumbai will now go from that kind of run rate of a million 0.9 to 1 million tonnes to the kind of 1.5 million tonnes annualized that is in addition of 0.5 million tonnes and we have similarly said that look Pipavav at least to go to the kind of 0.5 million tonnes with the first annualized, the first thing but then to go further once this VLGC compliant jetty is sorted out by the port then we can even go further as I just reply to the other person. So the range of Pipavav would be somewhere between 0.5 to a million tonnes a year annualized once the VLGC issues compliant jetty is done. So, if you combine the incremental volumes in Mumbai of 0.5 million tonnes in potentially 0.5 million to a million tonnes extra in Pipavav that is a big jump in our throughput volumes so it is not really do a competitive pressure it is to do with our own should we say evacuation issues in this two terminals but which have now been or getting resolved.

Depesh Kashyap: We have talked about Mumbai and Pipavav can you please talk about Haldia also like has the BPCL terminal being operational there.

Anish Chandaria: Yes, BPCL terminal has just been commissioned towards the end of December, so we will see a diversion from BPCL of their cargos from our terminal to their own terminal particularly in Q4 but the good news is that HPCL has given us their plans for 2021 calendar year and they are building in quite a good growth in their volumes which we think over the coming quarters will make up for the loss of that BPCL volume that was how is the plan for example I mentioned several times that they have a plant in place called Panagar the largest LPG bottling plant in Asia which last year that means 2020 was only operating at 50% capacity utilization in other words that plant can take 0.5 million tonnes per year, they were only using it for 250000 tonnes there. So that plant alone would make up for the BPCL volume and that is what we are planning. I will have more to say about it in possibly in the next three to six months, about some further growth plans that we have with HPCL. I do not want to say right now in Haldia, but that gives us a lot of confidence as far as volume growth in Haldia, because I know what we are negotiating with HPCL right now in terms of volume growth but I will say more about it possibly in the next it might be in the next earnings call at the end of May we might be ready to say something on that but the plants are of course to completely replace the BPCL volume with further volume growth from HPCL because they are going so fast on building their distribution in the north east region, so things are looking very positive as far as Haldia is concerned

Moderator: Thank you. The next question is from the line of Rajesh Kothari from Alfa Accurate Advisors. Please go ahead.

Rajesh Kothari: Congratulations on good numbers. My first question is on Pipavav you mentioned, but I think you are talking about incremental volume, am I right because 0.5 is already, you are already doing 0.5 million but that you are talking about incremental.

Anish Chandaria: Yes, we were not in the last few months because of the disruption of the project work of the railway gantry, we were not doing such a high run rate in Pipavav. It really did affect operations, so what I am saying is that from Q4 onwards and in succeeding quarters you are going to see a bounce back from Pipavav just purely because of two factors one was no disruption of project work which means that some days we have to completely stop LPG evacuation because there was welding work and all that going on so naturally then we could not proceed because of safety reasons and we could not do that so that disruptions are all over and now separately the railway gantry is commissioned so on both reasons we are going to see a good bounce back in throughput in Pipavav and then third side of it is that I said to someone earlier once we resolve the VLGC compliant jetty that we have further boost to Pipavav.

Rajesh Kothari: So, my confusion was the capacity is 1.6 correct, without port, without considering the work which port is to do in FY2022 we can do 1.0 considering the railway line is come up.

Anish Chandaria: What I would say is without the port finishing their work I think the range we could get is somewhere between 0.5 to 1 million tonnes but if the port completes its work as per our plan then we can go towards over time over one or two years we can go maybe one or two or three years we can go towards that 1.6 million tonne, that is the plan so it requires the VLGC issue to be resolve for us to get to that maximum level, but even before we get to that we could still get an incremental 0.5 to a million tonnes from Pipavav compared to current levels because of this railway gantry.

Rajesh Kothari: No what is the current level that is why the confusion because when you say current level should we assume FY2020?

Anish Chandaria: I would not give the exact figure, but it was much lower than 0.5 million tonnes annualized in the last year.

Rajesh Kothari: No that I understand. I am saying in FY2020 our volume, our capacity was roughly 1.6 and volume we generally assume was about 0.5 kind of thing.

Anish Chandaria: It was lower than that because of the disruption of the latest in the last few months the disruption of the project.

Rajesh Kothari: I am talking about FY2020 Sir.

Anish Chandaria: Yes in FY2020 you are right it was around 0.5 million tonnes.

Rajesh Kothari: You are right so I am saying from 0.5 million, forget the recent quarter where we would have loss the volume because of the construction of work the other 0.5 million even if the railway comes up but port does not come up that does not add 5 lakhs because I always said railway can add 5 lakhs.

Anish Chandaria: That is why I said 0.5 to 1 but it will reduce some of the road transport that will go into railway instance so it would not be a full incremental thing because obviously it will be much cheaper for them to move by rail rather than by roads so it would not be completely, there will be a mix of road and rail and that is why I think the range of 0.5 to 1 and of course it does depend commercially on whether, what volumes we strike with IOC, HPCL, BPCL obviously that is a commercial matter but I think you asked it fairly well that without even without the VLGC getting sold it out but that is a matter of time, we think we can get to the kind of 0.5 to 1 million tonne range including the railway and road in Pipavav which is a big jump from where we were in the first three quarters of FY2021 but you are right it will first the job is to go back to where we were in FY2020 which was the run rate was around 0.5 million tonne, you are absolutely right.

Rajesh Kothari: With this all new lines which are coming up in the railway line Haldia, the change for customer for BPCL to HPCL, in Mumbai wherein pipeline coming in I generally we look at EBITDA per tonne as you rightly guided every time do you see any significant change in the mix resulting into some change in EBITDA per tonne I think that remains by and large where going by the normal lines what you always guide.

Anish Chandaria: Yes by exact remain stable the EBITDA margins remain we expect remain stable in India for LPG but it is all about volume growth which is why we spend so much time to have about how much extra volumes, we can have their margin will remain stable.

Moderator: Thank you. The next question is from the line of Kashyap Jhaveri from Emkay Investment Managers. Please go ahead.

Kashyap Jhaveri: Congrats on good quarter-on-quarter growth in the numbers. I have just one question in December last year we had reached a run rate of slightly less than about a million tonne. In Q,1 so that there would be a couple of disruptions one in terms of COVID and second in terms of Pipavav gantry, bit still also some extent reduce the volumes there but looking at let us say January and February of last year and the kind of contract that we have in hand does that million tonnes per quarter is that something in site for next year.

Anish Chanderia: Are you talking about LPG throughput volumes or total sales.

Kashyap Jhaveri: No, LPG throughput.

Anish Chandaria: Yes, so I got the graph in front of me here our Q4 of FY2020 was 728,000 tonnes and we are now going to Q4 of FY2021 right January, February, March 2021 we expect to be doing that at 728,000 tonnes for the reasons I gave about Pipavav railway gantry and Mumbai Chakan pipeline. So that we will now be kind of growing to above pre-COVID sales in the throughput volumes we expect not only because of the Pipavav and railway gantry as well as Mumbai Chakan pipeline but then of course in the next quarter and Q1 of the next financial year we expect to commission the Kandla LPG terminal which I said the budget is somewhere the first full year budget is somewhere between 0.7 to 1 million tonnes 700,000 to a million tonnes is the budgetary range for Kandla so when you add that up plus the kind of run rate that we expect from Q4 onwards in Mumbai, Haldia and Pipavav then I think it is quite easy to see that we would expect to do far better than FY2020 we would be going with much higher figures.

Kashyap Jhaveri: But sir my question is slightly different so if I recall Q3 transcript when we did the peak of the volumes which are about 958,000 tonnes we were not expecting the run rate of quarterly basis to be coming down versus that, that is what I can recall some of the transcript so what I want to understand is that post December last year Q4 was impacted by lockdown somewhere in the middle of March but looking at January, February volume is then ideally, so the expansion they have to mention should ideally and over and above what we use to do then right and not probably just compensate for whatever has been loss during the COVID period so my question is that, that 958,000 tonnes at that point of time we were sort of expecting that to be benchmark volumes going forward but unfortunately COVID happen. Excluding this expansions does the existing network 958,000 tonnes or let us say about a million tonne does it look doable for the existing network whatever we are adding will add over and above that.

Anish Chandaria: I would put it like this, I think 958,000 tonnes was a outlier to probably the average for the last year that is the average for FY2020 about 756,000 tonnes that is the average for the four quarters of FY2020 the average for the three quarters of this year FY2021 which has obviously been affected by COVID it is 733,000 tonnes, so I think look at average is rather than just one port of 958,000 so the first job is we need to get FY2021 to the average of above 756,000 tonnes which is the four quarter average of FY2020 forget about 958,000 I think let us look at the average for the year. So and by the way the average so the average for FY2020 was 756,000 tonnes per quarter the average for FY2019 was 631,000 tonnes the average for FY2018 was 436,000 tonnes for quarter. So I repeat first and the average for three quarters of this year without Q4 is 733,000 tonnes per quarter so our first job is let us get the average quarterly rate including Q4 for this year FY2021 back to above 756,000 tonnes which is the pre-COVID quarterly sales and I think we will do that I think this is a very good chance we will do that because of these two projects of Pipavav and Mumbai and then we will obviously add to that with the Kandla LPG volumes in FY2022. So, I would put it like this in FY2022 we will be I think we will beat that 958 even by Q3 figure in FY2022 but it is not just one quarter because of Mumbai Pipavav and Kandla LPG we would be very likely to sustain the kind of just by the maths that I just said we will be very likely to sustain the kind of above a million tonne the quarter kind of figure. So far above the averages that we saw in even in pre-COVID because of Kandla Pipavav rail as well as Mumbai and Haldia we would be going above a million tonnes a quarter that is I think fairly definite.

Moderator: Thank you. The next question is from the line of Jiten Doshi from Enam Asset Management. Please go ahead.

Jiten Doshi: Firstly, Thank you so much you have changed your presentation, we felt we were reading the same one for last five years, so thank you so much this was very nice. I need to now really ask you, you are talking about 5th additional terminal in South India what would be the minimum size you would be looking at about 4 million.

Anish Chandaria: Yes, so I can actually answer that for one. Obviously it is subject to getting land and we do not have the land yet but we are working on it but if the land comes we are planning a size which is greater than Kandla that is obviously dependent on how much land we get if we get the land that we expect and we would be building bigger than Kandla which is a 4 million tonne capacity, so if that would be bigger how big depends on the size of the land but yes we are definitely planning bigger than Kandla 4 million tonne capacity in south.

Jiten Doshi: Sure now you spoke about the overall volumes what is really interesting is how much do you see in the retail business because that is your higher margin business there you have hit a quarterly average of 35 now given there is 35,000 and you were way below the last year's average of 41 it is moving 20, 29, 41 that is what the presentation says and you are currently to the nine months at 27 do you believe you will go and make up that in Q4 and make it 41.

Anish Chandaria: That is a very good question. At the moment this signs are good obviously we have just had January and the signs are good I would not like to give a definitive answer but a very much I can at least say our target and budget for our recent team is in Q4 to reach the kind of pre-COVID sales levels in Q4 that means the 41,000 that you mentioned so that is our target I hope that we achieve it and the signs are good after one month of January so you are right and our average as per that chart is only 27,000 tonnes for quarter in the nine months right there is a three quarter average so you are right the first job is to get back to the kind of 41,000 quarterly average sales which we are targeting in Q4 and then obviously in the next financial year to start growing again to higher than pre-COVID sales and that is exactly the plan and that is going to actually have a meaningful impact on profits in Q4 as because it is high margin as well as in FY2022 and in future years so that is very much the plan.

Jiten Doshi: So tell me one thing Anish can this go to a run rate let us say in FY2022 can you push it to above the 100,000 per quarter the way you are ramping up all across this should be at least 400,000 to 500,000 right.

Anish Chandaria: I will not give a very specific answer but I think that is unrealistic we know what is in the pipeline in terms of because it is a slow process of building the gas stations it is a slow process of signing up the detail so I think that I would not recognize that kind of quarterly performance and let us hope that there is no more covid restrictions. But look over the next four years which is I have laid out a five year plan last year I think it is very much clear based on that, that what kind of volumes we took much a lot of growth lot of incremental growth to kind of achieve those kind of 100,000 tonnes a quarter is going to depend on the domestic segment the domestic cylinder segment which we have set a five year target of 300,000 tonnes a year so if we can do 100,000 tonnes a quarter in a retail business which is 400,000 tonnes a year I am saying that a lot of that is going to have to come from the domestic cylinder and that is going to take a few years probably as you said perhaps two more years so I do not think we will achieve the kind of 100,000 tonnes a quarter this year but it is going to take the medium-term that means possibly another three to four years but that is the plan yes.

Jiten Doshi: So my only last question is that when you build let us say another 5 million at Mangalore or wherever you are planning to you will be at roughly about 15 million at best what could you utilize that 15 million that is my first question and then let us say in five years time what would the mix be how much would come from retail and what can at best come from retail can you make it let us say 2 million a year what is that number that you can do at best that is what I am just trying to ask you.

Anish Chandaria: Yes so on the latter of question as far as retail is concerned as I said five year target which means four years from now by 2025 the budget that we have set our retail team is to kind of achieve 300,000 tonnes on the domestic basis.

Jiten Doshi: Quarterly basis.

Anish Chandaria: 300,000 tonnes per year on the domestic annual basis cylinder around 50,000 tonnes a year on the auto gas so that is 350,000 tonnes and probably around 100,000 tonnes a year on the commercial side that is the hotel and restaurants. So I think if I maths this correct that is around 450,000 tonnes a year in about four years time by 2025.

Jiten Doshi: So Aneesh I am not as good as you in maths, but last year on a volume of about, 3 million you hit a 433 Crores EBITDA in this gas division. So, basically if I were to say that you go now to that rated capacity including wherever you open up in south so in five years can the maths with a higher retail suggest to me that you can hit about Rs.2,000, Rs.2,500 Crores per year kind of EBITDA is that possible if you execute well and you achieve the topline.

Anish Chandaria: I do not think that is possible that is far too high and even if we do the maths for the business we cannot achieve it.

Jiten Doshi: The last year was a fluke is what you are trying to say.

Anish Chandaria: I just do not think that is the realistic possibility because obviously the ramp up of capacity even though we are going to build and having said exactly how much right now if you look at our capacities we talk about 9.6 million tonnes I believe, I do not think we can do those kind of yes 9.6 is what we are planning in terms of throughput. I think so I do not recognize the 15 million tonne capacity that you talked about if you take we have not even got the land in the south and all that, that will take some time but even with that it is going to take years to build up the kind of sales volumes possibly longer than five years to achieve the kind of higher throughput capacities, I think that is the role out for the retail so I think if we do the modeling and that is the only way we can do this up and talk back of the envelop I do not recognize that kind of EBITDA figure that you mentioned of 2,000 to 2,500 crs, if we do the modeling it will be lower than that but a very significant increase from where we are today in terms of EBITDA.

Jiten Doshi: Okay so you could be 500 Crores lower but that possibility exists.

Anish Chandaria: Possibility always exist and what I would say in the final comment I would say this is something very relevant you to you Jiten. In the coming weeks you are going to and I just repeated it and listen carefully because this is relevant to everybody, you are going to hear some very significant development so how we are going to accelerate our plants of growth some of those are yes that the new terminals in the south, but some of them are connectivity projects and some of them are which we have never even discussed, so we are going to hear a series of the projects we have a project list actually that with and we are going to accelerate that plans if those plants will come through then what then I think the higher EBITDA numbers possibly might come maybe not as higher what you said but that might come, so watch this space we are going to accelerate our growth plan of the next three years and very significant specific projects that we will do that and the difference is like this which we talk in the board of Aegis yesterday if you can do those projects in ten years if you can instead do those projects in three to four years it obviously ramps up the kind of EBITDA growth figures and all that so based on what I said right now at least the current investor presentation, it will be what it is, but when we announce those new growth plans and acceleration of new plans you would see and even higher very specific projects even higher growth rate if we are able to execute things which ordinally would have taken perhaps eight to ten years we are going to do it in the next three years, simultaneously throughout India and plus the retail growth that we did so you can ask me again after hearing those plans and I think it will be very interesting to hear that but we are going to coming out to it.

Jiten Doshi: Right this is although on the gas side but why this step motherly treatment to the liquid division.

Anish Chandaria: Actually, no you are wrong it is not only on the gas side, you are going to hear from us a, again I do not want to be very specific today but you are going to hear from us some very significant expansion in the liquid businesses as well quite transformation now.

Jiten Doshi: I am just saying when you add all those numbers is the possibility in five years to where we are pointing out including gas and liquid and everything otherwise it is like we are quite we have been waiting for that day.

Anish Chandaria: Wait to hear those plans and then you can ask the question again.

Jiten Doshi: So you will announce it by let us ay Feb end is what you are saying.

Anish Chandaria: I am going to be announcing in the coming weeks and months those projects, so I do not want to give a specific timeframe.

Jiten Doshi: So before 31st March we are hoping to hear from you.

Anish Chandaria: That is a good expectation for some of them but not everything will be announced all in one go but yes some of the things will be but it is very exciting which will also answer again. I do not want to go too far but even also answer question which you have referred to a lot that what do we do with all this cash flow, we generated so we are going to give some strong indications on what our plans are beyond the next five years as well.

Jiten Doshi: Sure and we can hope that your dividend policy also might go up a little bit in the interim.

Anish Chandaria: You will hear a little bit about that as well in the coming weeks, so it is just going to be a lot of announcements please do attend these earnings calls and investor calls there is going to be a lot of announcements in the coming weeks.

Jiten Doshi: So every quarter you always keep us on the edge hopefully next quarter so once and for all just reveal everything so the suspense is gone all the very best to you and really looking forward to all your announcements.

Anish Chandaria: Yes sorry we will be able to review a lot in the next investor call that we do and that is all I will say for now.

Jiten Doshi: Sure, thank you so much all the very best looking forward to the coming year. Thank you.

Moderator: Thank you. The next question is from the line of Sameer Patel from AUM Fund. Please go ahead.

Sameer Patel: Sir can you help me with the ESOP figure which will come in FY2022.

Anish Chanderis: I believe that, that is over I do not think more, Murad you there on the line I think this is the final quarter.

Murad Moledina: I can answer that yes, so in Q4 yes I think another 28 Crores will come and that is the end of it. Next year nothing will come.

Sameer Patel: Secondly on the new capex, so that what now we were planning to announce in the south so any clue on that.

Anish Chandaria: No clue today you are going to hear more about it in the coming weeks in the next investor calls so you are going to hear much more about it, so nothing more to be announced today but watch this space.

Sameer Patel: Basically, if you can just give us a sense of what is going on at Haldia now then what sort of BPCL is coming out with its own terminal so where are you in the volume for this year and maybe next year and how do you see the dynamics playing out at Haldia about the BPCL coming in…

Anish Chandaria: I think I answered that in a previous answer, but basically we expect to replace BPCLs volumes which were presented around 25% of our existing throughput. we have growth from HPCL, itself that is what our current discussions with HPCL so in other words we will at least in the next year we will try to maintain the throughput levels of FY 2021 which have been excellent in Haldia so the first job is to replace the BPCL loss volumes with additional volume from HPCL and in future years that means from if we say FY 2023 onwards then to build on further growth in volumes, so step one in the next year is to replace BPCLs volumes with additional volumes of HPCL and step two as you hear in coming weeks we have got further plan which will some further projects in Haldia which will be announcing as well in coming quarters for further growth beyond even FY 2021 high throughput levels of HPCL which was always planed, but with HPCL, because we always knew that BPCL was ultimately going to go out, so BPCL was useful for throughput volumes in FY 2021 and FY 2020 but now we aim to replace this in HPCL additional volume.

Sameer Patel: So could you give us some figure on revenue in FY 2020 from the Haldia and I am just presuming that you are doing the same in FY 2022 despite the 25% drop from this year.

Anish Chandaria: I am not going to give, I do not give individual forecast or for individual terminals but you already have enough from my earnings transcripts to know we have been what kind of volumes and throughput we have been operating in Haldia in FY2021 just go and look at my transcripts and you get a good sense and we will obviously have a little bit of a drop in Q4 we do not expect to replace want that in one quarter with BPCL going out, but in FY2022, we believe that we will replace we will maintain the throughput levels in Haldia of FY 2021 and then FY 2023 onwards we will see further growth which are laid out shortly in coming weeks so that is what I can say at the moment.

Sameer Patel: **Any sense on FY 22 volumes from Kandla??**

Anish Chandaria: Yes, sure I said again in one of the earlier answers I said, our budgets for the first year of Kandla which is FY 2022 is not 0.7 to 1 million tonnes for FY 2022 that is our budget so we are currently expecting somewhere in that range of 0.7 to a million tonne in the first year FY 2022 to add to our volumes in Kandla.

Moderator: Thank you. We take the last question from the line of Pranav Mehta from Value Quest. Please go ahead.

Pranav Mehta: I just have a question on Kandla, so now that we are so close to commissioning the project can you give us an update on whether we have signed up with any either one or even more customers for Kandla and obviously you mentioned the volume range, but I was under impression it is 1 million you just said 0.7 to 1, I am just thinking whether I missed something or is there some downgrade in our execrations. Yes.

Anish Chandaria: Yes 0.7 to 1, we think it is better to have a range rather than just a single point figure so 0.7 to 1. I hope it will be a million tonnes but our budget is 0.7 to 1, and yes as far as the commercial side is concerned I would say with one of the three companies we are very close to signing something in Kandla and then the expectation is just we would move onto the other two companies who have clearly expressed an interest. Normally what happens is, we sign up is one and then the other two have the same terms and conditions as the one. Nothing is signed yet but we are very close and hope to resolve that in the coming weeks before we commission the terminal but it is very close I would say it is in an advance stage, I mean the parameter broadly are agreed, it is a question of going through their bureaucracy, so we are close.

Pranav Mehta: Sure thanks a lot.

Moderator: Thank you. Due to time constraint that was the last question I now hand the conference over to Mr. Anish Chandaria for closing comments.

Anish Chandaria: Thank you. Lots of good questions today and it is nice for me to even answer them. I would summarize like this, I think the Q3 was a continued recovery from Q1 and Q2 but not yet back to pre-COVID levels but Q4 which is the current quarter, I think we will be approaching again the kind of pre-COVID sales levels in the retail business of LPG as well as the throughput business that is what our expectation is and we have prospects looks very good for FY 2022 obviously I will say more about the outlook for FY2022 in the next earnings call but the prospect looks very good because of the completion of the Chakan pipeline project because of the completion of Pipavav railway gantry project and the commissioning of that and the expected commissioning of the Kandla LPG project and of course the commissioning of the Mangalore liquid projects and Haldia. When you add up all of those five or six that I just mentioned prospects looks very good for FY2022 and none of it is really we think is affected by COVID, so we will no longer be really talking about COVID impact for Aegis in the coming quarters and last but not the least as I was giving a clear steer that we will be coming out with some very significant and we think transformational growth in Aegis not only for the LPG acceleration of LPG business, but also in the liquid business I think people will be quite please with what we have to compose in the coming weeks which will really show Aegis onto a significantly higher growth path not only over the next five years but 10 years, 15 years we are going to be answering quite a lot of those questions about what is the future of Aegis growth profile both in the liquid, the transformational prospects as well as for acceleration of the LPG business and I think people should hopefully attend our next investor calls and earnings calls to hear that each of them but I said it several times to you that you should be hearing much more about the growth prospects of Aegis in the coming years in the next earnings call or investor call that we shall do and very exciting developments but not to be announce today we will obviously wait until we are ready to announce that. Thank you very much and look forward to hearing all of you with your questions for the next go. 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.