



58th Annual Report

Aegis Logistics Limited
2014–15

To be the leading provider of logistics and supply chain services to India's oil, gas and chemical industry.

Our mission is to enable our clients to source, receive, store and deliver oil, gas and chemical products in a safe and environmentally responsible manner. We will do this by building an unrivalled national network of port-based tank terminals, pipelines and multimodal transportation facilities.

We will deliver flexible, responsive and high quality services to our clients with integrity and professionalism.

Corporate Information

Board of Directors

Chairman

Kapoorchand M. Chandaria

Vice Chairman & Managing Director

Raj K. Chandaria

Managing Director & CEO

Anish K. Chandaria

Directors

Anil M. Chandaria

Dineshchandra J. Khimasia

Rajnikant J. Karavadia

Kanwaljit S. Nagpal

Rahul Asthana

Dy. General Manager – Company Secretary

Monica T. Gandhi

Key Management Team

Group President & COO

Sudhir O. Malhotra

President (Business Development)

Rajiv Chohan

President (Operations & Projects)

Kamlakar S. Sawant

Chief Financial Officer

Murad M. Moledina

Auditors

Deloitte Haskins & Sells LLP
Chartered Accountants, Mumbai

Bankers

Bank of Baroda
Dena Bank
ING Vysya Bank Ltd.
HDFC Bank Ltd.

Solicitors & Advocates

AZB & Partners, Mumbai

Registered Office

502, Skylon, G.I.D.C.,
Char Rasta, Vapi-396 195,
Dist. Valsad, Gujarat

Corporate & Administrative Office

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Peninsula Business Park,
Ganpatrao Kadam Marg,
Lower Parel (West), Mumbai-400 013
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Fax : 022-6666 3777
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Liquid Logistics & Gas Division

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Trombay, Mumbai-400 074

Liquid Cargo Park, Dock Zone,
Chiranjibpur, Dist. Purba Medinipur,
Haldia – 721604, West Bengal

Registrar & Share Transfer Agents

Sharepro Services (India) Pvt. Ltd.
13 AB, 2nd Floor,
Samhita Warehousing Complex,
Near Sakinaka Telephone Exchange,
Andheri Kurla Road, Sakinaka
Andheri (E), Mumbai - 400 072
Tel: 022-6772 0300, 6772 0400
Fax: 022-2859 1568, 2850 8927
Email: sharepro@shareproservices.com

Notes

Members are requested to bring their copy of the Annual Report to the Annual General Meeting.

Please address all correspondence regarding Share Transfer Work to the Registrar & Share Transfer Agents and/or Corporate Office.

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Standalone Financial Statements

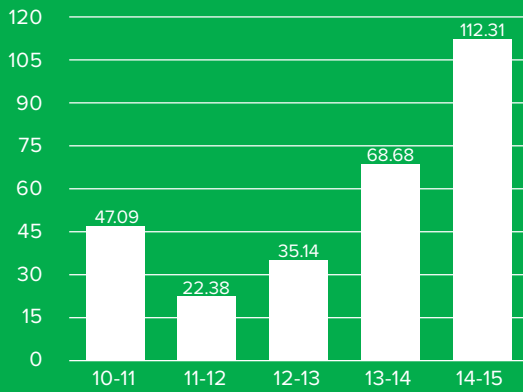
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Consolidated Financial Statements

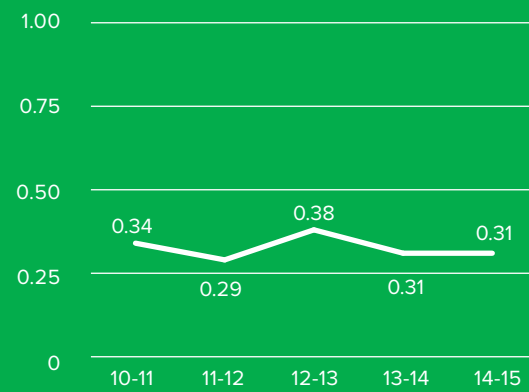
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Financial Overview

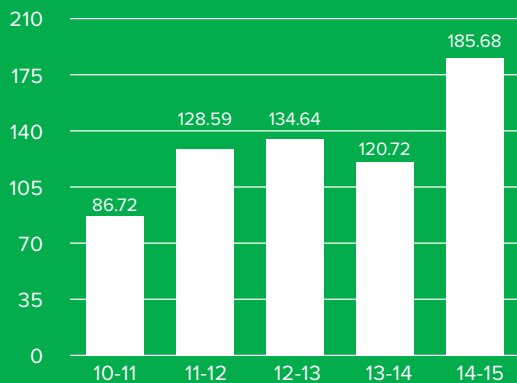
Profit after Tax (Rs. in Cr.)



Debt Equity Ratio

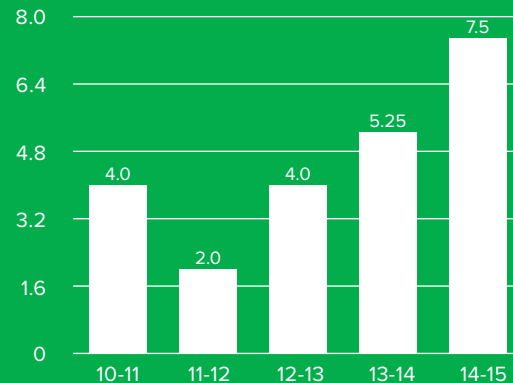


EBITDA (Rs. in Cr.)*

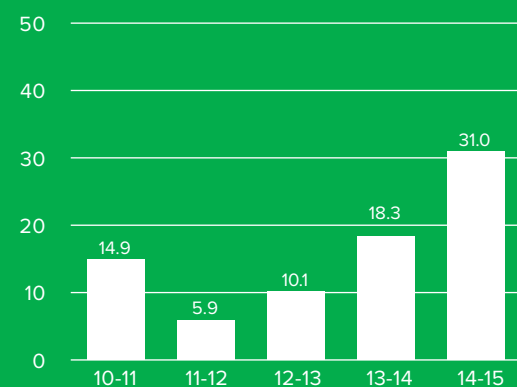


*Normalized EBITDA before forex hedging-related expenses.

Dividend Payout (Rs./share)



Earnings per Share (Rs.)



Highlights

- Profit after Tax: Rs. 112.31 Cr. (up by 64%)
- Debt to Equity Ratio: 0.31
- EBITDA: Rs. 185.68 Cr. (up by 54%)
- Dividend at Rs. 7.5 per share
- EPS: Rs. 31.0

Management Discussion & Analysis Report

Overview

During FY14-15, the Indian economy bounced back from a difficult FY13-14, especially in the second half. The decisive result of the Indian election, the revival of economic growth and a gradual return to market pricing of fuels resulted in an improvement in business sentiment in the oil and gas sector. Furthermore, the big decline in international oil prices, while impacting revenues from the supply and sourcing of LPG, improved demand for all petroleum and petrochemical products. With a more stable exchange rate in the second half of the year, both imports and exports of bulk liquids as well as liquefied gases rose and the Group benefitted from the capital investments made in the previous financial year at Haldia and Pipavav. This resulted in an excellent performance in our terminalling business. The Group's performance improved from last year with Profit after Tax rising to Rs. 112.30 Cr. (previous year Rs. 68.67 Cr.).

The terminalling business of the Group benefited from near full capacity utilization at its facilities in Haldia, an increase in business at the Kochi terminal and commissioning of operation of the Pipavav terminal.

The performance of the gas retail and distribution business stabilized with the gradual rationalization of LPG subsidies, resulting in a decrease in the diversion of subsidized LPG to the transport and commercial sector.

With an end to the political uncertainty, new terminal capacity operating at higher utilization, and several new initiatives under way, the Group is poised for higher growth in the medium term.

Industry Structure and Development

The Group is engaged in the terminalling of oil products, chemicals and liquefied gases, sourcing of LPG and retailing and distribution of LPG. These sectors require specialized infrastructure at key ports such as specialized berths, fire fighting equipment, pipelines, transit storage and handling facilities and above all, safe and environmentally

responsible handling practices. The terminalling, retail and distribution industry in India has many participants, but only a select few possess the necessary technical and safety credentials as well as the infrastructure to benefit from the long-term prospects for an increase in Indian imports and exports of oil products, chemicals and liquefied gases. Fortunately, the Aegis Group is positioned well for this.

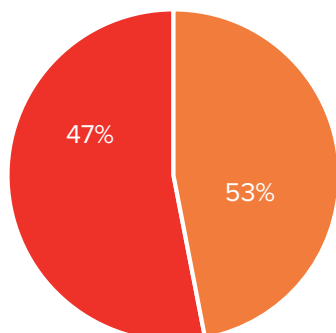
The oil and gas industry comprises three major components: upstream, midstream and downstream. The upstream segment comprises Exploration and Production (E&P) activities, the midstream segment is involved in storage and transportation of crude oil and gas and the downstream segment is engaged in refining, production of petroleum products and processing, storage, marketing and transportation of the commodities such as crude oil, petroleum products and gas. The Group is engaged in both the midstream and downstream segments.

As energy consumption increases in India, growth in demand is likely to require sophisticated and safe logistics services. Deregulation of the oil sector will lead to new entrants in the petroleum retailing and bulk marketing requiring the need for integrated logistics services. The Group also services the terminalling requirements of bulk liquid chemical importers and exporters through its five bulk liquids terminals.

The increasing importance of new private ports such as Pipavav in Gujarat and several new ones along the east coast of India will continue to challenge the dominance of older, less efficient ports. As importers and exporters face ever increasing cost pressures, those ports which have made investments in infrastructure will benefit from the increase in traffic arising from India's imports and exports of oil products, chemicals and liquefied gases.

Segment-Wise Analysis

Segment Results (EBITDA)



- Gas Division
- Liquid Division

Liquid Logistics Division

Liquid terminalling revenues were at an all time high of Rs. 153.40 Cr. (previous year Rs. 130.82 Cr.) for the year, an increase of 17.26%. Normalized EBITDA of the division was also at a record of Rs. 97.39 Cr. for the year (previous year Rs. 83.47 Cr.), a rise of 16.67%. The performance of the Kochi terminal has improved over the last year and is expected to perform even better with the coastal movement of petrol and diesel. Future growth in this division will come from the new capacity at Haldia Dock Complex with its storage capacity of 60,190 KL increasing to 69,280 KL, and from the fully commissioned 120,000 KL liquid terminal at Pipavav Port in Gujarat operating for the full year at a higher capacity utilization.

The Group demonstrated its logistics expertise by offloading bulk liquid cargo via ship to shore pipelines into its storage tanks, refilled the product into ISO containers, and transported them by rail to the customer's facilities several hundred kilometres away, thereby delivering a cost effective logistics solution to the customer.

In the Operations and Maintenance (O&M) business, existing contracts with the national oil companies and other customers are continuing satisfactorily. The Group won several new contracts, including six inland terminals for Hindustan Petroleum and the Marine Oil Terminal at Jawahar Deep.

Gas Division

Aegis Group captures the complete logistics value chain starting from sourcing, terminalling to retail distribution of LPG. In 2014-15, the division recorded smaller revenues of Rs. 3,762.60 Cr. (previous year Rs. 4,900.05 Cr.) due to the rapid decline in international LPG prices. Sourcing volumes declined marginally, but gas throughput volumes increased at both Mumbai and Pipavav. Distribution volumes declined compared with the previous year, mainly due to the illegal diversion of subsidized LPG to this sector. However, as the DBT scheme finally started being implemented, there were signs in the last quarter of the year that this trend was reversing. Furthermore, the gradual increase in CNG prices closer to market level

