AEGIS

62nd Annual Report

Aegis Logistics Limited
2018–19

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 & Managing Director
Raj K. Chandaria

Vice Chairman & Managing Director
Anish K. Chandaria

Directors
Anilkumar Chandaria
Kanwaljit S. Nagpal
Rahul D. Asthana
Raj Kishore Singh
Jaideep D. Khimasia
Tanvir A. Koreishi

Company Secretary

Monica T. Gandhi

Key Management Team

Group President & COO
Sudhir O. Malhotra

President (Business Development)
Rajiv Chohan

President (Projects)
Kamlakar S. Sawant

President (Strategic Planning)
Keshav Shenoy

Chief Financial Officer
Murad M. Moledina

Auditors
M/s. CNK & Associates LLP
Statutory Auditors

M/s. Deloitte Haskins & Sells LLP
Management Auditors

Bankers
Bank of Baroda
HDFC Bank Ltd.
Kotak Mahindra Bank Ltd.

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

Corporate & Administrative Office
1202, 12th Floor, Tower B,
Peninsula Business Park,
Ganpatrao Kadam Marg,
Lower Parel (West), Mumbai - 400 013
Tel. : 022-6666 3666, Fax : 022-6666 3777
www.aegisindia.com

Terminal Locations

Plot No. 72, Mahul Village,
Trombay, Mumbai - 400 074

Ambapada, Village Mahul,
Taluka Kurla, Dist. Mumbai

Haldia Dock Complex, Mouza
Chiranjibpur, Dist. Purba Medinipur,
West Bengal

Port of Pipavav, Post Ucchaiya,
Via Rajula, Dist. Amreli, Gujarat – 365560

Kandla Port Trust, Near Jawaharlal Road,
Gandhidham, Kutch, Gujarat

Padukodi, Thannirbhavi, Mangalore

Willingdon Island, Kochi - 682 029

Registrar & Share Transfer Agents

Link Intime India Pvt. Ltd.
C 101, 247 Park, L. B. S. Marg, Vikhroli (West),
Mumbai - 400 078
Tel. : 022-4918 6270, Fax : 022-4918 6060
Email : rnt.helpdesk@linkintime.co.in

Notes

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

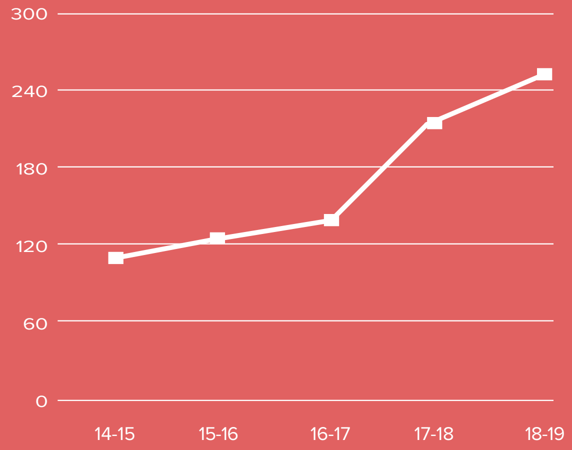
Introduction

Financial Section (Standalone)

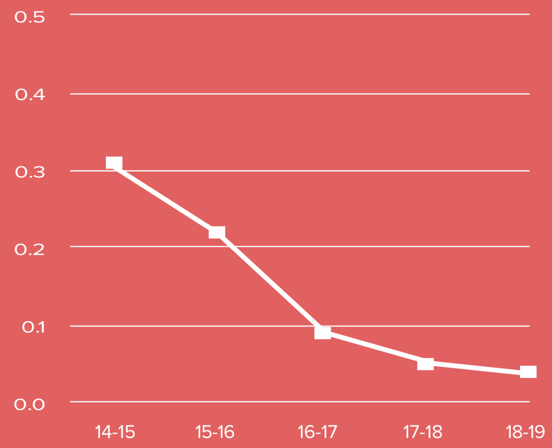
Financial Section (Consolidated)

Financial Overview

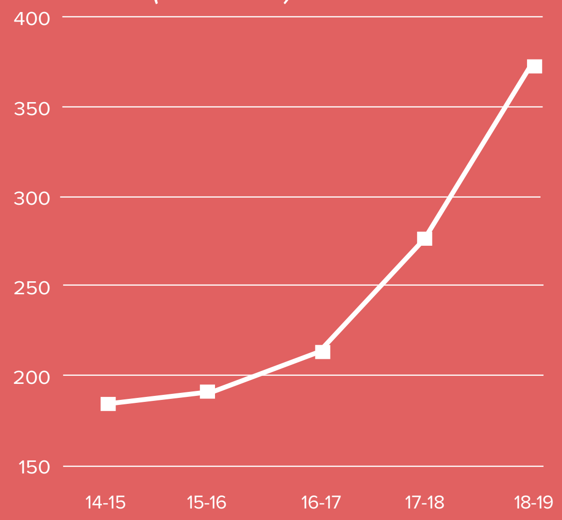
Profit After Tax *(Rs. in Cr)*



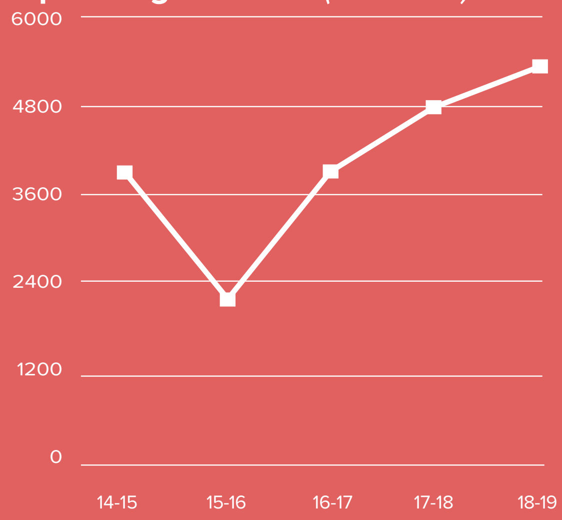
Debt to Equity



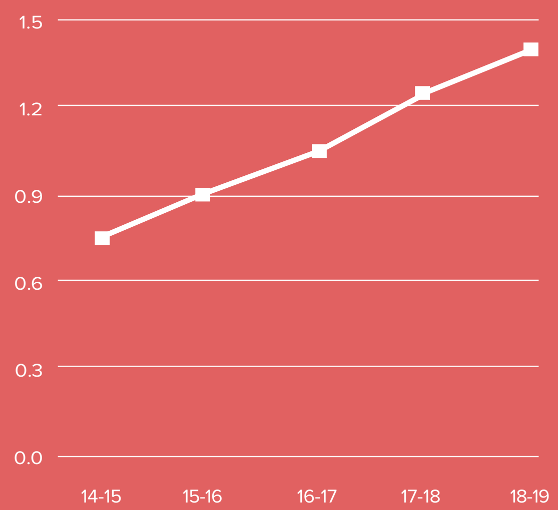
EBITDA *(Rs. in Cr)*



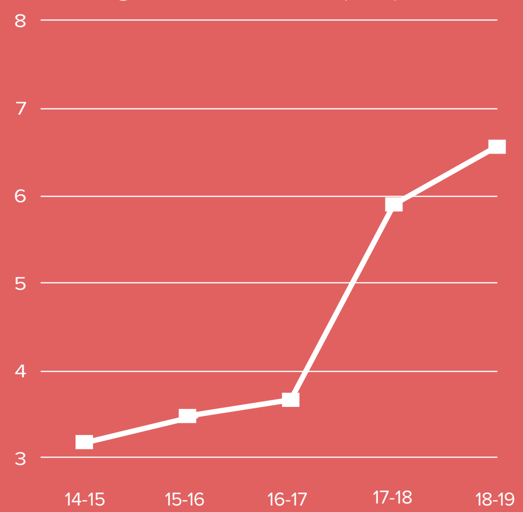
Operating Revenue *(Rs. in Cr.)*



Dividends Per Share *(Rs.)*



Earnings Per Share * *(Rs.)*



* Excluding Non Controlling Interest

Management Discussion & Analysis Report

Overview

The Indian economy started the fiscal year 2018–19 with a healthy growth in the first quarter on the back of domestic resilience. Growth eased in the subsequent quarter due to rising global volatility, largely from financial volatility & normalized monetary policy in advanced economies. Despite softer growth, the Indian economy remains one of the fastest growing and possibly the least affected by global turmoil. In fact, the effects of the aforementioned external factors were contained in part by India's strong macroeconomic fundamentals and policy changes. India is the third largest consumer of petroleum products and this bodes well for the Company which is primarily engaged in the terminalling of oil products, chemicals and liquefied gases, sourcing of LPG and retailing and distribution of LPG. As the industry is growing robustly, the market players are undertaking investments to cater to the burgeoning demand. Further, the stable government post 2019 elections is expected to further propel the growth in the sector, the Company and the group as a whole.

The gas terminalling business performed extremely well with the excellent throughput at Haldia, Pipavav and Mumbai. In addition, continued growth in the Liquids capacity utilization and new capacity resulted in a good performance which improved from last year with Profit after Tax rising to Rs. 252.11 Cr. (previous year Rs. 213.80 Cr.).

With the rationalization of LPG subsidies resulting in a decrease in the diversion of subsidized LPG to the transport and commercial sector, the volume performance of the gas retail and distribution business continues to grow.

With full year revenues from both the liquid and gas terminals operating at higher utilization, the Group is poised for higher growth in the medium term.

Industry Structure and Development

The oil and gas industry comprises of 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.

Tanker loading in progress

The demand for LPG continued to show robust growth boosted by the PMUY (Pradhan Mantri Ujjwala Yojna) scheme, and the Group benefited from the capital investments in new LPG capacity made in the previous financial years. Demand is not likely to simmer down anytime soon, given the strong push for cleaner fuels by the Government and the commitment to 100% LPG penetration. Separately, Government of India's push towards a gas based economy is estimated to present new investments and opportunities in this area. These developments present an opportunity for India's downstream and midstream oil and gas sectors. Given the growing demand for oil & gas in India and its wide application in household and industrial activities, it is apparent that there is a room for major investments in this sector.

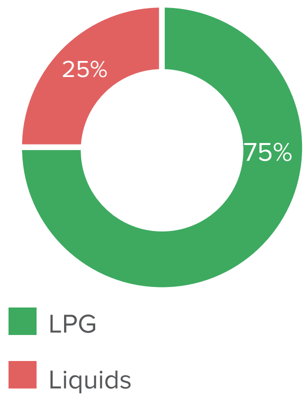
The Oil & gas sector requires specialized infrastructure at key ports such as specialized berths, fire-fighting equipment, pipelines, transit storage and handling facilities and above all, safe and environmentally responsible handling practices. The terminalling, retail, and distribution industry in 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.

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 petroleum

Safety, Health and Environment are a high priority

Segment-wise-Analysis

Segment Result (EBITDA)



Mahul Terminal

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 six 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.

Newly commissioned multi-fuel station

Liquid Logistics Division

Liquid terminalling revenues were at Rs. 182.80 Cr. (previous year Rs. 168.28 Cr.) for the year, an increase of about 9%, and normalized EBITDA of the division was marginally higher at Rs 103.53 Cr. for the year (previous year Rs. 102.83 Cr.) The capacity additions at Mangalore, Kandla and Haldia commissioned in the second half of 2017-18 are expected to boost EBITDA performance in the coming year. Future growth in this division will come from the additional capacity utilization at Haldia, Kandla, Mangalore and Kochi as well as future capacity additions at those ports. The Mumbai terminals continue to function at full capacity.

Gas Division

Aegis Group captures the complete logistics value chain starting from sourcing, terminalling to distribution of LPG. In 2018-19, the division recorded revenues of Rs. 5433.02 Cr. (previous year Rs. 4622.68 Cr.) an increase of 17.53% on account of higher volumes. Sourcing volumes also improved markedly with the successful addition of Indian Oil as a key customer. LPG demand was driven by the successful implementation of the PMUY Scheme in rural areas. Gas Logistics volumes increased to 2.5 million MT (previous year 1.7 million MT). The new Haldia LPG terminal and bottling plant performed at above expectations in the first full year of operations. Distribution volumes also improved to 114,000 MT (previous year 78,000 MT) The normalized EBITDA for the gas division increased to Rs. 310.63 Cr. compared with the previous year Rs. 203.34 Cr. an increase of 52.76 % as the higher throughput and sourcing volumes resulted in stronger margins. The same applied in the distribution business.

New Developments

The most significant new development in 2018-19 was the announcement of the new LPG Terminal at Kandla. With a planned static capacity of 45,000 MT and potential throughput capacity of 4,000,000 MT, the project will be the 4th LPG Terminal in the Group's portfolio as well as being the largest. At a project cost of Rs. 350 Cr., the Terminal is scheduled for completion in first half of 2020-2021. The company proposes to finance the project through internal accruals and debt.

The significant changes in the financial ratios of the Company which are more than 25% as compared to the previous year on a consolidated basis are summarised below:

	Consolidated		Change (%)	Reason for change
	FY 2017-18	FY 2018-19		
Debtors Turnover	40.10	18.70	114.45	Better working capital management