

JANUARY 23, 2015

**CARE ASSIGNS 'CARE A1+ (SO)' RATING TO THE PROPOSED NCD ISSUE AND REAFFIRMS RATING ASSIGNED TO SHORT TERM BANK FACILITY OF RS.15 CRORE AND WITHDRAWS RATING ASSIGNED TO THE PROPOSED SHORT TERM BANK FACILITY OF RS.10 CRORE OF AEGIS (GAS) LPG PVT LTD**

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Short-term Bank Facilities#	15	<b>CARE A1+ (SO)</b> <b>[A One Plus (Structured Obligation)]</b>	Reaffirmed
Short-term Bank Facilities@	10	<b>CARE A1+ (SO) (In Principle)</b> <b>[A One Plus (Structured Obligation)] (In Principle)</b>	Withdrawn
Proposed NCD Issue##	75	<b>CARE AA-(SO) (In Principle)</b> <b>[Double A Minus (Structured Obligation)](In Principle)</b>	Assigned

#Backed by an unconditional and irrevocable corporate guarantee provided by the Aegis Logistics Ltd [ALL, rated CARE AA- / A1+]

##Backed by an unconditional and irrevocable corporate guarantee **to be** provided by the Aegis Logistics Ltd [ALL, rated CARE AA- / A1+]. The final rating would be assigned on submission and verification of guarantee document to the satisfaction of CARE.

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**Rating Rationale**

The ratings factor in credit enhancement in the form of an unconditional and irrevocable corporate guarantee provided/to be provided by the parent Aegis Logistics Limited (ALL).

The ratings of ALL derives strength from its leading position in liquid and gas logistics business, experienced management, strategic location of its facilities, healthy diversification of its income profile, comfortable capital structure and debt service coverage indicators. The ratings however, continue to be partially constrained by low profitability margins on account of majorly fee based revenue model, dependence on import volumes for the gas business and increasing threat of competition from emerging capacities at nearby ports. The ability of the company to optimally utilize the new facility at Pipavav and earn the envisaged revenue from the same is the key rating sensitivity.

**Background**

Aegis Gas (LPG) Pvt Ltd was incorporated on December 26, 2001 as Shell Gas (LPG) India Pvt Ltd. Pursuant to the takeover of the company by Aegis Logistics Ltd (100% subsidiary) on April 1, 2010 the name of the company was changed to its current name. The company is an importer and marketer of branded packed LPG with presence in the commercial sector in and around 42 cities in Gujarat, Maharashtra, Karnataka, A.P, Tamil Nadu and Rajasthan. The company has its own import terminal at Pipavav with storage capacity of 2,700 MT per annum and cylinder filling plants at Kheda in Gujarat, Dharwad and Udupi in Karnataka. AGLPL also has third party filling plants located at Murbad, Nasik, Pune, Kolhapur in Maharashtra, Bangalore, Trichy, Hyderabad, Gulabpura. The company has two main businesses - Gas Distribution to commercial sector and gas logistics. Gas Distribution business involves importing and supplying LPG in packed cylinders through its own filling plant and third party filling plants. Gas logistics provides 3PL services to bulk importers including unloading of products from ship, transfer through jetty line, storage of product in LPG terminal and distribution to the destination points as advised by the customers.

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

During FY14 (refers to the period April 1 to March 31), AGLPL earned a PAT of Rs.0.08 crore (PY: Rs.2.02 crore) on a total operating income of Rs.118.60 crore (PY: Rs.110.05 crore).

### Profile of the Group

Promoted by London based NRI, Mr. K. M. Chandaria and family, Aegis Logistics Ltd (ALL), formerly known as Aegis Chemical Industries Limited (ACIL), was incorporated in June 1956. ALL provides total logistic solutions for oil, gas, chemicals and petrochemical industries. The business of the company can be divided into two broad segments Liquid logistics division and Gas Division. The liquid division owns and operates an extensive network of bulk liquid-handling terminals located at Mumbai, Kochi and Haldia and Pipavav port. While the gas division caters to the entire value chain, starting from sourcing of LPG/Propane, owing and operating gas storage terminals, industrial and commercial distribution, and auto gas retailing.

The company also has filling plants, pipelines connectivity to end-users. Aegis Group also operates globally through its LPG sourcing and trading subsidiary located in Singapore. During September 2014, ALL sold its 40% equity stake in its Singapore based subsidiary company to ITOCHU Petroleum Company. This is expected to strengthen the competitive position of ALL in LPG Sourcing, supply and shipping.

As on March 31, 2014, the group had four fully operational and one partly commissioned liquid terminals having a total storage capacity of 4.54 lakh KL. The group also has 94 auto-gas stations and a network of 54 dealers for the packed cylinder business.

On consolidated basis, ALL achieved a total operating income of Rs.5,042.09 crore and a PAT of Rs.68.68 crore in FY14 as compared to a total operating income of Rs.4,200.29 crore and PAT of Rs.35.15 crore in FY13. During H1FY15, ALL achieved a total operating income of Rs.2,446.99 crore and a PAT of Rs.46.03 crore.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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**Disclaimer:** CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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