

October 17, 2014

**CARE REAFFIRMS RATINGS ASSIGNED TO THE BANK FACILITIES OF
AEGIS LOGISTICS LIMITED, HINDUSTAN AEGIS LPG LTD & SEA LORD CONTAINERS LTD**

Ratings**1. Aegis Logistics Limited**

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	60.73 (reduced from Rs. 70.82 crore)	CARE AA- (Double A Minus)	Reaffirmed
Long-term/Short-term Bank Facilities	517.98	CARE A1+ (A One Plus)	Reaffirmed
Total Facilities	588.80		
Non-Convertible Debentures	50.00 (reduced from 75.00)	CARE AA- (Double A Minus)	Reaffirmed

Based on the unconditional and irrevocable Corporate Guarantee provided by ALL to its group companies HALL & SLCL, CARE has assigned the following ratings to the bank facilities of HALL & SLCL

2. Hindustan Aegis LPG Ltd.

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Short-term Bank Facilities	125	CARE A1+(SO) [A One Plus (Structured Obligation)]	Reaffirmed
Total Facilities	125.00		

3. Sea Lord Containers Ltd

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities- Term Loan	11.31(reduced from 51.19)	CARE AA- (SO) (Double A Minus) (Structured Obligation)]	Reaffirmed

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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Total Facilities	11.31		
Long-term Bank Facilities - Proposed Cash Credit	-	-	Withdrawn

Rating Rationale

The ratings continue to derive strength from ALL's 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

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, owning 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 has sold its 40% stake in its Singapore based subsidiary company to ITOCHU Petroleum Company. As on July 31, 2014, the group had five liquid terminals having total storage capacity of 4.54 lakh KL/annum. Further it also had storage capacity of 0.23 lakh MT along with other infrastructure facilities required for import, storage and distribution of LPG and propane.

For FY14 (refers to period April 1st to March 31st), ALL reported a total operating income of Rs. 5042.09 crore and a PAT of Rs. 68.68 crore as compared to a total operating income of Rs.4200.29 crore and a PAT of Rs.35.15 crore during FY13. During Q1FY'15 the company reported a PAT of Rs.18.84 crore on total operating income of Rs. 949.42 crore.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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.

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