CHAIRMAN'S SPEECH

"Building an Unrivalled Network of Liquid and Gas Terminals"

57th Annual General Meeting

Thursday, July 31, 2014

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Aegis Logistics Limited
1202, 12th Floor, Tower B, Peninsula Business Park,
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Dear Members of Aegis Logistics Limited,

Ladies and Gentlemen,

It gives me immense pleasure in welcoming you to the 57th Annual General Meeting of Aegis Logistics Limited. On behalf of the Board of Directors and my colleagues at Aegis, I thank you all for your kind presence here today. The Notice of the Annual General Meeting, the Directors' Report and the Audited Accounts for the year ended 31st March, 2014 are already with you and with your permission, I take them as read.

It's a pleasure to share with you the highlights of the progress made by Aegis Group since we met twelve months back.

MACRO ECONOMIC OUTLOOK

The financial year 2013-14 was a tough year for India with continued multiple challenges of a high current account deficit, , sluggish demand and political and economic uncertainty. However, volume growth in the Oil & Gas sector in which our Company operates, remained positive as these products are essential commodities. There was little in the way of subsidy reform. We will have to wait and see what the new government decides on issues such as natural gas pricing, diesel price decontrol and lpg subsidies.

The Global economic scenario has started showing a modest recovery and activity is expected to improve further in 2014–15, largely on account of recovery in the advanced economies. In many emerging market and developing economies, stronger external demand from advanced economies may lift growth. On the home front with the end to the political uncertainty and a stable government in place, the Company is hopeful that the Indian economy will show signs of improvement and will build a business friendly environment in the years to come.

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The Indian oil and gas industry is expected to show strong growth in future years and India's economic growth is closely connected to energy demand. The need for oil and gas is therefore projected to grow further, providing vast opportunities for investment.

Further, demand for fuel is growing constantly with a sustained increase in vehicle owners and industries. This sharp increase in demand leaves no other option for India but a massive increase in imports. For example, LPG imports are projected to rise from 6m MT in FY14 to as much as 12m MT by FY 19. Imports of petroleum products like diesel are also expected to grow. This will require a large expansion in liquid and gas terminal capacity in India to handle these imports.

BUSINESS PERFORMANCE

Fiscal 2013- 2014 was an excellent year of performance for Aegis Group. Group sales revenue hit an all time high of Rs. 5030.87 crores as compared to 3,981.64 crores in the previous year. Consolidated Profit after tax rose sharply to Rs. 68.68 crores as compared to Rs. 35.15 crores, an increase of 95% on a year – on year basis. This is also a record profit for the Company. The Board has proposed a substantial rise in dividends to a record 52.5%.

BUSINESS OUTLOOK & GROWTH INITIATIVES

The Company continued to achieve strong operating revenues with high earnings growth. The Company's growth plans are on track, with the commissioning of new Liquid Terminal at Haldia Dock Complex and the partial commissioning of a major Liquid and Gas Terminal at Pipavav Port, Gujarat ahead of schedule with expected completion during FY-2014-15.

Your Company is in a very good sector – oil & gas, which is likely to remain high growth for years to come, given the energy needs of India. We are in a crucial position in the oil & gas sector, providing total logistics services in the midstream and downstream part of the value chain, which is a profitable and high growth opportunity. As the movement of oil, gas and chemicals throughout India increases, demand for our logistics service grows.

I am pleased to say that with good demand growth expected in the Oil & Gas sector in India and a more favourable business outlook, the Company is poised for higher growth in medium term.

GROUP STRATEGY & GOALS

The group's strategy is clear and has been outlined for a number of years: to build a "necklace of gas and liquid terminals" around the coastline of India at key ports;.

In our continued commitment to achieve the Aegis group strategy, we wish to highlight a number of milestones and announcements for the coming year:

- *The greenfield project of setting up a Bulk Liquid Terminal of 60,190 kl at Haldia has been completed and commissioned.* ***Over the coming year, we will seek to expand this facility by a further 10-15%.*** *The expanded facilities shall enable the Company to expand its horizons by catering to the market of North East and Eastern states of India, as well as Nepal.*

- *The Company had initiated Pipavav –Phase 1 greenfield project in February 2013 to set up a 1,20,000 KL capacity liquid terminal and double the storage capacity of the pressurized LPG terminal to 5,400 MT. I am pleased to inform that the Company has successfully part commissioned its liquid terminal six months ahead of the schedule and is well under way to full completion during FY 2014-15. The expanded facilities at Pipavav port will enable the Company to expand its horizons by catering to markets in northern and northwest India. The port is close to main maritime trade routes linking Europe & Middle East with Asia giving an opportunity to the Company to handle products for the countries from this region as well.* ***The Board will decide during FY15 when to start phase 2 of expansion at Pipavav, which will be around 124,000 kl of additional capacity.***

  Over the next 3-5 years, with continued expansion in Pipavav, our goal is to take the group to over 1m kl in liquid terminal capacity and 850,000 MT of throughout capacity in our LPG division*.*

- *Aegis Group has expanded its foot prints across several states and cities with our autogas network at 97 stations across 6 states, with over 30 more currently in the pipeline. In view of the enormous time in getting various approvals and compliance of procedures, the Company has set a target to achieve 125 stations in 3 years.*

- *Presently we have a network of 54 Commercial/ Industrial Gas distributors for packed gas business across 42 cities in 5 states. Our focus is to expand the brand "Aegis puregas" into the states of Karnataka, Andhra Pradesh and Tamil Nadu states through widening the dealer distributor network.*

- *The expansion of our wholesale LPG sourcing business continues well. Sales volumes reached around 770,000 MT last year, making Aegis account for a little less than 13% of India's imports of LPG. India needs to import more LPG and Aegis is in a good position to deliver more LPG at different ports to the large customers****. We are exploring ways to expand this supply business from Singapore.***

- *We are looking at developing a number of **new** greenfield terminal projects at different ports, both in gas terminals and liquid terminals**. Over the coming year, we will be making a series of announcements as to the size and location of these projects.** This year and over the coming two to three years will see the largest investment by your Company ever with a view to building an unrivalled national network of terminals servicing the oil, gas and chemicals industry. With this expansion, Aegis will retain its leadership position in both liquid and gas terminals.*

COMMITMENT TO WORLD CLASS STANDARDS

Our clients are one of our most important stakeholders and we strive to be consistently relevant to their needs.

Towards Health, Safety and Environment (HSE) our major focus area continues to be to provide world class health and safety at all our operations. The Company has rolled out HSE priorities including framing of "Aegis Group HSE Policy", launching of "Aegis Golden Rules", Group level HSE performance measure, remedial action plan tracker taking a step forward in demonstrating sound HSE performance.

Aegis moved to new corporate headquarters having extensive use of architecturally exposed structural wood and glass. The new corporate office will streamline operations and better accommodate current and projected needs.

SOCIAL RESPONSIBILITY

As a part of CSR activity, acting through ANaRDe foundation, the Company has continued to work actively in the area of rural development, poverty alleviation, rural housing, sanitation, water resourse management and micro finance initiatives for self-help groups.

REWARD TO SHAREHOLDERS

In continuation of the past trend of rewarding shareholders, the company is pleased to recommend the Final Dividend of Rs 2.75 per share aggregating to the total Dividend of Rs. 5.25 per share (including Interim Dividend of Rs. 2.50 per share) for the FY 2013-14.

ACKNOWLEDGEMENTS

Lastly, I wish to thank the Board of Directors for their immense support. I am also grateful to the Central and State Governments where Aegis operates, the Port Trust and other Port authorities, all our stakeholders, investors, bankers, financial institutions, suppliers and customers for their consistent and resolute support and confidence in us. I also wish to acknowledge the contribution of the employees who have been our strength in the progress of the Company.

K. M. Chandaria
Chairman

31st July, 2014