

Aegis Logistics

Estimate change	↔
TP change	↔
Rating change	↔

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Bloomberg	AGIS IN
Equity Shares (m)	351
M.Cap.(INRb)/(USDb)	120.1 / 1.5
52-Week Range (INR)	410 / 198
1, 6, 12 Rel. Per (%)	-15/7/49
12M Avg Val (INR M)	292

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	86.3	95.6	102.2
EBITDA	7.3	8.1	8.6
Adj. PAT	5.1	4.9	5.3
Adj. EPS (INR)	14.6	14.0	15.0
EPS Gr.%	43.7	-4.3	7.2
BV/Sh.INR	100.6	109.7	119.5

Ratios

Net D:E	-0.1	-0.1	-0.1
RoE (%)	18.0	13.3	13.1
RoCE (%)	17.8	13.1	12.8
Payout (%)	43.6	35.0	35.0

Valuation

P/E (x)	23.4	24.5	22.8
P/BV (x)	3.4	3.1	2.9
EV/EBITDA (x)	15.2	13.7	12.8
Div. Yld (%)	1.8	1.5	1.6
FCF Yld (%)	-1.6	2.2	2.5

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	58.1	58.1	58.1
DII	3.6	3.8	2.2
FII	18.0	16.4	15.0
Others	20.3	21.7	24.7

FII Includes depository receipts

CMP: INR343 TP: INR330 (-4%) Neutral Throughput declines but management optimistic in the near term

- Aegis Logistics (AGIS) reported a lower-than-estimated EBITDA of INR2.0b (est. INR2.3b; up 42% YoY, down 6% QoQ) due to lower volumes in 4QFY23.
- Gas division posted 88% YoY revenue growth in FY23 driven primarily by 61% YoY growth in sourcing volume. However, management highlighted that the sourcing division contributes very little to EBITDA due to its slender margin of ~USD1/mt.
- Although LPG terminalling throughput declined 11% QoQ in 4QFY23, management expects throughput to reach ~4mmt in FY24 from ~3.3mmt in FY23 driven by ramp-up of Kandla terminal. The Kandla terminal's exit run-rate throughput stood at around 70,000mt/month at end-4QFY23.
- A capex program of INR45b has been planned for the JV over 2023-2027, which would be funded via internal accruals, debt, and some cash injection by both shareholders. However, such a high and ambitious capex will burden AGIS' balance sheet, with the focus shifting away from the LPG business that may elevate uncertainty.
- Additionally, competitions from oil marketing companies as well as private players make the ramp-ups in LPG throughput challenging.
- The stock currently trades at 24.5x FY24E EPS of INR14. We value the stock at 22x FY25E EPS of INR15 to arrive at our TP of INR330. **We maintain our Neutral rating on the stock.**

Miss on EBITDA but PAT beat estimates

- Revenue was in line with our est. at INR21.5b (+2% YoY, +3% QoQ) in 4Q.
- EBITDA was 10% below our est. at INR2b (+42% YoY, -6% QoQ) due to lower volumes.
- Reported PAT was 10% above our est. at INR1.4b (+49% YoY, +12% QoQ) driven by higher other income of INR637m (v/s INR192m in 3QFY23).
- The Board declared a final dividend of INR1.25/share. Total dividend for the year stood at INR5.75/share.
- **For FY23**, Revenue stood at INR86.3b (+86% YoY), EBITDA jumped 37% YoY to INR7.3b. PAT was at INR4.6b (+29% YoY)

Segmental performance in 4QFY23

- Liquids division's revenue came in at INR1.2b (+62% YoY, +2% QoQ), while EBIT stood at INR528m (+56% YoY, +13% QoQ).
- Gas division's revenue was at INR20.4b (flat YoY, -3% QoQ) and EBIT stood at INR1.4b (+36% YoY, -7% QoQ).

Valuation and view – maintain Neutral

- The company has commenced construction of India's largest cryogenic LPG terminal with a capacity of 80,000MT at Mangalore. Liquid capacity expansions of 50,000CBM at Kochi and 70,000CBM at Mangalore are also expected to be commissioned towards the end of FY24.

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- With already increased penetration of LPG, the threat of PNG-domestic over a longer term becomes credible. Industrial demand of LPG has several operational difficulties and natural gas is always preferred if economical. Hence, long-term growth remains a concern.
- The stock currently trades at 24.5x FY24E EPS of INR14. We value the stock at 22x FY25E EPS of INR15 to arrive at our TP of INR330. **We maintain our Neutral rating on the stock.**

Consolidated - Quarterly Earnings Model

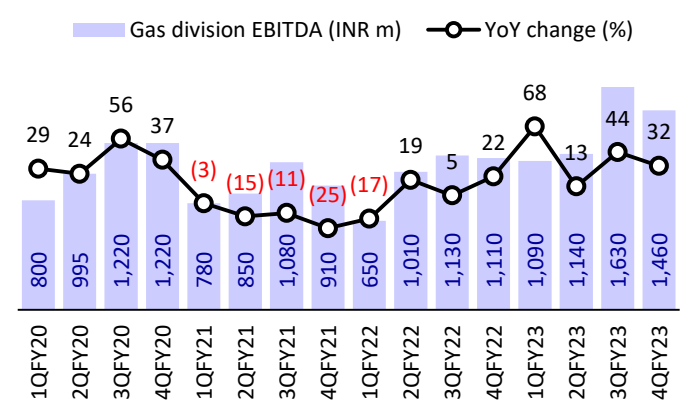
(INR m)

Y/E March	FY22				FY23				FY22		FY23	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	6,781	6,352	12,141	21,036	22,355	21,505	20,867	21,545	46,310	86,272	21,775	-1%
YoY Change (%)	6.5	-2.3	-21.4	108.0	229.7	238.5	71.9	2.4	20.5	86.3	3.5	
EBITDA	1,051	1,372	1,490	1,431	1,466	1,686	2,161	2,026	5,344	7,339	2,255	-10%
Margin (%)	15.5	21.6	12.3	6.8	6.6	7.8	10.4	9.4	11.5	8.5	10.4	-1.0
Depreciation	187	189	206	211	289	334	344	292	794	1,258	350	
Interest	41	36	44	98	103	254	272	254	218	882	290	
Other Income	80	92	81	135	861	180	192	637	387	1,870	194	
PBT before EO expense	903	1,239	1,321	1,257	1,935	1,279	1,738	2,117	4,720	7,068	1,809	17%
Extra-Ord expense	0	0	0	0	621	0	0	0	0	621	0	
PBT	903	1,239	1,321	1,257	1,314	1,279	1,738	2,117	4,720	6,448	1,809	17%
Tax	181	226	228	236	240	268	309	524	871	1,341	454	
Rate (%)	20.1	18.2	17.3	18.7	18.2	21.0	17.8	24.7	18.4	20.8	25.1	
MI & P/L of Asso. Cos.	56	69	75	74	41	77	175	185	274	477	77	139%
Reported PAT	666	944	1,018	947	1,034	934	1,253	1,409	3,575	4,630	1,278	10%
Adj PAT	666	944	1,018	947	1,541	934	1,253	1,409	3,575	5,137	1,278	10%
YoY Change (%)	123.3	65.7	43.0	44.8	131.4	-1.1	23.2	48.7	60.1	43.7	34.9	
Margins (%)	9.8	14.9	8.4	4.5	6.9	4.3	6.0	6.5	7.7	6.0	5.9	0.7

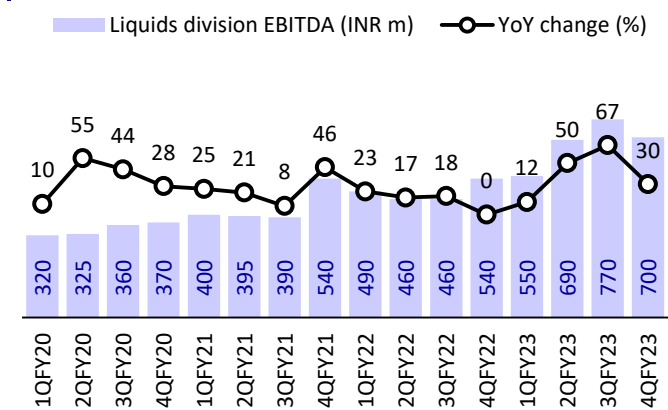
Segmental highlight

Segmental Highlights	FY20				FY21				FY22				FY23				YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
LPG logistics volumes ('000 MT)	588	751	958	728	700	723	775	715	568	738	753	800	637	833	988	876	9.5	-11.3
YoY change (%)	2.1	13.2	67.5	2.5	19.1	(3.8)	(19.1)	(1.8)	(19.0)	2.1	(2.9)	11.9	12.2	12.9	31.3	9.5		
LPG distribution volumes ('000 MT)	37	41	40	46	13	33	35	34	31	36	42	51	85	116	156	136	165.4	-12.8
YoY change (%)	70.6	45.8	20.1	49.2	(65.3)	(20.6)	(11.9)	(25.1)	139.1	9.0	18.6	50.2	176.3	224.3	271.6	165.4		
LPG sourcing volumes ('000 MT)	452	542	442	425	158	143	374	195	100	60	126	270	230	228	200	237	-12.4	18.5
YoY change (%)	109.6	100.8	61.6	(10.1)	(65.0)	(73.6)	(15.3)	(54.2)	(36.8)	(58.3)	(66.4)	39.0	129.9	282.7	58.9	(12.4)		
Gas division EBITDA (INR m)	800	995	1,220	1,220	780	850	1,080	910	650	1,010	1,130	1,110	1,090	1,140	1,630	1,460	31.5	-10.4
YoY change (%)	29.0	24.4	56.4	37.1	(2.5)	(14.6)	(11.5)	(25.4)	(16.7)	18.8	4.6	22.0	67.7	12.9	44.2	31.5		
Liquids division EBITDA (INR m)	320	325	360	370	400	395	390	540	490	460	460	540	550	690	770	700	29.6	-9.1
YoY change (%)	10.3	54.8	44.0	27.6	25.0	21.4	8.3	45.9	22.5	16.6	17.9	-	12.2	50.0	67.4	29.6		

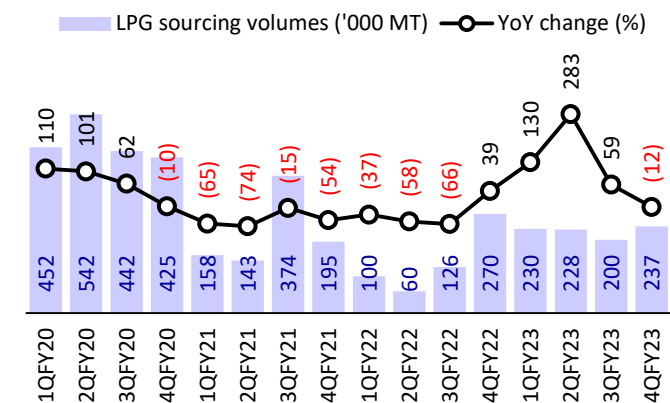
Story in charts

Exhibit 1: Gas division's EBITDA down 10% QoQ to INR1.5b


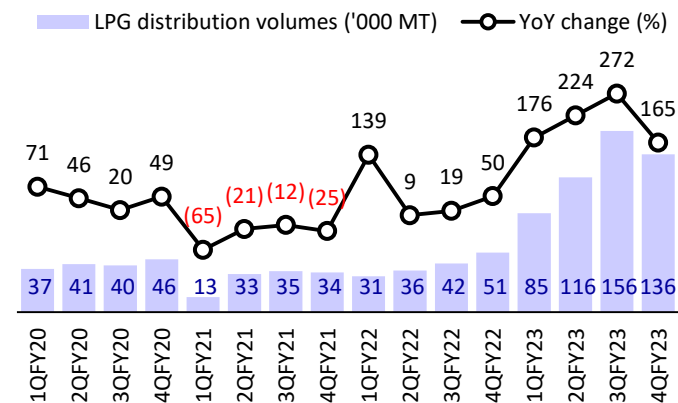
Source: Company, MOFSL

Exhibit 2: Liquids division's EBITDA down 9% QoQ to INR700m


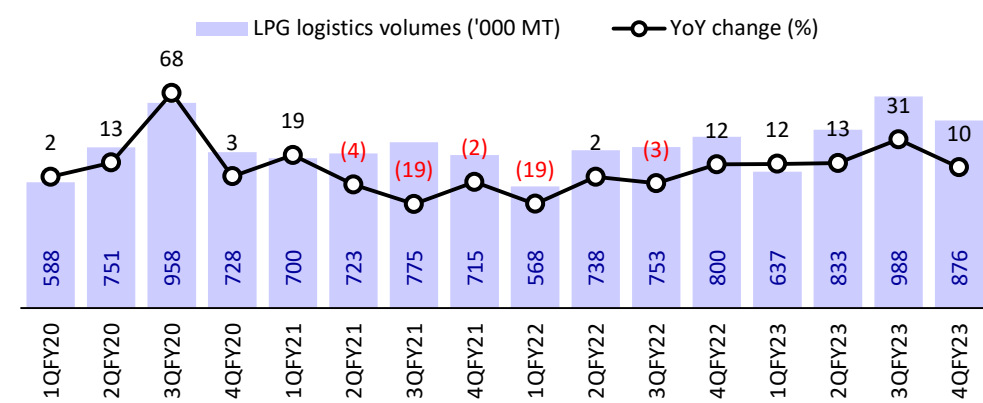
Source: Company, MOFSL

Exhibit 3: LPG sourcing volumes up 18% QoQ


Source: Company, MOFSL

Exhibit 4: LPG distribution volumes down 12% QoQ


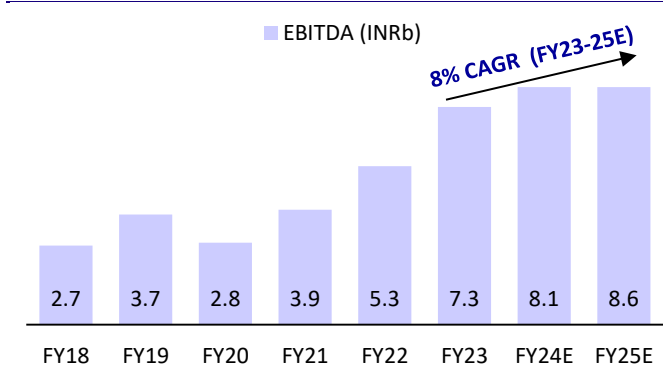
Source: Company, MOFSL

Exhibit 5: LPG logistics volumes down 11% QoQ


Source: Company, MOFSL

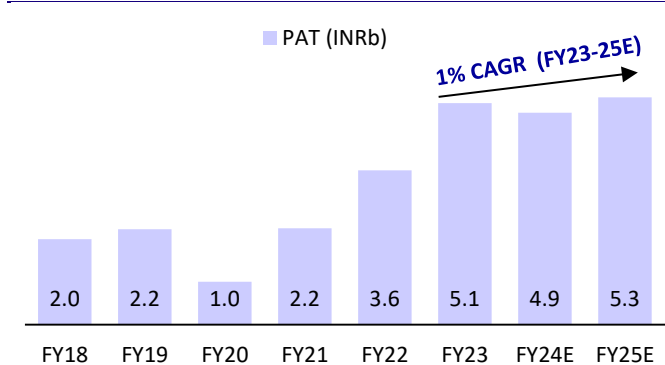
Story in charts (continued)

Exhibit 6: Expect EBITDA CAGR of ~8% over FY23-25...



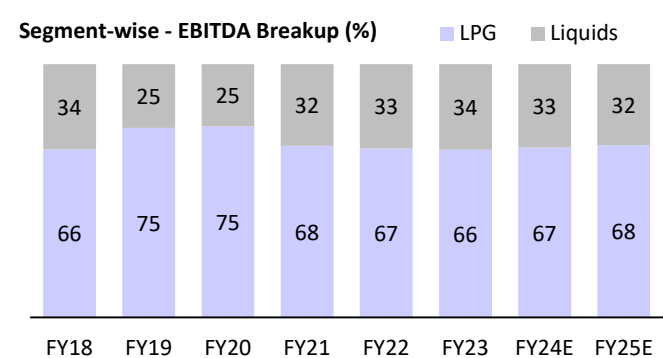
Source: Company, MOFSL

Exhibit 7: ...followed by a PAT CAGR of 1%



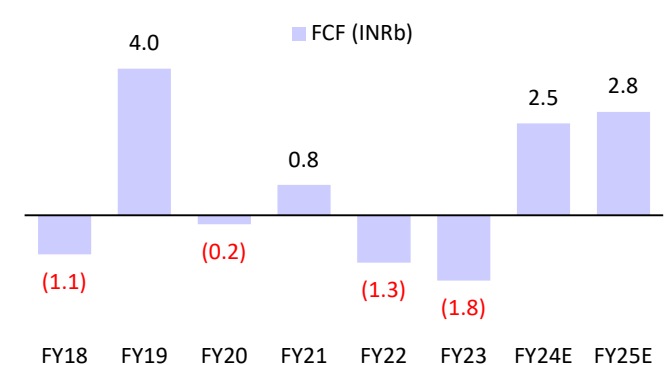
Source: Company, MOFSL

Exhibit 8: Expect EBITDA mix for the Gas division to improve



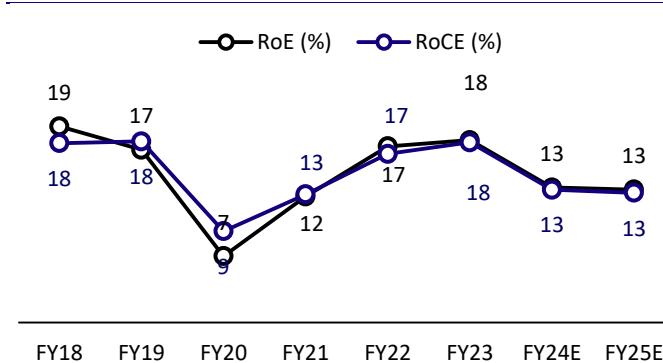
Source: Company, MOFSL

Exhibit 9: Expect FCF of ~5.5b over FY24-25



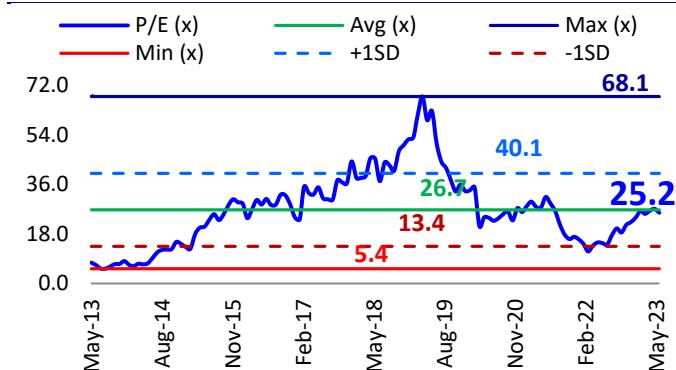
Source: Company, MOFSL

Exhibit 10: Expect return ratios to moderate below 15% from FY24



Source: Company, MOFSL

Exhibit 11: Stock trades at a 6% discount to its long-term P/E average



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Total Income from Operations	47,910	56,158	71,833	38,435	46,310	86,272	95,596	1,02,163
Change (%)	21.8	17.2	27.9	-46.5	20.5	86.3	10.8	6.9
EBITDA	2,660	3,709	2,765	3,876	5,344	7,339	8,117	8,615
Margin (%)	5.6	6.6	3.8	10.1	11.5	8.5	8.5	8.4
Depreciation	343	505	687	716	794	1,258	1,344	1,432
EBIT	2,317	3,203	2,078	3,160	4,550	6,081	6,773	7,183
Int. and Finance Charges	152	262	331	173	218	882	995	896
Other Income	84	82	328	369	387	1,870	1,434	1,400
PBT bef. EO Exp.	2,248	3,023	2,076	3,356	4,720	7,068	7,212	7,687
EO Items	0	0	0	0	0	-621	0	0
PBT after EO Exp.	2,248	3,023	2,076	3,356	4,720	6,448	7,212	7,687
Total Tax	110	502	736	864	871	1,341	1,817	1,937
Tax Rate (%)	4.9	16.6	35.5	25.7	18.4	20.8	25.2	25.2
Minority Interest	160	307	344	258	274	477	477	477
Reported PAT	1,978	2,214	996	2,234	3,575	4,630	4,917	5,273
Adjusted PAT	1,978	2,214	996	2,234	3,575	5,137	4,917	5,273
Change (%)	64.5	11.9	-55.0	124.3	60.1	43.7	-4.3	7.2
Margin (%)	4.1	3.9	1.4	5.8	7.7	6.0	5.1	5.2

Consolidated - Balance Sheet

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	334	334	340	351	351	351	351	351
Total Reserves	11,739	13,579	16,206	19,014	21,447	34,972	38,168	41,596
Net Worth	12,073	13,913	16,546	19,365	21,798	35,323	38,519	41,947
Minority Interest	697	748	906	1,090	826	5,145	5,145	5,145
Total Loans	2,824	1,865	2,156	3,430	3,827	9,954	9,954	9,954
Deferred Tax Liabilities	705	834	309	809	730	934	934	934
Capital Employed	16,299	17,361	19,917	24,694	27,181	51,355	54,551	57,979
Gross Block	15,756	16,728	21,116	21,954	29,405	43,381	46,204	49,262
Less: Accum. Deprn.	2,957	3,463	4,150	4,866	5,659	6,917	8,261	9,693
Net Fixed Assets	12,799	13,265	16,966	17,089	23,746	36,463	37,943	39,570
Capital WIP	1,256	1,207	2,201	4,876	2,525	4,117	5,293	6,235
Curr. Assets, Loans, and Adv.	8,059	9,688	9,946	8,838	14,058	30,899	33,631	36,040
Inventory	260	338	421	524	906	1,475	1,634	1,748
Account Receivables	3,469	2,285	4,540	942	7,383	8,386	9,292	9,931
Cash and Bank Balance	1,620	4,129	2,634	3,356	1,502	12,651	13,411	14,430
Loans and Advances	2,710	2,936	2,350	4,017	4,267	8,387	9,293	9,932
Curr. Liability and Prov.	5,841	6,926	9,290	6,127	13,161	20,272	22,464	24,014
Account Payables	3,788	4,853	4,016	747	6,747	8,714	9,657	10,327
Other Current Liabilities	1,918	1,927	5,096	5,223	6,214	11,341	12,567	13,430
Provisions	135	146	179	158	199	217	240	257
Net Current Assets	2,218	2,762	655	2,711	898	10,627	11,167	12,026
Appl. of Funds	16,299	17,360	19,917	24,694	27,181	51,355	54,551	57,979

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
EPS	5.6	6.3	2.8	6.4	10.2	14.6	14.0	15.0
Cash EPS	6.6	7.7	4.8	8.4	12.4	18.2	17.8	19.1
BV/Share	34.4	39.6	47.1	55.2	62.1	100.6	109.7	119.5
DPS	1.5	1.5	1.8	2.1	2.6	6.0	5.2	5.5
Payout (%)	28.8	25.5	69.0	36.2	28.2	43.6	35.0	35.0
Valuation (x)								
P/E	60.8	54.3	120.8	53.9	33.7	23.4	24.5	22.8
Cash P/E	51.8	44.2	71.5	40.8	27.5	18.8	19.2	17.9
P/BV	10.0	8.6	7.3	6.2	5.5	3.4	3.1	2.9
EV/Sales	2.4	2.0	1.6	3.0	2.5	1.3	1.2	1.1
EV/EBITDA	43.5	30.3	41.2	29.6	21.9	15.2	13.7	12.8
Dividend Yield (%)	0.4	0.4	0.5	0.6	0.8	1.8	1.5	1.6
FCF per share	-3.2	12.0	-0.7	2.5	-3.9	-5.4	7.5	8.5
Return Ratios (%)								
RoE	19.4	17.0	6.5	12.4	17.4	18.0	13.3	13.1
RoCE	17.7	17.9	9.0	12.6	16.6	17.8	13.1	12.8
RoIC	20.3	21.1	10.0	14.9	18.7	16.7	14.4	14.7
Working Capital Ratios								
Fixed Asset Turnover (x)	3.0	3.4	3.4	1.8	1.6	2.0	2.1	2.1
Asset Turnover (x)	2.9	3.2	3.6	1.6	1.7	1.7	1.8	1.8
Inventory (Days)	2	2	2	5	7	6	6	6
Debtor (Days)	26	15	23	9	58	35	35	35
Creditor (Days)	29	32	20	7	53	37	37	37
Leverage Ratio (x)								
Current Ratio	1.4	1.4	1.1	1.4	1.1	1.5	1.5	1.5
Interest Coverage Ratio	15.2	12.2	6.3	18.3	20.9	6.9	6.8	8.0
Net Debt/Equity ratio	0.1	-0.2	0.0	0.0	0.1	-0.1	-0.1	-0.1

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	2,248	3,023	2,076	3,356	4,720	6,448	7,212	7,687
Depreciation	343	505	687	716	794	1,258	1,344	1,432
Interest and Finance Charges	152	262	331	173	218	882	995	896
Direct Taxes Paid	-577	-624	-689	-503	-871	-4,026	-1,817	-1,937
(Inc.)/Dec. in WC	-192	2,450	-3,083	-71	-1,952	787	220	160
CF from Operations	1,914	5,563	1,463	4,416	2,628	3,584	6,520	6,838
(Inc.)/Dec. in FA	-2,991	-1,541	-1,708	-3,588	-3,932	-5,379	-4,000	-4,000
Free Cash Flow	-1,077	4,022	-245	828	-1,303	-1,795	2,520	2,838
CF from Investments	-2,962	-1,547	-1,514	-4,280	-1,619	-9,310	-2,566	-2,600
Issue of Shares	2,393	0	6	11	0	0	0	0
Inc./(Dec.) in Debt	175	-851	143	1,634	-335	5,505	0	0
Interest Paid	-313	-272	-258	-248	-130	-486	-995	-896
Dividend Paid	-413	-308	-866	-486	-2,211	-2,145	-1,721	-1,845
Others	201	-75	-470	-325	-187	14,002	-477	-477
CF from Fin. Activity	2,043	-1,506	-1,444	586	-2,864	16,876	-3,194	-3,219
Inc./Dec. in Cash	996	2,510	-1,495	722	-1,855	11,149	760	1,019
Opening Balance	623	1,620	4,129	2,634	3,356	1,502	12,651	13,411
Closing Balance	1,619	4,129	2,634	3,356	1,502	12,651	13,411	14,430

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Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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