

Aegis Logistics

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR375 **TP: INR345 (-8%)** **Neutral**

Outlook intact amid stable performance

Bloomberg	AGIS IN
Equity Shares (m)	351
M.Cap.(INRb)/(USDb)	131.4 / 1.6
52-Week Range (INR)	411 / 280
1, 6, 12 Rel. Per (%)	6/-14/-20
12M Avg Val (INR M)	276

Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Sales	69.2	104.1	108.3
EBITDA	8.3	9.1	9.6
Adj. PAT	4.9	5.5	5.8
Adj. EPS (INR)	13.9	15.7	16.6
EPS Gr.%	-5.2	13.1	5.5
BV/Sh.INR	109.7	119.9	130.6

Ratios

Net D:E	-0.1	-0.1	-0.1
RoE (%)	13.2	13.7	13.2
RoCE (%)	14.0	13.9	13.5
Payout (%)	35.0	35.0	35.0

Valuation

P/E (x)	27.0	23.9	22.6
P/BV (x)	3.4	3.1	2.9
EV/EBITDA (x)	14.9	13.2	12.5
Div. Yld (%)	1.4	1.5	1.6
FCF Yld (%)	1.5	3.2	2.7

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	58.1	58.1	58.1
DII	5.1	4.6	3.8
FII	18.0	18.9	16.4
Others	18.8	19.9	21.7

FII Includes depository receipts

- Aegis Logistics (AGIS) reported in line EBITDA of INR2.1b. Normalized EBITDA for the Liquids division increased 10% YoY to INR850m, while that of the Gas division declined 10% YoY to INR1,470m.
- The company is focusing on setting up bottling plants right outside its terminals as it provides competitive advantage to AGIS to cater to SME customers (in gas distribution segment) within 350-400 km.
- The company is also working on technical breakthroughs to implement LPG as a fuel source for large diesel generators. This is driven by the potential for LPG to generate an equivalent amount of electricity at only a quarter of the cost of diesel.
- A capex program of INR45b has been planned for the JV over 2023-27, which would be funded via internal accruals, debt, and some cash injection from both shareholders. However, such a high and ambitious capex will burden AGIS' balance sheet. This shift in focus away from the LPG business may introduce an element of uncertainty.
- Additionally, competition from oil marketing companies as well as private players make the ramp-ups in LPG throughput challenging, and hence, we **reiterate our Neutral rating on the stock**. The stock currently trades at 23.9x FY25E EPS of INR15.7. We value the stock at 22x Dec'25E EPS of INR15.7 to arrive at our TP of INR345.

EBITDA in line, but beat on PAT

- Revenue was in line with our est. at INR18.7b (-10% YoY)
- EBITDA was in line with our est. at INR2.1b (-2% YoY)
- Reported PAT was in line with our est. at INR1.3b (+4% YoY)
- **For 9MFY24**, Revenue stood at INR52.1b (-20% YoY); EBITDA jumped 16% YoY to INR6.2b. PAT stood at INR3.8b (+16% YoY)

Segmental performance in 3QFY24

- Liquids division revenue stood at INR1.2b (+6% YoY) and EBIT at INR645m (+16% YoY). Gas division revenue stood at INR17.5b (-11% YoY) and EBIT at INR1.3b (-8% YoY)

Valuation and view – maintain Neutral

- Currently, the company is undergoing capex projects worth INR17.5b. The company will be commissioning 35,000KL of tankage capacity at Kandla in 4QFY24. 20,000KL of liquid tankage capacity at the new JNPT terminal is also expected to be commissioned in 4QFY24 and the remaining 90,000KL by Jun'24. The two cryogenic LPG projects at Pipavav and Mangalore are also progressing on time and within budget.
- Considering the heightened penetration of LPG, the potential emergence of PNG-domestic poses a credible long-term threat. The industrial demand for LPG presents various operational challenges and natural gas is the preferred choice if it proves to be more economical. Therefore, long-term growth remains a significant concern.
- The stock currently trades at 23.9x FY25E EPS of INR15.7. We value the stock at 22x Dec'25E EPS of INR15.7 to arrive at our TP of INR345. **We reiterate our Neutral rating on the stock.**

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Consolidated - Quarterly Earning

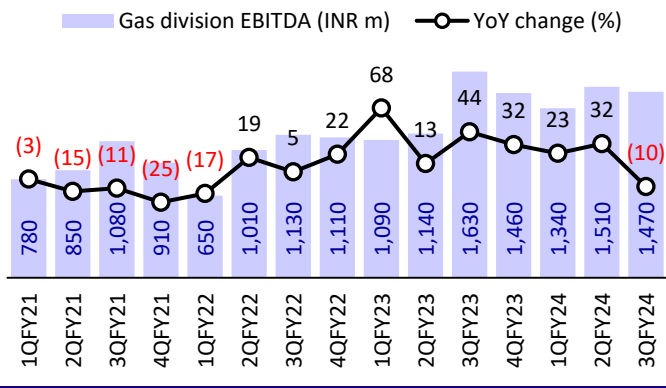
(INR m)

Y/E March	FY23				FY24				FY23	FY24E	FY24 3QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Sales	22,355	21,505	20,867	21,545	21,005	12,349	18,734	17,135	86,272	69,222	18,347	2%
YoY Change (%)	229.7	238.5	71.9	2.4	-6.0	-42.6	-10.2	-20.5	86.3	-19.8	-12.1	
EBITDA	1,466	1,686	2,161	2,026	1,959	2,083	2,118	2,093	7,339	8,253	2,191	-3%
Margin (%)	6.6	7.8	10.4	9.4	9.3	16.9	11.3	12.2	8.5	11.9	11.9	-0.6
Depreciation	289	334	344	292	333	341	345	370	1,258	1,389	351	
Interest	103	254	272	254	298	266	302	299	882	1,165	249	
Other Income	861	180	192	637	374	444	446	466	1,870	1,731	389	
PBT before EO expense	1,935	1,279	1,738	2,117	1,702	1,920	1,918	1,890	7,068	7,430	1,980	-3%
Extra-Ord expense	621	0	0	0	0	0	0	0	621	0	0	
PBT	1,314	1,279	1,738	2,117	1,702	1,920	1,918	1,890	6,448	7,430	1,980	-3%
Tax	240	268	309	524	375	420	396	555	1,341	1,746	498	
Rate (%)	18.2	21.0	17.8	24.7	22.0	21.9	20.6	29.4	20.8	23.5	25.2	
MI & P/L of Asso. Cos.	41	77	175	185	169	230	221	192	477	812	173	28%
Reported PAT	1,034	934	1,253	1,409	1,158	1,270	1,301	1,143	4,630	4,872	1,309	-1%
YoY Change (%)	131.4	-1.1	23.2	48.7	-24.9	36.0	3.8	-18.8	43.7	-5.2	4.4	
Margin (%)	6.9	4.3	6.0	6.5	5.5	10.3	6.9	6.7	6.0	7.0	7.1	-0.2

Segmental Highlights	FY22				FY23				FY24			YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
LPG logistics volumes ('000 MT)	568	738	753	800	637	833	988	876	881	1,020	1,097	11.0	7.5
YoY change (%)	(19.0)	2.1	(2.9)	11.9	12.2	12.9	31.3	9.5	38.3	22.4	11.0		
LPG distribution volumes ('000 MT)	31	36	42	51	85	116	156	136	159	131	144	-7.8	9.9
YoY change (%)	139.1	9.0	18.6	50.2	176.3	224.3	271.6	165.4	86.4	12.7	(7.8)		
LPG sourcing volumes ('000 MT)	100	60	126	270	230	228	200	237	226	174	179	-10.5	2.9
YoY change (%)	(36.8)	(58.3)	(66.4)	39.0	129.9	282.7	58.9	(12.4)	(1.7)	(23.7)	(10.5)		
Gas division EBITDA (INR m)	650	1,010	1,130	1,110	1,090	1,140	1,630	1,460	1,340	1,510	1,470	-9.8	-2.6
YoY change (%)	(16.7)	18.8	4.6	22.0	67.7	12.9	44.2	31.5	22.9	32.5	(9.8)		
Liquids division EBITDA (INR m)	490	460	460	540	550	690	770	700	780	800	850	10.4	6.3
YoY change (%)	22.5	16.6	17.9	-	12.2	50.0	67.4	29.6	41.8	15.9	10.4		

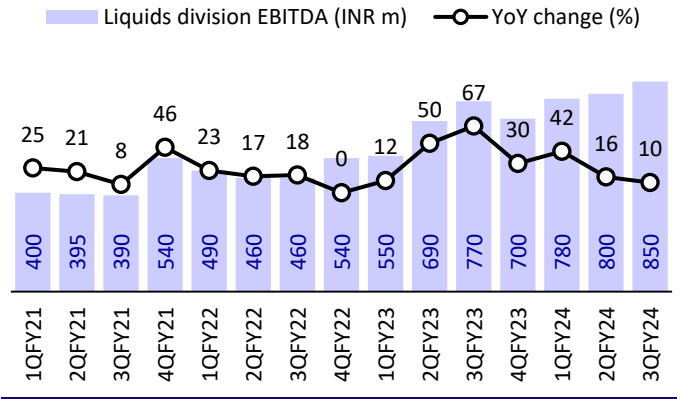
Story in charts

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



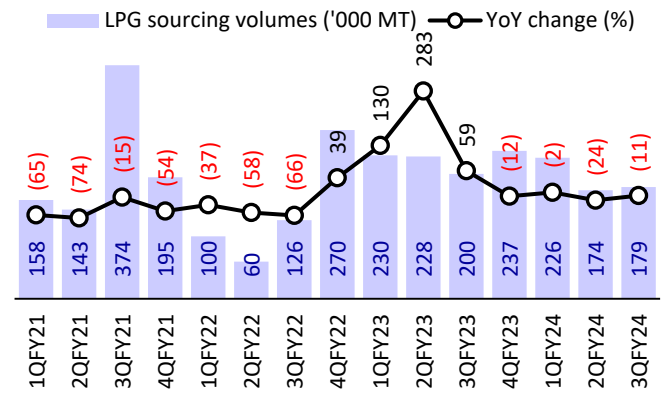
Source: Company, MOFSL

Exhibit 2: Liquids division's EBITDA up 10% YoY to INR850m



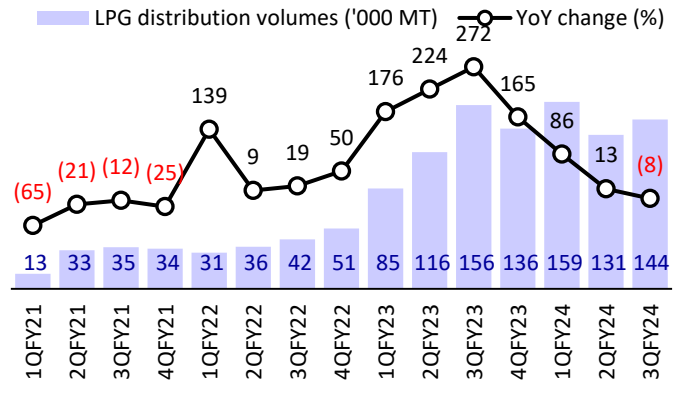
Source: Company, MOFSL

Exhibit 3: LPG sourcing volumes down 11% YoY



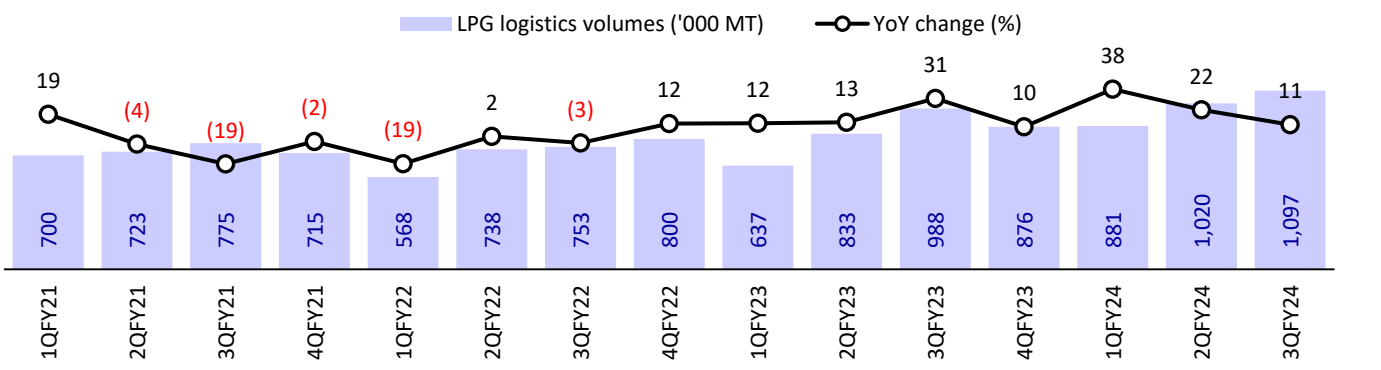
Source: Company, MOFSL

Exhibit 4: LPG distribution volumes down 8% YoY



Source: Company, MOFSL

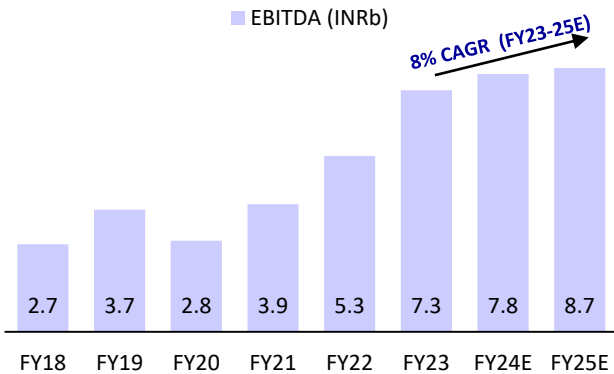
Exhibit 5: LPG logistics volumes up 11% YoY



Source: Company, MOFSL

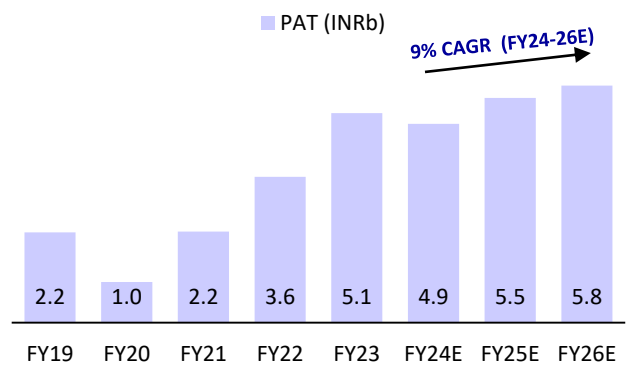
Story in charts (continued)

Exhibit 6: Expect EBITDA CAGR of ~8% over FY24-26...



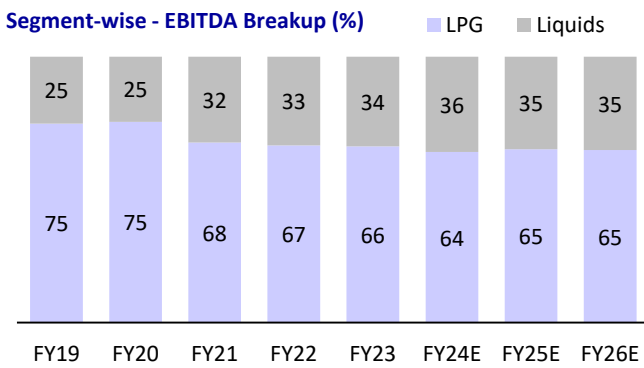
Source: Company, MOFSL

Exhibit 7: ...with PAT CAGR of 9%



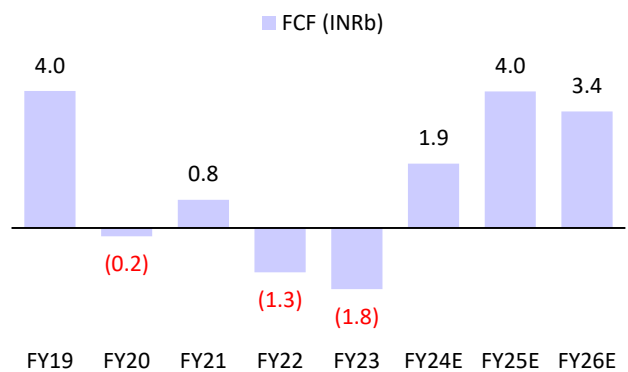
Source: Company, MOFSL

Exhibit 8: EBITDA mix for AGIS



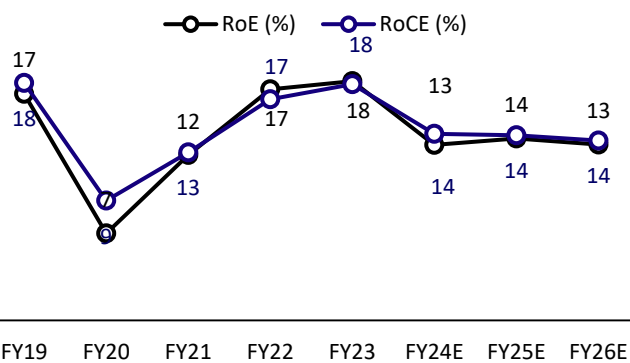
Source: Company, MOFSL

Exhibit 9: Expect FCF of ~7.4b over FY25-26



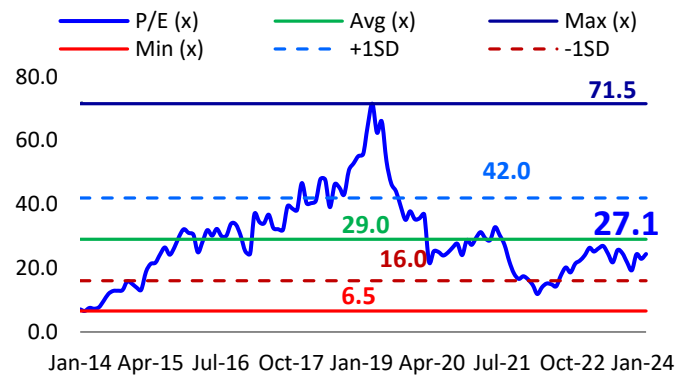
Source: Company, MOFSL

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



Source: Company, MOFSL

Exhibit 11: Stock trades at a 7% discount to its long-term P/E average



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Total Income from Operations	56,158	71,833	38,435	46,310	86,272	69,222	1,04,120	1,08,306
<i>Change (%)</i>	17.2	27.9	-46.5	20.5	86.3	-19.8	50.4	4.0
EBITDA	3,709	2,765	3,876	5,344	7,339	8,253	9,130	9,561
<i>Margin (%)</i>	6.6	3.8	10.1	11.5	8.5	11.9	8.8	8.8
Depreciation	505	687	716	794	1,258	1,389	1,446	1,542
EBIT	3,203	2,078	3,160	4,550	6,081	6,864	7,684	8,019
Int. and Finance Charges	262	331	173	218	882	1,165	896	896
Other Income	82	328	369	387	1,870	1,731	1,666	1,733
PBT bef. EO Exp.	3,023	2,076	3,356	4,720	7,068	7,430	8,454	8,856
EO Items	0	0	0	0	-621	0	0	0
PBT after EO Exp.	3,023	2,076	3,356	4,720	6,448	7,430	8,454	8,856
Total Tax	502	736	864	871	1,341	1,746	2,130	2,232
<i>Tax Rate (%)</i>	16.6	35.5	25.7	18.4	20.8	23.5	25.2	25.2
Minority Interest	307	344	258	274	477	812	812	812
Reported PAT	2,214	996	2,234	3,575	4,630	4,872	5,512	5,813
Adjusted PAT	2,214	996	2,234	3,575	5,137	4,872	5,512	5,813
<i>Change (%)</i>	11.9	-55.0	124.3	60.1	43.7	-5.2	13.1	5.5
<i>Margin (%)</i>	3.9	1.4	5.8	7.7	6.0	7.0	5.3	5.4

Consolidated - Balance Sheet

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	334	340	351	351	351	351	351	351
Total Reserves	13,579	16,206	19,014	21,447	34,972	38,139	41,722	45,500
Net Worth	13,913	16,546	19,365	21,798	35,323	38,490	42,073	45,851
Minority Interest	748	906	1,090	826	5,145	5,145	5,145	5,145
Total Loans	1,865	2,156	3,430	3,827	9,954	9,954	9,954	9,954
Deferred Tax Liabilities	834	309	809	730	934	934	934	934
Capital Employed	17,361	19,917	24,694	27,181	51,355	54,522	58,105	61,883
Gross Block	16,728	21,116	21,954	29,405	43,381	46,204	49,262	52,509
Less: Accum. Deprn.	3,463	4,150	4,866	5,659	6,917	8,306	9,752	11,294
Net Fixed Assets	13,265	16,966	17,089	23,746	36,463	37,898	39,510	41,215
Capital WIP	1,207	2,201	4,876	2,525	4,117	5,293	6,235	6,988
Curr. Assets, Loans, and Adv.	9,688	9,946	8,838	14,058	30,899	27,187	36,647	38,942
Inventory	338	421	524	906	1,475	1,139	1,775	1,845
Account Receivables	2,285	4,540	942	7,383	8,386	6,729	10,121	10,528
Cash and Bank Balance	4,129	2,634	3,356	1,502	12,651	12,590	14,629	16,041
Loans and Advances	2,936	2,350	4,017	4,267	8,387	6,729	10,122	10,529
Curr. Liability and Prov.	6,926	9,290	6,127	13,161	20,272	16,004	24,435	25,410
Account Payables	4,853	4,016	747	6,747	8,714	6,731	10,487	10,901
Other Current Liabilities	1,927	5,096	5,223	6,214	11,341	9,100	13,687	14,237
Provisions	146	179	158	199	217	174	262	272
Net Current Assets	2,762	655	2,711	898	10,627	11,183	12,212	13,532
Appl. of Funds	17,360	19,917	24,694	27,181	51,355	54,522	58,105	61,883

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Basic (INR)								
EPS	6.3	2.8	6.4	10.2	14.6	13.9	15.7	16.6
Cash EPS	7.7	4.8	8.4	12.4	18.2	17.8	19.8	21.0
BV/Share	39.6	47.1	55.2	62.1	100.6	109.7	119.9	130.6
DPS	1.5	1.8	2.1	2.6	6.0	5.1	5.8	6.1
Payout (%)	25.5	69.0	36.2	28.2	43.6	35.0	35.0	35.0
Valuation (x)								
P/E	59.4	132.1	58.9	36.8	25.6	27.0	23.9	22.6
Cash P/E	48.4	78.2	44.6	30.1	20.6	21.0	18.9	17.9
P/BV	9.5	8.0	6.8	6.0	3.7	3.4	3.1	2.9
EV/Sales	2.2	1.7	3.3	2.8	1.4	1.8	1.2	1.1
EV/EBITDA	33.2	45.1	32.3	23.9	16.7	14.9	13.2	12.5
Dividend Yield (%)	0.4	0.5	0.6	0.7	1.6	1.4	1.5	1.6
FCF per share	12.0	-0.7	2.5	-3.9	-5.4	5.7	12.0	10.2
Return Ratios (%)								
RoE	17.0	6.5	12.4	17.4	18.0	13.2	13.7	13.2
RoCE	17.9	9.0	12.6	16.6	17.8	14.0	13.9	13.5
RoIC	21.1	10.0	14.9	18.7	16.7	14.7	15.6	15.8
Working Capital Ratios								
Fixed Asset Turnover (x)	3.4	3.4	1.8	1.6	2.0	1.5	2.1	2.1
Asset Turnover (x)	3.2	3.6	1.6	1.7	1.7	1.3	1.8	1.8
Inventory (Days)	2	2	5	7	6	6	6	6
Debtor (Days)	15	23	9	58	35	35	35	35
Creditor (Days)	32	20	7	53	37	35	37	37
Leverage Ratio (x)								
Current Ratio	1.4	1.1	1.4	1.1	1.5	1.7	1.5	1.5
Interest Coverage Ratio	12.2	6.3	18.3	20.9	6.9	5.9	8.6	9.0
Net Debt/Equity ratio	-0.2	0.0	0.0	0.1	-0.1	-0.1	-0.1	-0.1

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
OP/(Loss) before Tax	3,023	2,076	3,356	4,720	6,448	7,430	8,454	8,856
Depreciation	505	687	716	794	1,258	1,389	1,446	1,542
Interest and Finance Charges	262	331	173	218	882	1,165	896	896
Direct Taxes Paid	-624	-689	-503	-871	-4,026	-1,746	-2,130	-2,232
(Inc.)/Dec. in WC	2,450	-3,083	-71	-1,952	787	-617	1,011	91
CF from Operations	5,563	1,463	4,416	2,628	3,584	5,890	8,010	7,420
(Inc.)/Dec. in FA	-1,541	-1,708	-3,588	-3,932	-5,379	-4,000	-4,000	-4,000
Free Cash Flow	4,022	-245	828	-1,303	-1,795	1,890	4,010	3,420
CF from Investments	-1,547	-1,514	-4,280	-1,619	-9,310	-2,269	-2,334	-2,267
Issue of Shares	0	6	11	0	0	0	0	0
Inc./(Dec.) in Debt	-851	143	1,634	-335	5,505	0	0	0
Interest Paid	-272	-258	-248	-130	-486	-1,165	-896	-896
Dividend Paid	-308	-866	-486	-2,211	-2,145	-1,705	-1,929	-2,034
Others	-75	-470	-325	-187	14,002	-812	-812	-812
CF from Fin. Activity	-1,506	-1,444	586	-2,864	16,876	-3,681	-3,637	-3,742
Inc./Dec. in Cash	2,510	-1,495	722	-1,855	11,149	-61	2,040	1,411
Opening Balance	1,620	4,129	2,634	3,356	1,502	12,651	12,590	14,629
Closing Balance	4,129	2,634	3,356	1,502	12,651	12,590	14,629	16,041

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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

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