

# Aegis Logistics

Estimate change



TP change



Rating change



	AGIS IN
Bloomberg	
Equity Shares (m)	351
M.Cap.(INRb)/(USDb)	249.3 / 3
52-Week Range (INR)	747 / 280
1, 6, 12 Rel. Per (%)	15/90/65
12M Avg Val (INR M)	480

## Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	70.5	119.1	112.4
EBITDA	9.2	11.5	13.8
Adj. PAT	5.7	6.3	7.7
Adj. EPS (INR)	16.2	18.0	22.0
EPS Gr.%	10.8	11.2	22.3
BV/Sh.INR	111.0	122.7	137.0

## Ratios

Net D:E	0.0	-0.1	-0.1
RoE (%)	15.3	15.4	17.0
RoCE (%)	15.1	15.4	16.6
Payout (%)	35.5	35.0	35.0

## Valuation

P/E (x)	44.2	39.8	32.5
P/BV (x)	6.5	5.8	5.2
EV/EBITDA (x)	25.8	20.5	17.2
Div. Yld (%)	0.8	0.9	1.1
FCF Yld (%)	0.2	2.1	1.6

## Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	58.1	58.1	58.1
DII	4.9	5.1	3.6
FII	18.2	18.0	18.0
Others	18.8	18.8	20.3

FII Includes depository receipts

**CMP: INR710**

**TP: INR670 (-6%)**

**Neutral**

## Robust growth outlook; valuations no longer inexpensive

- Aegis Logistics (AGIS) reported EBITDA of INR3.1b in 4QFY24, 28% above our estimates and up 51% YoY, mainly aided by strong EBIT growth of 105% YoY for the liquids division.
- AGIS announced the addition of a specialized storage terminal of 36KT with an investment of INR5b for ammonia in Gujarat by FY26 end. This is besides the ongoing aggressive capacity expansion in the liquids and gas divisions.
- We estimate a 17% CAGR in EPS over FY24-26. However, the current valuations at FY26E PE of 32x and PB of 5.2x (FY26 ROE: 17%) are no longer inexpensive. Hence, we maintain our Neutral rating on stock with a TP of INR670, based on 30x FY26E EPS of INR22.

## EBITDA/PAT significantly above estimates

- Revenue at INR18.3b was below our est. of INR20.6b (-15% YoY).
- EBITDA was 28% above our est. at INR3.1b (+51% YoY, +45% QoQ). The strong 4Q result was driven by strong 105% YoY growth in EBIT for the liquid division to INR1.3b.
- Other income stood at INR0.6b (-1%YoY, +41% QoQ).
- Reported PAT was 35% above our est. at INR1.96b (+39% YoY, +51% QoQ).
- Approved the addition of a specialized storage terminal of 36000mt with an investment of INR5b for ammonia in Gujarat by FY26 end.
- The board declared a final dividend of 200% of FV, i.e., INR2/share.
- For FY24, EBITDA was up 26% YoY at INR9b, PAT rose 23% YoY to INR5.7b, and revenue stood at INR70b (-18% YoY). Raw material costs stood at ~INR58b (-24% YoY). Capex was ~INR6b.
- During the year, Aegis Vopak Terminals Limited (AVTL) approved the acquisition of the specialized storage terminals at Mangalore (44,168 KL by acquisition and 41,000 KL under-construction).
- Net cash from operating activities was ~INR6.5b (~INR3.6b in FY23).

## Valuation and view: Maintain Neutral

- AGIS has announced an ambitious capex plan for: 1) commissioning of 25,000 KL at Kandla in FY25, 2) the full commissioning of 110,000 KL capacity at JNPT by FY25, 3) 71,000 KL capacity to be operational in FY25, and 4) additional 25000 KL capacity to be operational in FY25 at Kochi. Additionally, in the gas division, two cryogenic LPG projects at Pipavav and Mangalore are progressing on time and within budget.
- While we estimate a 17% CAGR over FY24-26, we believe that the current valuations at 32x FY26E EPS already factor in the strong expansion in capacity and earnings. We value the stock at 30x FY26E EPS of INR22.2 to arrive at our TP of INR670. We maintain our Neutral rating on the stock.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilalosal.com/Institutional-Equities](http://www.motilalosal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

## Consolidated - Quarterly Earning Model

(INR m)

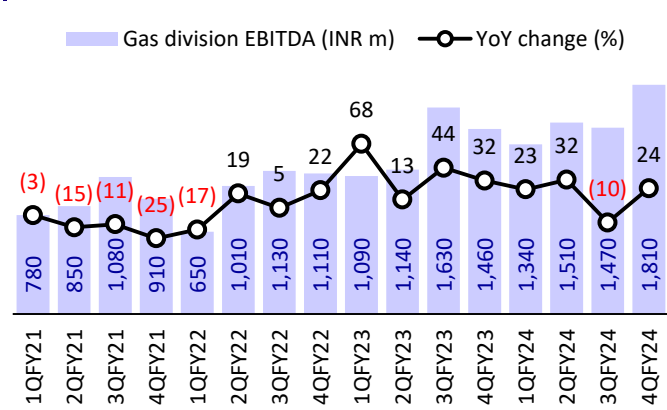
Y/E March	FY23				FY24				FY23	FY24	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>22,355</b>	<b>21,505</b>	<b>20,867</b>	<b>21,545</b>	<b>21,005</b>	<b>12,349</b>	<b>18,734</b>	<b>18,372</b>	<b>86,272</b>	<b>70,459</b>	<b>20,609</b>	<b>-11%</b>
YoY Change (%)	229.7	238.5	71.9	2.4	-6.0	-42.6	-10.2	-14.7	86.3	-18.3	-4.3	
<b>EBITDA</b>	<b>1,466</b>	<b>1,686</b>	<b>2,161</b>	<b>2,026</b>	<b>1,959</b>	<b>2,083</b>	<b>2,118</b>	<b>3,068</b>	<b>7,339</b>	<b>9,227</b>	<b>2,405</b>	<b>28%</b>
Margin (%)	6.6	7.8	10.4	9.4	9.3	16.9	11.3	16.7	8.5	13.1	11.7	5.0
Depreciation	289	334	344	292	333	341	345	334	1,258	1,353	370	
Interest	103	254	272	254	298	266	302	292	882	1,158	299	
Other Income	861	180	192	637	374	444	446	632	1,870	1,896	553	
<b>PBT before EO expense</b>	<b>1,935</b>	<b>1,279</b>	<b>1,738</b>	<b>2,117</b>	<b>1,702</b>	<b>1,920</b>	<b>1,918</b>	<b>3,073</b>	<b>7,068</b>	<b>8,613</b>	<b>2,290</b>	<b>34%</b>
Extra-Ord expense	621	0	0	0	0	0	0	0	621	0	0	
<b>PBT</b>	<b>1,314</b>	<b>1,279</b>	<b>1,738</b>	<b>2,117</b>	<b>1,702</b>	<b>1,920</b>	<b>1,918</b>	<b>3,073</b>	<b>6,448</b>	<b>8,613</b>	<b>2,290</b>	<b>34%</b>
Tax	240	268	309	524	375	420	396	700	1,341	1,891	649	
Rate (%)	18.2	21.0	17.8	24.7	22.0	21.9	20.6	22.8	20.8	22.0	28.4	
MI & P/L of Asso. Cos.	41	77	175	185	169	230	221	410	477	1,030	192	114%
<b>Reported PAT</b>	<b>1,034</b>	<b>934</b>	<b>1,253</b>	<b>1,409</b>	<b>1,158</b>	<b>1,270</b>	<b>1,301</b>	<b>1,963</b>	<b>4,630</b>	<b>5,692</b>	<b>1,449</b>	<b>35%</b>
YoY Change (%)	131.4	-1.1	23.2	48.7	-24.9	36.0	3.8	39.4	43.7	10.8	2.9	
Margin (%)	6.9	4.3	6.0	6.5	5.5	10.3	6.9	10.7	6.0	8.1	7.0	3.7

## Segmental Highlights

	FY23				FY24				YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
LPG logistics volumes ('000 MT)	637	833	988	876	881	1,020	1,097	1,017	16.1	-7.3
YoY change (%)	12.2	12.9	31.3	9.5	38.3	22.4	11.0	16.1		
LPG distribution volumes ('000 MT)	85	116	156	136	159	131	144	126	-7.5	-12.5
YoY change (%)	176.3	224.3	271.6	165.4	86.4	12.7	(7.8)	(7.5)		
LPG sourcing volumes ('000 MT)	230	228	200	237	226	174	179	220	-7.2	22.9
YoY change (%)	129.9	282.7	58.9	(12.4)	(1.7)	(23.7)	(10.5)	(7.2)		
Gas division EBITDA (INR m)	1,090	1,140	1,630	1,460	1,340	1,510	1,470	1,810	24.0	23.1
YoY change (%)	67.7	12.9	44.2	31.5	22.9	32.5	(9.8)	24.0		
Liquids division EBITDA (INR m)	550	690	770	700	780	800	850	1,530	118.6	80.0
YoY change (%)	12.2	50.0	67.4	29.6	41.8	15.9	10.4	118.6		

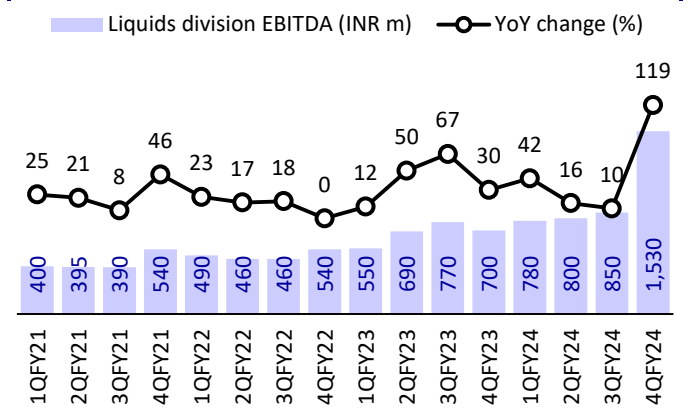
## Story in charts

**Exhibit 1: Gas division's EBITDA up 24% YoY to INR1.8b**



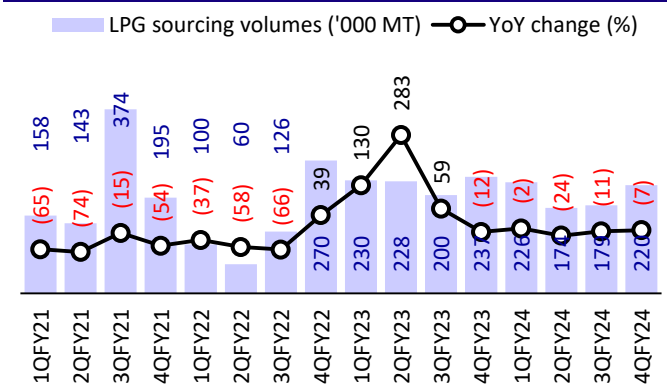
Source: Company, MOFSL

**Exhibit 2: Liquids division's EBITDA up 119% YoY to INR1.5b**



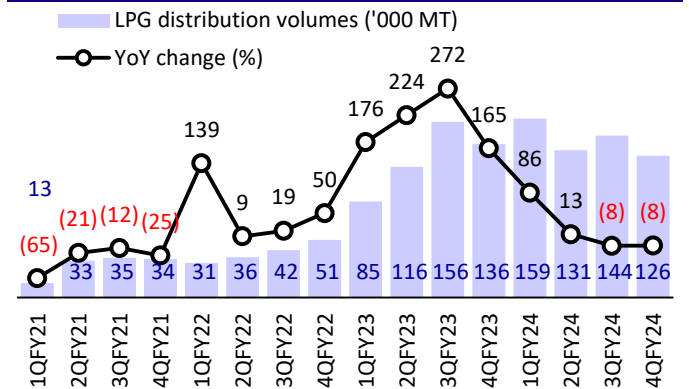
Source: Company, MOFSL

**Exhibit 3: LPG sourcing volumes down 7% YoY**



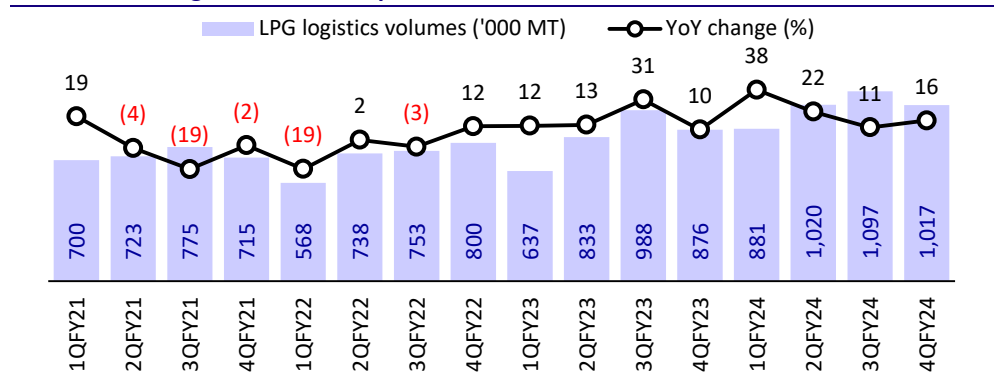
Source: Company, MOFSL

**Exhibit 4: LPG distribution volumes down 8% YoY**



Source: Company, MOFSL

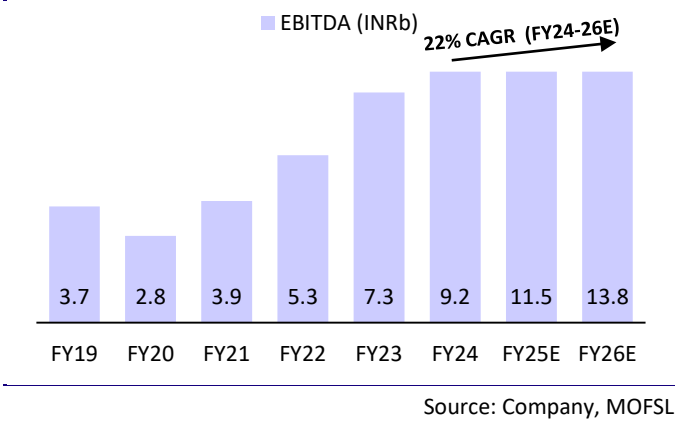
**Exhibit 5: LPG logistics volumes up 16% YoY**



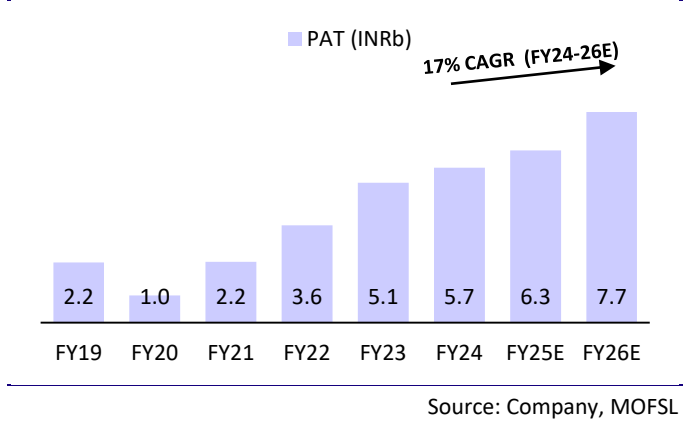
Source: Company, MOFSL

## Story in charts (continued)

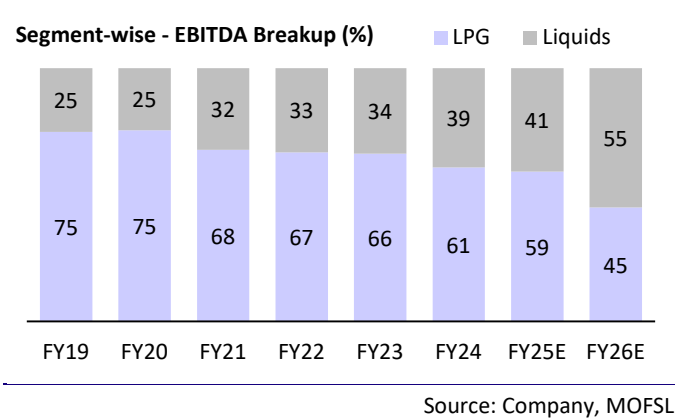
**Exhibit 6: Expect EBITDA CAGR of ~22% over FY24-26E...**



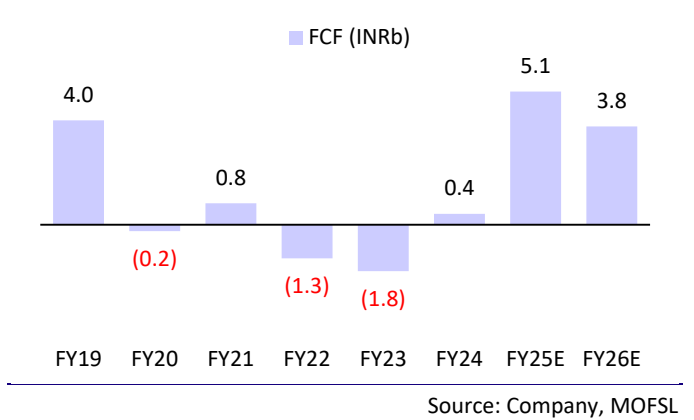
**Exhibit 7: ...with PAT CAGR of 17%**



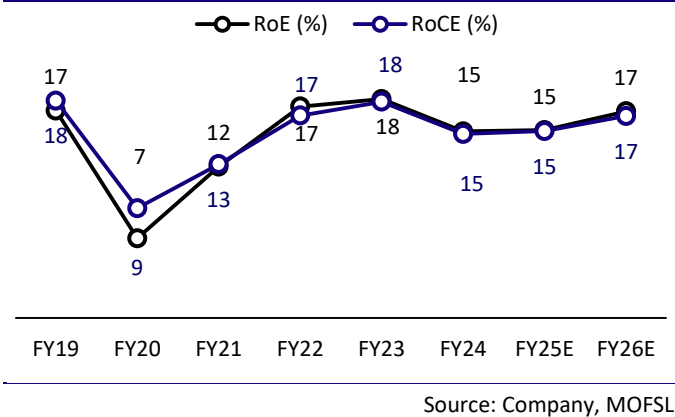
**Exhibit 8: EBITDA mix for AGIS**



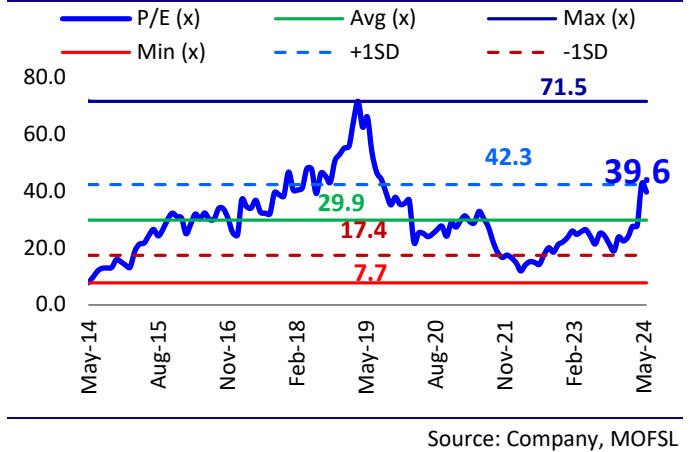
**Exhibit 9: Expect FCF of ~8.9b over FY25-26**



**Exhibit 10: Expect return ratios to moderate below 18% from FY24**



**Exhibit 11: Stock trades at 32% premium to its LT P/E average**



## Financials and valuations

### Consolidated - Income Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Total Income from Operations</b>	<b>56,158</b>	<b>71,833</b>	<b>38,435</b>	<b>46,310</b>	<b>86,272</b>	<b>70,459</b>	<b>1,19,098</b>	<b>1,12,429</b>
Change (%)	17.2	27.9	-46.5	20.5	86.3	-18.3	69.0	-5.6
<b>EBITDA</b>	<b>3,709</b>	<b>2,765</b>	<b>3,876</b>	<b>5,344</b>	<b>7,339</b>	<b>9,227</b>	<b>11,502</b>	<b>13,760</b>
Margin (%)	6.6	3.8	10.1	11.5	8.5	13.1	9.7	12.2
Depreciation	505	687	716	794	1,258	1,353	1,814	1,983
<b>EBIT</b>	<b>3,203</b>	<b>2,078</b>	<b>3,160</b>	<b>4,550</b>	<b>6,081</b>	<b>7,875</b>	<b>9,688</b>	<b>11,777</b>
Int. and Finance Charges	262	331	173	218	882	1,158	1,996	2,079
Other Income	82	328	369	387	1,870	1,896	2,144	2,024
<b>PBT bef. EO Exp.</b>	<b>3,023</b>	<b>2,076</b>	<b>3,356</b>	<b>4,720</b>	<b>7,068</b>	<b>8,613</b>	<b>9,836</b>	<b>11,721</b>
<b>PBT after EO Exp.</b>	<b>3,023</b>	<b>2,076</b>	<b>3,356</b>	<b>4,720</b>	<b>6,448</b>	<b>8,613</b>	<b>9,836</b>	<b>11,721</b>
Total Tax	502	736	864	871	1,341	1,891	2,479	2,954
Tax Rate (%)	16.6	35.5	25.7	18.4	20.8	22.0	25.2	25.2
Minority Interest	307	344	258	274	477	1,030	1,030	1,030
<b>Reported PAT</b>	<b>2,214</b>	<b>996</b>	<b>2,234</b>	<b>3,575</b>	<b>4,630</b>	<b>5,692</b>	<b>6,327</b>	<b>7,737</b>
<b>Adjusted PAT</b>	<b>2,214</b>	<b>996</b>	<b>2,234</b>	<b>3,575</b>	<b>5,137</b>	<b>5,692</b>	<b>6,327</b>	<b>7,737</b>
Change (%)	11.9	-55.0	124.3	60.1	43.7	10.8	11.2	22.3
Margin (%)	3.9	1.4	5.8	7.7	6.0	8.1	5.3	6.9

### Consolidated - Balance Sheet

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	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	38,593	42,705	47,735
<b>Net Worth</b>	<b>13,913</b>	<b>16,546</b>	<b>19,365</b>	<b>21,798</b>	<b>35,323</b>	<b>38,944</b>	<b>43,056</b>	<b>48,086</b>
Minority Interest	748	906	1,090	826	5,145	5,675	5,675	5,675
Total Loans	1,865	2,156	3,430	3,827	9,954	16,632	16,632	16,632
Deferred Tax Liabilities	834	309	809	730	934	1,437	1,437	1,437
<b>Capital Employed</b>	<b>17,361</b>	<b>19,917</b>	<b>24,694</b>	<b>27,181</b>	<b>51,355</b>	<b>62,688</b>	<b>66,801</b>	<b>71,830</b>
Gross Block	16,728	21,116	21,954	29,405	43,381	49,514	54,159	59,174
Less: Accum. Deprn.	3,463	4,150	4,866	5,659	6,917	8,270	10,084	12,067
<b>Net Fixed Assets</b>	<b>13,265</b>	<b>16,966</b>	<b>17,089</b>	<b>23,746</b>	<b>36,463</b>	<b>41,244</b>	<b>44,074</b>	<b>47,107</b>
Capital WIP	1,207	2,201	4,876	2,525	4,117	6,972	8,827	10,312
<b>Curr. Assets, Loans, and Adv.</b>	<b>9,688</b>	<b>9,946</b>	<b>8,838</b>	<b>14,058</b>	<b>30,899</b>	<b>32,364</b>	<b>44,536</b>	<b>43,118</b>
Inventory	338	421	524	906	1,475	636	1,117	1,025
Account Receivables	2,285	4,540	942	7,383	8,386	5,134	8,678	8,192
Cash and Bank Balance	4,129	2,634	3,356	1,502	12,651	17,746	19,784	19,783
Loans and Advances	2,936	2,350	4,017	4,267	8,387	8,848	14,956	14,119
<b>Curr. Liability and Prov.</b>	<b>6,926</b>	<b>9,290</b>	<b>6,127</b>	<b>13,161</b>	<b>20,272</b>	<b>18,041</b>	<b>30,785</b>	<b>28,855</b>
Account Payables	4,853	4,016	747	6,747	8,714	4,351	7,646	7,012
Other Current Liabilities	1,927	5,096	5,223	6,214	11,341	13,432	22,704	21,432
Provisions	146	179	158	199	217	258	435	411
<b>Net Current Assets</b>	<b>2,762</b>	<b>655</b>	<b>2,711</b>	<b>898</b>	<b>10,627</b>	<b>14,324</b>	<b>13,750</b>	<b>14,263</b>
<b>Appl. of Funds</b>	<b>17,360</b>	<b>19,917</b>	<b>24,694</b>	<b>27,181</b>	<b>51,355</b>	<b>62,688</b>	<b>66,801</b>	<b>71,830</b>

## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>6.3</b>	<b>2.8</b>	<b>6.4</b>	<b>10.2</b>	<b>14.6</b>	<b>16.2</b>	<b>18.0</b>	<b>22.0</b>
Cash EPS	7.7	4.8	8.4	12.4	18.2	20.1	23.2	27.7
BV/Share	39.6	47.1	55.2	62.1	100.6	111.0	122.7	137.0
DPS	1.5	1.8	2.1	2.6	6.0	6.0	6.6	8.1
Payout (%)	25.5	69.0	36.2	28.2	43.6	35.5	35.0	35.0
<b>Valuation (x)</b>								
P/E	113.7	252.7	112.6	70.4	49.0	44.2	39.8	32.5
Cash P/E	92.5	149.5	85.3	57.6	39.3	35.7	30.9	25.9
P/BV	18.1	15.2	13.0	11.5	7.1	6.5	5.8	5.2
EV/Sales	4.2	3.3	6.2	5.2	2.7	3.4	2.0	2.1
EV/EBITDA	63.9	86.4	61.8	45.2	32.3	25.8	20.5	17.2
Dividend Yield (%)	0.2	0.2	0.3	0.4	0.8	0.8	0.9	1.1
FCF per share	12.0	-0.7	2.5	-3.9	-5.4	1.3	15.4	11.4
<b>Return Ratios (%)</b>								
RoE	17.0	6.5	12.4	17.4	18.0	15.3	15.4	17.0
RoCE	17.9	9.0	12.6	16.6	17.8	15.1	15.4	16.6
RoIC	21.1	10.0	14.9	18.7	16.7	16.9	19.0	22.0
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	3.4	3.4	1.8	1.6	2.0	1.4	2.2	1.9
Asset Turnover (x)	3.2	3.6	1.6	1.7	1.7	1.1	1.8	1.6
Inventory (Days)	2	2	5	7	6	3	3	3
Debtor (Days)	15	23	9	58	35	27	27	27
Creditor (Days)	32	20	7	53	37	23	23	23
<b>Leverage Ratio (x)</b>								
Current Ratio	1.4	1.1	1.4	1.1	1.5	1.8	1.4	1.5
Interest Coverage Ratio	12.2	6.3	18.3	20.9	6.9	6.8	4.9	5.7
Net Debt/Equity ratio	-0.2	0.0	0.0	0.1	-0.1	0.0	-0.1	-0.1

### Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(Loss) before Tax	3,023	2,076	3,356	4,720	6,448	8,613	9,836	11,721
Depreciation	505	687	716	794	1,258	1,353	1,814	1,983
Interest and Finance Charges	262	331	173	218	882	1,158	1,996	2,079
Direct Taxes Paid	-624	-689	-503	-871	-4,026	-2,290	-2,479	-2,954
(Inc.)/Dec. in WC	2,450	-3,083	-71	-1,952	787	-704	2,611	-514
<b>CF from Operations</b>	<b>5,563</b>	<b>1,463</b>	<b>4,416</b>	<b>2,628</b>	<b>3,584</b>	<b>6,556</b>	<b>11,635</b>	<b>10,292</b>
(Inc.)/Dec. in FA	-1,541	-1,708	-3,588	-3,932	-5,379	-6,136	-6,500	-6,500
<b>Free Cash Flow</b>	<b>4,022</b>	<b>-245</b>	<b>828</b>	<b>-1,303</b>	<b>-1,795</b>	<b>420</b>	<b>5,135</b>	<b>3,792</b>
<b>CF from Investments</b>	<b>-1,547</b>	<b>-1,514</b>	<b>-4,280</b>	<b>-1,619</b>	<b>-9,310</b>	<b>-7,122</b>	<b>-4,356</b>	<b>-4,476</b>
Issue of Shares	0	6	11	0	0	0	0	0
Inc./(Dec.) in Debt	-851	143	1,634	-335	5,505	6,719	0	0
Interest Paid	-272	-258	-248	-130	-486	-976	-1,996	-2,079
Dividend Paid	-308	-866	-486	-2,211	-2,145	-2,381	-2,215	-2,708
Others	-75	-470	-325	-187	14,002	2,300	-1,030	-1,030
<b>CF from Fin. Activity</b>	<b>-1,506</b>	<b>-1,444</b>	<b>586</b>	<b>-2,864</b>	<b>16,876</b>	<b>5,661</b>	<b>-5,240</b>	<b>-5,817</b>
<b>Inc./Dec. in Cash</b>	<b>2,510</b>	<b>-1,495</b>	<b>722</b>	<b>-1,855</b>	<b>11,149</b>	<b>5,095</b>	<b>2,038</b>	<b>-1</b>
Opening Balance	1,620	4,129	2,634	3,356	1,502	12,651	17,746	19,784
<b>Closing Balance</b>	<b>4,129</b>	<b>2,634</b>	<b>3,356</b>	<b>1,502</b>	<b>12,651</b>	<b>17,746</b>	<b>19,784</b>	<b>19,783</b>

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Explanation of Investment Rating	
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SELL	< - 10%
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