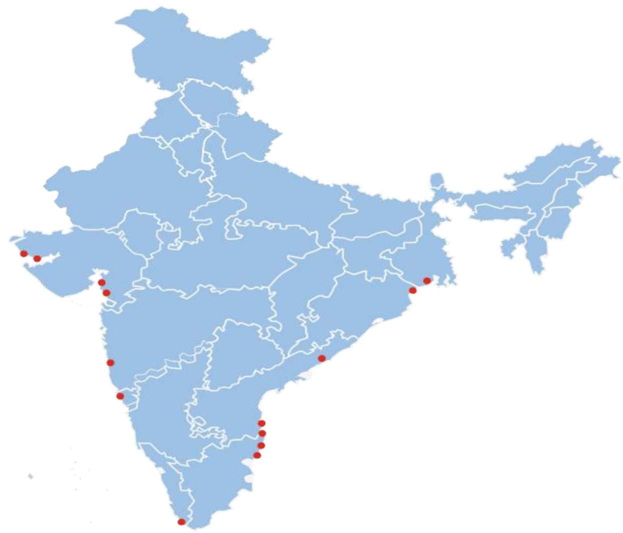
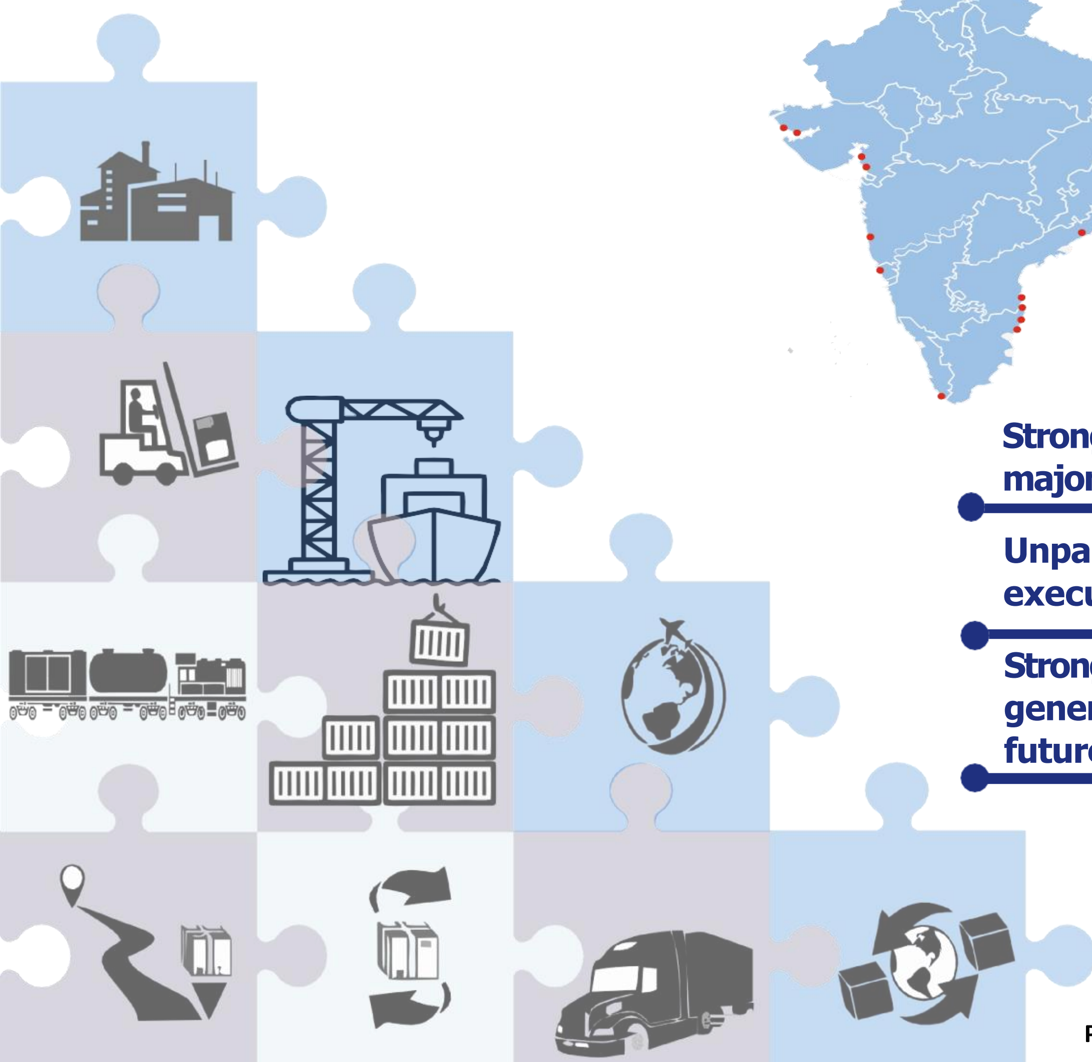
AEGIS LOGISTICS LIMITED



- Strong presence across major ports
- Unparalleled ability to execute timely projects
- Strong cash flow generation; to fund future growth



Prepared By – Tapish Talaich

India's Leading Provider of Logistics Services to the Oil, Gas and Chemical Industry

Equity Research Report

Aegis Logistics Limited

Maximizing returns through continuous capacity expansion

Recommendation	**:XXX**
CMP	**:INR734**
Target Price	**:XXX**

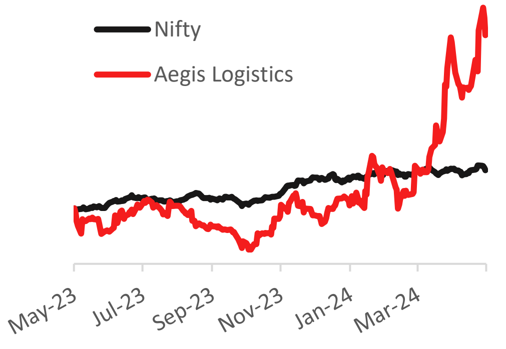
About the Company

Aegis Logistics Ltd. is a fast growing company in gas and liquid logistics, it also is a frontrunner in India's gas story. Aegis Logistics Limited is involved in the import and distribution of Liquified Petroleum Gas (LPG), and it provides storage and terminaling facilities for LPG and chemical products. The company's operations capture the entire logistics value chain from sourcing to retail distribution of LPG. The companies vision is to support India transition towards a sustainable future by facilitating supply of clean fuel.

Incorporated as Atul drug house in the year 1956, the company underwent various turnkey strategic developments to evolve into a leading logistics player, currently it is headquartered in Mumbai and has a large network of tank terminals and distribution facilities across Kandla , Pipavav, Mangalore (gas terminal under work), Kochi , Haldia , Trombay (Mumbai) and has upcoming liquid terminal at JNPT Mumbai. Aegis management has been pro active in sensing demand and over a period it has capitalized it to form a well articulated strategy and has had great execution to reach the current capacity. Despite pursuing a capex heavy and acquisition led strategy the key positives for the company have been (a) strong net cash balance sheet (b) JV with global players like Vopak , ITOCHU which has enabled it to establish cost leadership (c) strategic presence across key terminals and high capacity utilization across terminals.

During the period FY19-24, company's LPG distribution volume grew at a CAGR of 35.6% , liquid division top line and PAT grew at CAGR of 27.4% and 28.1% respectively for the same period . Further Aegis has a strong plan of 1500 Cr capex aligned for expansion of existing terminals for it's chemicals and petroleum products vertical. Aegis is a low risk play with strong financials and tailwinds – beginning of revival of chemical sector in upcoming financial year would diversify the business and continued shift to cleaner fuel like LPG would propel growth in company's leading segment.

Relative Stock Performance – 1Yr



Key Highlights of FY24

- Liquids division witnessed highest ever revenue and operating EBITDA of 549Cr and 396 Cr respectively
- Gas Logistics and distribution business saw highest ever volumes
  Logistics volume stood at 4.1 million MT with a rise of 23% YoY
  Distribution business volume stood at 5.6 lakh MT, a rise of 13% YoY
- Company reached a significant milestone of 1000 Cr normalized EBITDA, PAT stood at 672 Cr with 32% increase YoY.
- Decrease in the annual top-line is attributable to the decrease in the LPG sourcing volumes , better product mix in liquid segment with higher revenue has lead to increase in net margin by 290 bps.

Stock Data (as of 29May, 2024)	
NIFTY	**: 22,704.7**
52 Week H/L INR	**: 781/280**
Market Cap (Crs)	**: 25,875**
Outstanding Shares (Crs)	**: 35.12**
Dividend Yield (%)	**: 0.61%**
NSE Code	**: AEGISCHEM**

Absolute Returns	
1 Year	: 91.46%
3 Year	: 91.06%
5 Year	: 203.67%

Shareholding Pattern (as on 31March, 2024)	
Promoter	: 58.1%
FII	: 18.2%
DII	: 4.9%
Public	: 18.8%

Financial Summary (INR Cr)

Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E
Net Sales	4,631	8,627	7,046	8,269	9,616
Sales Growth (%)	20.5	86.2	-18.3	17.0	16.0
EBITDA	534.4	671.8	922.8	1,175.0	1,341.0
EBITDA Margin (%)	11.5	7.8	13.1	14.2	13.9
Net Profit	385	511	672	724	805
Diluted EPS (INR)	10.2	13.2	16.2	20.6	23.0
Diluted EPS Growth (%)	59.4	29.4	22.7	27.0	11.3
ROIC (%)	19.1	17.9	16.0	19.0	19.4
ROE (%)	17.6	14.5	15.3	17.6	17.7
P/E (x)	19.8	28.7	43.6	40.0	35.0
P/B (x)	3.5	4.1	6.3	6.7	5.9
EV/EBITDA (x)	23.3	17.5	27.9	25.0	21.0
Dividend Yield (%)	0.8	1.4	0.6	0.6	0.6

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Global Economy

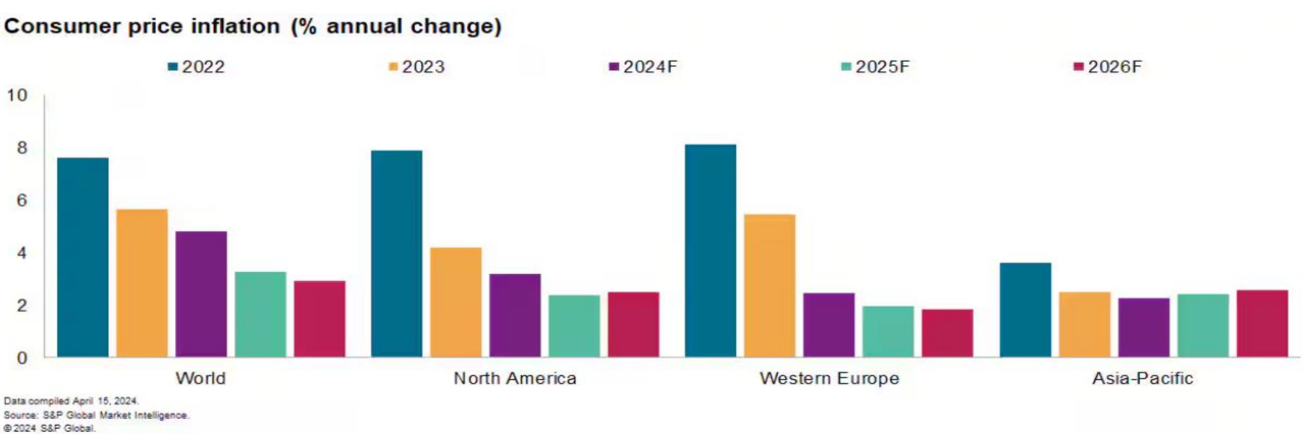
Major economies around the globe are facing a slowdown with high inflation , even after the post pandemic recovery the world witnessed unforeseen geopolitical tensions like Russia Ukraine war and Red Sea Crisis - this led to supply shocks creating unprecedented volatility in global commodities market. The increased inflation remained a reason for reluctance of central banks across the globe to adopt expansionary policy. The global real GDP growth remained at 3.1% in CY23 and is expected to grow at the same rate in the current year. Despite the worldwide issues India was a fast growing major economy driven by expansion in infrastructure, private consumption, moderate rural demand and focus on revival of local manufacturing.

Consumer price inflation for core goods in the Group of Five (G5) economies is now on trending downward. In FY24 the Indian headline inflation moderated by 1300 bps to an annual average of 5.4%, courtesy – lower retail inflation whereas F&B segment increased the most. US Fed targets a long-term 2% inflation rate but the most recent core CPI being northwards of 3.5% delayed a much anticipated capital market event of interest rate cut . Global credit agency S&P now anticipates less than 50 basis points of cut by end-2024, versus a peak expectation of over 160 basis points in late 2023.

Global Energy Market Outlook

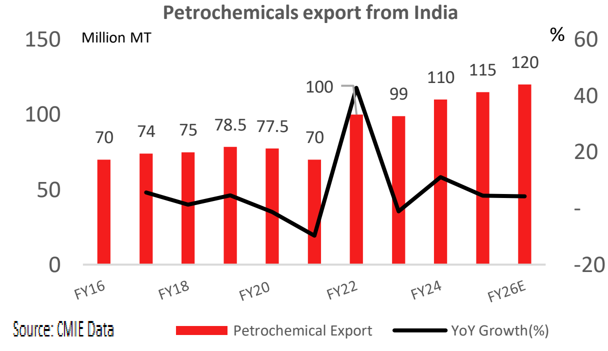
With an ongoing shift from conventional fuel to cleaner fuel to meet our sustainability goals . In this very direction hybrid and EV vehicles are gaining market share , there is a subdued demand of oil in major economy like China which is the largest commodity importer in the world; demand for petroleum products is expected to peak out by 2025 according to report by state major CNPC. Eurozone economy is in a state of recession too, this has put pressure on OPEC and limited it’s ability to increase crude oil prices. Alongside this oil refining rates in China came down by 4% MoM in May. Demand for most petrochemicals was weak in FY23 due to severe inventory destocking and fragile importunity. Furthermore weak operating rates are going to dampen petrochemicals recovery in CY 24.

Amidst this tough landscape too there are certain positives for India , through diversification of global supply chain and China +1 strategy, there has been increase in production and export of speciality chemicals. India is experiencing a growth in export of petrochemicals and crude oil derivatives. India plans to scale up it’s refining capacity from current 250 MT to 450 MT by 2030. and aims to become a global petroleum and petrochemical hub.



Growth (%)	2025 (P)	2024	2023
World output	3.2	3.1	3.1
Advanced economies	1.8	1.7	1.6
Emerging and developing economies	4.2	4.2	4.3
India	6.8	8.2	7.0
China	4.1	4.6	5.2

Source: World Economic Outlook by IMF



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Indian Economy:

Indian Economy remained the centre of global attention in FY24 as India's GDP clocked a growth of 8.2% on an annual basis. This growth came as a result of proactive governance by current government - huge expenditure by government which aided growth in infra. Government initiated PLI schemes for sectors like pharma, textile, electronics to aid industries produce locally and increase exports. Various reforms were established to stabilise the financial sector and regulatory bodies like RBI and SEBI have been super vigilant to protect investor and depositors rights.

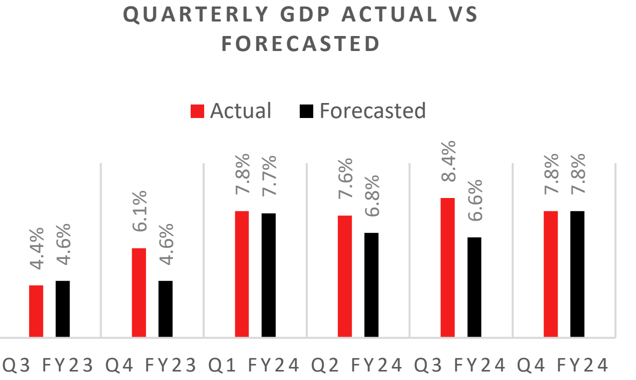
There were material development in Indian capital market. the FPI inflow in Indian equities amounted to ₹2.08 lakh crore , number of new demat accounts hit a record high, SIP investments surged to ₹2 lakh crore in FY24, marking a 28% year-on-year increase. The mutual fund industry's overall AUM grew by 35% to ₹53.4 lakh crore, up from ₹39.42 lakh crore in the previous fiscal year. Earnings of PSUs grew at a healthy rate.

There was robust credit growth in the economy, bank credit in India grew by approximately 15.7% year-on-year as of March 2024. This growth came despite interest rates being higher and caused some concerns regarding widening gap between deposits and loans . Even though government spending remained high yet in FY24, India achieved a healthier fiscal deficit than initially projected. The fiscal deficit for the year came in at 5.63% of GDP, lower than the government's target of 5.8%. There is a major shift of unorganized to unorganized businesses which reflects in high tax collection. Government exceeded its revenue collection target, with net tax receipts amounting to ₹23.26 lakh crore.

In FY24, India's foreign exchange reserves saw a significant increase, rising by $64.182 billion to reach a record high of $642.631 billion by March 22, 2024. This insulates economy from external shocks and major credit rating agencies maintained a positive outlook on India . Rupee remained stable against most global currencies.

With high expectations of current government to retain power key goals of the government in the next term would be –

- Focus on becoming the third-largest economy by 2027, including enhancing industrial policies and developing new growth corridors.
- Develop India into global manufacturing hub by 2030.
- Position India as a major player in food processing, domestic defense, manufacturing, railway manufacturing, aerospace manufacturing pharmaceutical production (especially APIs), semiconductor and chip manufacturing and textile manufacturing.



Source – World Bank

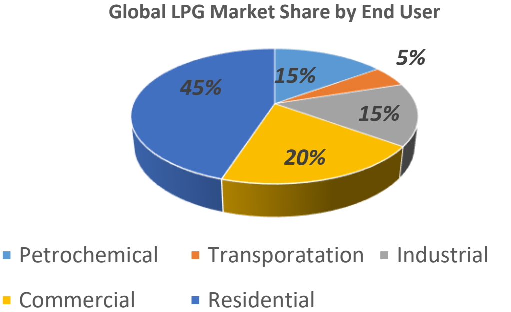
LPG market:

LPG being both clean and efficient fuel has diverse set of application including domestic, automobile, industrial usage. The global LPG market is projected to grow from $151.96 billion in 2024 to $281.29 billion by 2032, at a CAGR of 7.33%. Middle East (Qatar and Saudi Arabia) and North America are the major producers while Asia Pacific is the market with highest growth in demand led by populous economies of India and China. Europe has huge application of LPG gas in home heating , the demand is met through Russian import. With sanctions imposed on Russian LPG export, Russia rerouted it's exports to Asia at significant discounts of about $200-$300 per metric ton.

LPG is sourced from either crude oil or natural gas. While coal and diesel which emit 211.5 and 163.5 pounds of CO_2, respectively, per MMBtu upon combustion, LPG emits only 138.6 pounds of CO_2 per MMBtu, making it a much cleaner fuel for industrial

Cost Analysis	LNG	LPG (propane)
Cost (per scm)	45.6	42.2
Calorific Value (Kcal/scm)	10,000	12,467
Unit Cost (per million calories)	4.6	3.4

Source: Energy Information Administration



Source: Energy Information Administration

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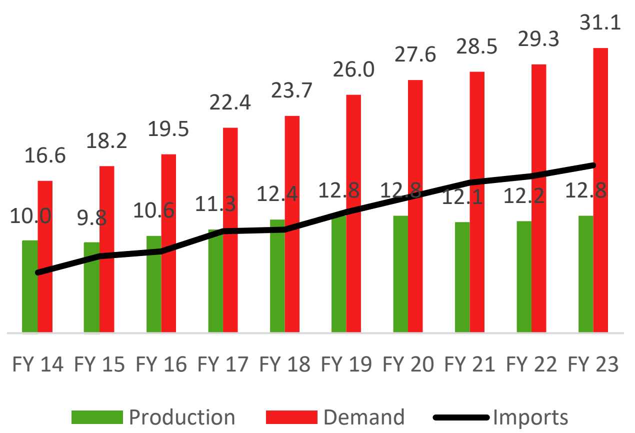
Indian LPG Market:

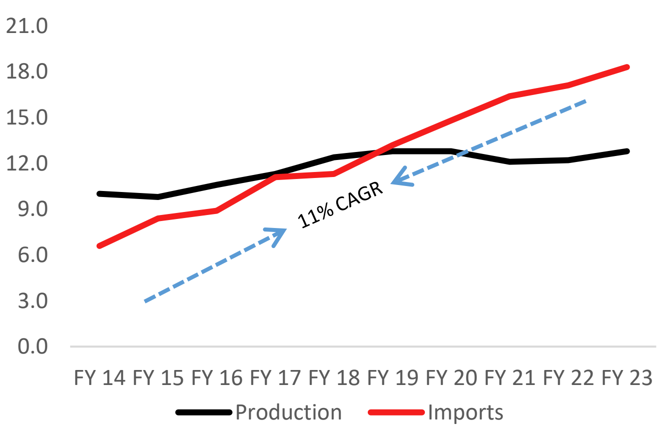
India is the second largest LPG consumer in the world, there is a net deficit of LPG in India and most of the industrial requirements are met through imports. The consumption of LPG in India remained at 29.6 million tonnes in FY24 a YoY crease of 3.8% this also comes on the back of attractive pre general election prices that boosted demand. India's domestic LPG production has been plateauing at 12mn-13mn t/yr for few years, weak domestic production along with increase in demand has led to steep increase in LPG imports in last 5 years.

LPG Supply Demand Outlook (Million MT)



Source – J M Baxi Newsletter

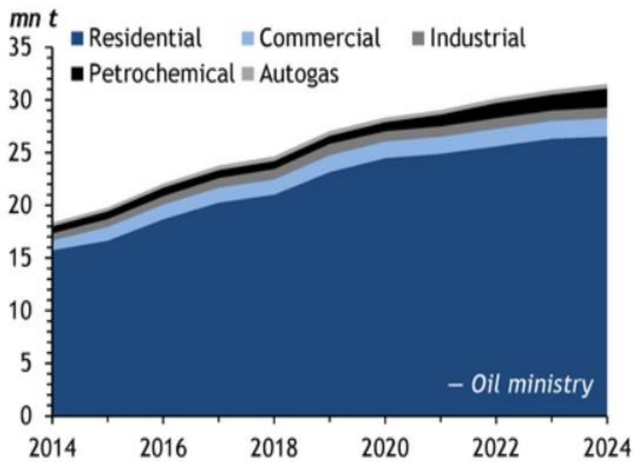
Production vs Imports



Source – Petroleum Planning and Analysis Cell

During the period the FY14-23 the LPG imports increased from 6.6 million MT to 18.3 million MT at CAGR of 11% . In last five year the imports rose by over 60% while the domestic production only grew by meagre 3-3.5%. The rise in LPG usage stems from higher industrial demand with developing LPG infra and successful implementing of govt schemes to promote switch to cleaner fuel in sub urban and rural India.

India LPG Consumption by End User



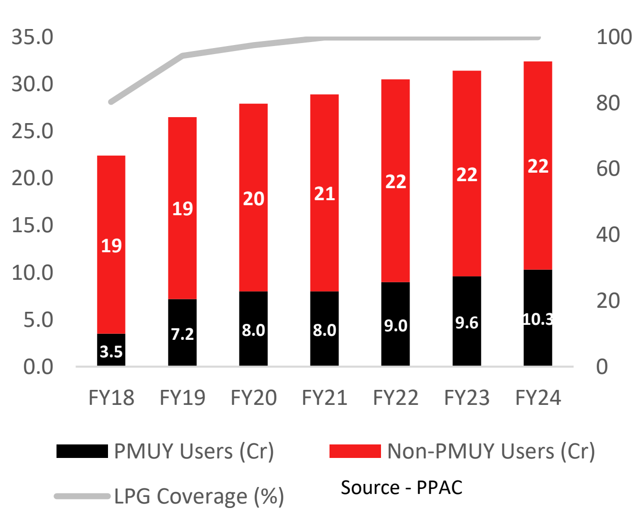
Source – worldliquidgas.org

Pradhan Mantri Ujjwala Yojana (PMUY)

An LPG Revolution

Pradhan Mantri Ujjwala Yojana' (PMUY) is a flagship scheme with an objective to make clean cooking fuel such as LPG available to the rural and deprived households. Over 10 Cr LPG connections have been provided under the scheme. Number of active LPG customer and distributors as of 1 April stands at 32.4 Cr and 25480 respectively . New LPG import terminals were established at Mundra and Haldia sighting higher LPG demand from LPG scheme . Government gives extra subsidies and financial assistance of ₹1600 to cover deposit , regulator and admin charges of PMUY beneficiaries. With high LPG coverage PMUY has been policy with execution to look upto and in coming years it would aim to extend the benefit to people to most tribal areas.

PMUY Benefit - User Coverage



Source - PPAC

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LPG Infra:

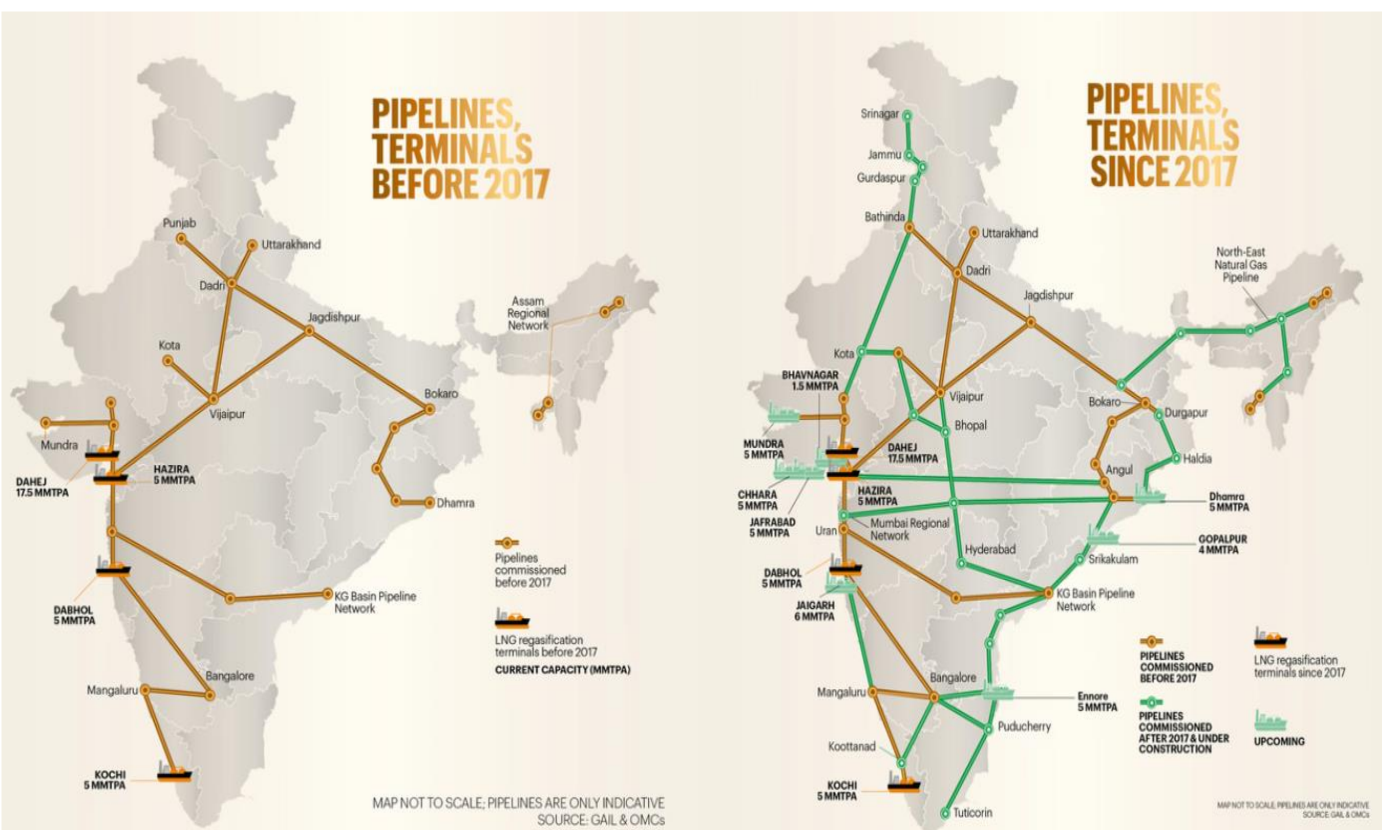
India has fast developing LPG Infra , PM Modi's manifesto has an aim to connect all households by PNG by 2030. India currently has several busy LPG terminals namely at Kandla, Dahej, Pipavav, Mumbai, J N Port, New Mangalore, Visakhapatnam, Ennore, Paradip, Mundra and Haldia. The total length of LPG pipelines in India is 8926 km with the mainline capacity of 35.2 MMTA and branchline capacity of 23 MMTA. By 2027, India is expected to contribute around 27573 km in planned pipelines and 2,208 km in announced pipelines. Some notable projects undertaken are Extension of Visakh-Vijayawada-Secunderabad Pipeline (VVSPL) to Dharmapuri (697km length) , Hassan Cherlapally LPG Pipeline Project (HCPL – 650km length).

Kandla – Gorakhpur, world's longest LPG Pipeline

The KGPL pipeline would be 2800 km long and would have a capacity 8.25 MT . The project is being implemented by IHB consortium a JV between IOCL, BPCL and HPCL with a cost of approximately $1.3 billion USD . The pipeline will source LPG from the LPG import terminals on Western coast located at Kandla, Dahej and Pipavav and also from two refineries at Koyali and Bina. The pipeline would be directly linked with 22 LPG bottling plants across Gujarat, Madhya Pradesh and Uttar Pradesh. The first phase of the project would be implemented by H2 of 2024. This pipeline would significantly reduce the transportation cost as compared to road/ rail.

	2019	2020	2021	2022	2023	2024
LPG Active Domestic Customers (Lakh)	2654	2787	2895	3053	3140	3140
LPG Distributors (No.)	23737	24670	25083	25269	25385	25481
Auto LPG Dispensing Stations (No.)	661	657	651	601	526	468
Bottling Plants (No.)	192	196	200	202	208	210

Source – Petroleum Planning and Analysis Cell



Source – Fortune India

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National Industrial Corridor Development Program

National Industrial Corridor Development Programme is an ambitious infrastructure development programme aiming to develop futuristic industrial cities in India and help India reach a goal of becoming $5 Trillion Economy in next three years. Under NICDP govt would be developing 11 industrial corridors and 32 projects would be executed. These corridors would be made under PPP and managed by an SPV. This initiative would significantly increase the demand of LPG.

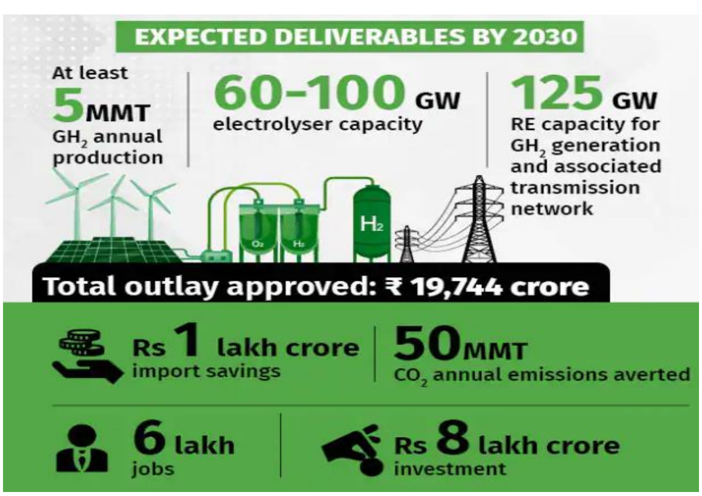
National Green Tribunal Regulations

Under NGT's regulations the use of pet coke and furnace oil are banned in industries in Delhi NCR , Haryana , Rajasthan and Uttar Pradesh . Burning of coal and firewood are banned in Delhi and use of diesel generators are banned in Delhi NCR. These environmental regulations have made industries switch to an alternate fuel of LPG or Natural Gas.

National Green Hydrogen Mission

A Hydrogen Revolution

NGHM aims to provide a comprehensive plan to develop green hydrogen ecosystem in India. Hydrogen can enable utilization of domestically abundant renewable energy resources either as a fuel or as an industrial feedstock. It can directly replace fossil fuel derived feedstocks in petroleum refining, fertilizer production, steel manufacturing etc. The National Green Hydrogen Mission aims to scale up Green Hydrogen production and utilization across multiple sectors and align with global trends like Hydrogen fuelled long-haul automobiles and marine vessels. A global demand of over 100 MMT of Green Hydrogen and its derivatives like Green Ammonia is expected to emerge by 2030. Aiming at about 10 per cent of the global market, India can potentially export about 10 MMT Green Hydrogen/Green Ammonia per annum. The production capacity targeted by 2030 is likely to leverage over ₹8 lakh crore in total investments.



Source – Money Control

SWOT Analysis of Market Opportunities for Aegis

STRENGTHS

- Fast growing economy with rising industrial LPG demand
- Favorable government policies like PMUY , development of NICD to push demand further
- Stricter environmental regulations from bodies like NGT will bring a shift to cleaner fuel like LPG

WEAKNESSES

- High penetration of domestic LPG usage, dampening the growth of new domestic users
- Higher pre election subsidies can be rolled back reducing the demand generated due to lower prices
- Consumption of Auto LPG in India has declined over the years.

OPPORTUNITIES

- Expansion of capacity for handling green hydrogen and green hydrogen derivatives as consumption increases
- Petroleum and Natural Gas regulatory board has come up with a regulation that would provide gas distributors marketing exclusivity for certain areas , this would lead to industry consolidation and raise market share of big players

THREATS

- High dependence of business on govt schemes and formation of a weaker coalition govt puts an uncertainty of continuation of those policies.
- Increase of usage of Hydrogen as industrial fuel would reduce LPG demand

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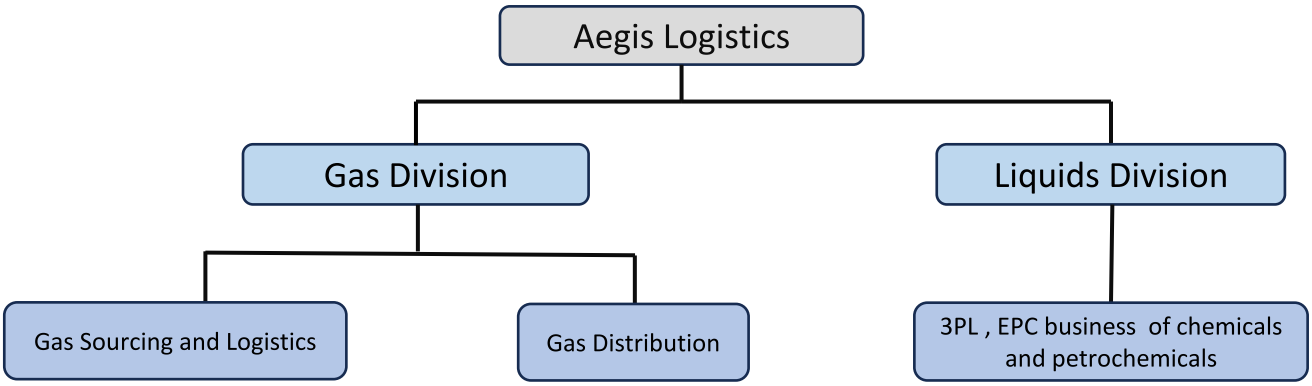
Business Structure

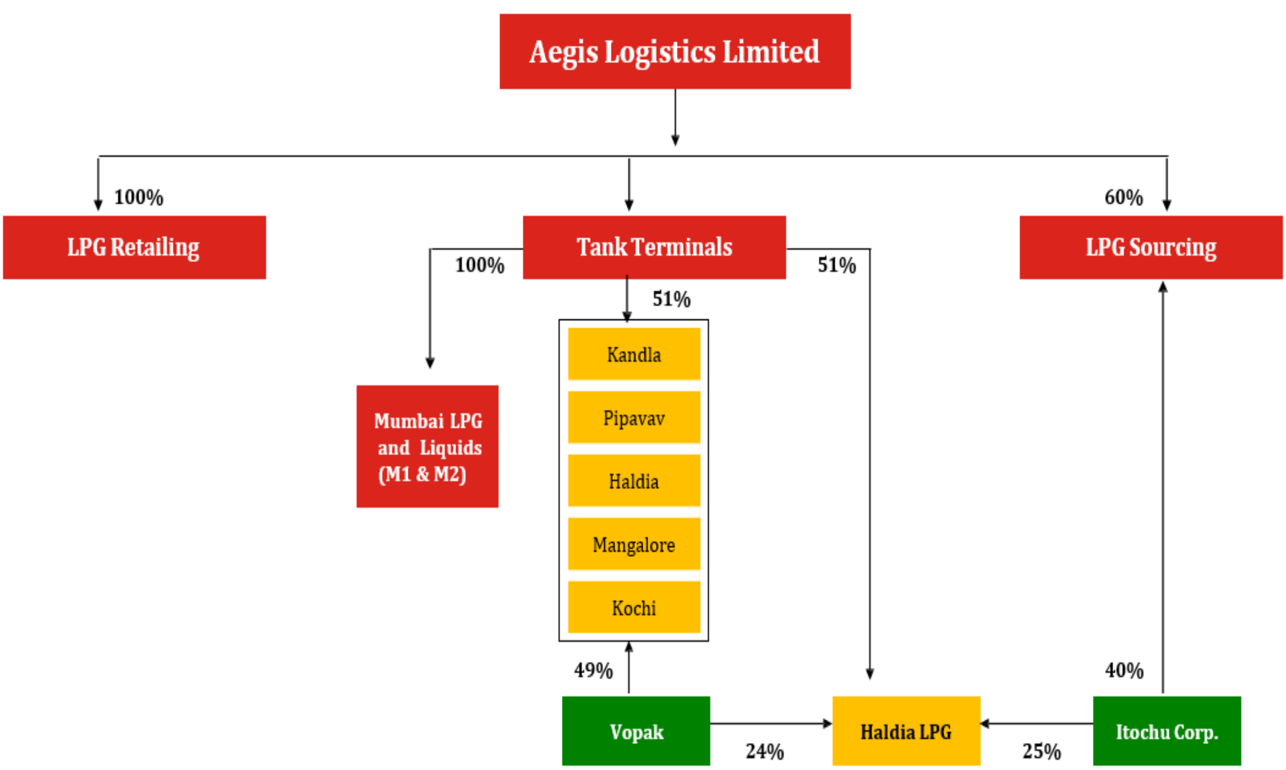


40% **60%**

Aegis Logistics has a JV with ITOCHU Petroleum Company (Singapore) Pte Ltd for LPG sourcing and supply business. Under this agreement Aegis sold 40% of it's Singapore based subsidiary to ITOCHU which provides it's expertise in gas trading.

49% **51%**

Aegis has formed a JV with Vopak called AVTL . AVTL owns 100 % of business and assets of Kandla and Pipavav LPG, Kandla & Pipavav Liquids, Mangalore & Haldia Liquids from Aegis Logistics Ltd. Aegis brings it's Indian market leadership and execution capabilities and Vopak brings its global capabilities , new products and new customers.



Source – Company Presentation

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Supply Chain

LPG sourcing JV with ITOCHU in Singapore

Terminals at Key ports of Kandla, Mumbai (Trombay), Kochi , Mangalore, Haldia, Pipavav and an upcoming terminal at JNPT

Storage facilities for various petrochemicals and LPG with Refrigerated Gas Terminals , Cryogenic Containers , heated , floating roof and pressurized gas containers .

Storage terminals connected through road , rail and pipelines

Engaged in bulk industry distribution , auto gas and retail distribution . Has a vast distribution network of 142 Autogas stations. fuel stations. 290 retail distributors and 37 LPG bottling plants.

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Operating Volumes

Gas Terminal Capacity	Static (MT)		Throughput (MTPA)	
	FY24	Expansion in FY25	FY24	Expansion in FY25
Kandla	48,000		40,00,000	
Mumbai	21,000		15,00,000	
Pipavav	21,000	45,000*	16,00,000	42,50,000
Haldia	25,000		25,00,000	
Mangalore		85,000*		
	1,15,000		96,00,000	1,38,50,000

Source – Company Analysis, Ventura Research

*the capacity would be functional in phases

Liquid Terminal Capacity	Static (KL)		Throughput (KLPA)	
	FY24	Expansion in FY25	FY24	Expansion in FY25
Kandla	1,40,000	25,000	1,16,66,200	
Mumbai	1,20,000		2,29,15,750	
Pipavav	2,75,000		99,99,600	
Haldia	1,77,000		1,47,49,410	
Kochi	51,000	25,000	42,49,380	
JNPT		1,10,000		
Mangalore	79,000	71,000	63,16,414	
	8,42,000	10,73,000	6,98,96,754	

*Kandla, Haldia, Mangalore and JNPT are in the middle of multiyear expansion in phased manner . A good estimate of throughput volume addition at these ports in FY25 shall be available after Q1 FY25

Source – Company Analysis, Ventura Research

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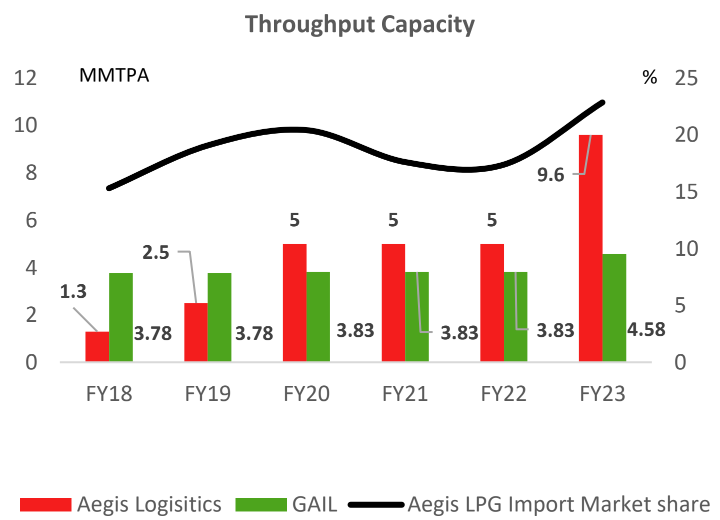
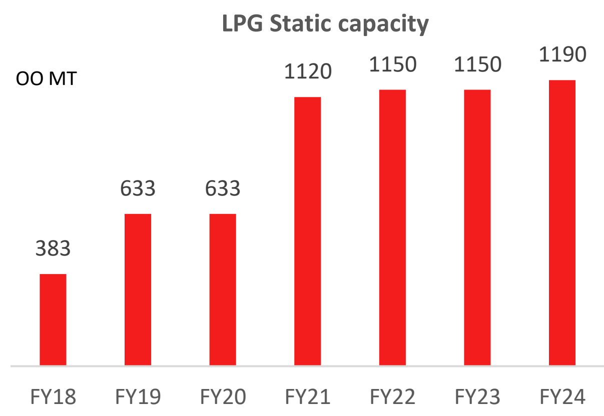
Key Charts Volumes

Source of charts info – Company Analysis

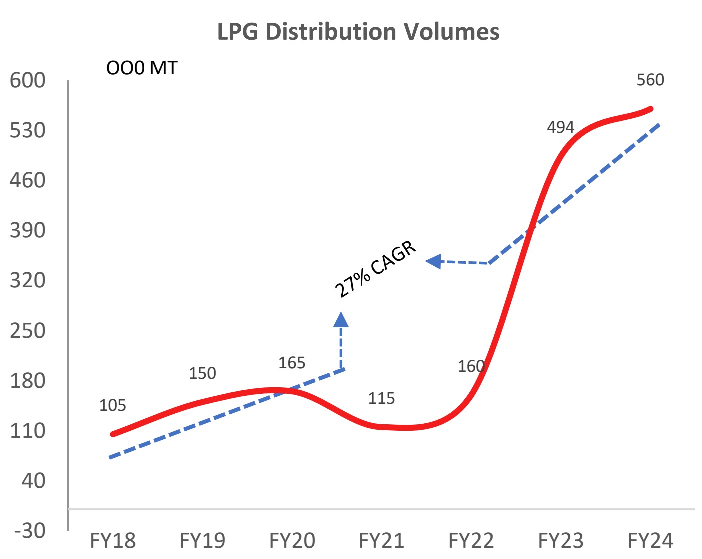
With Capacity Expansion Aegis has gained market share



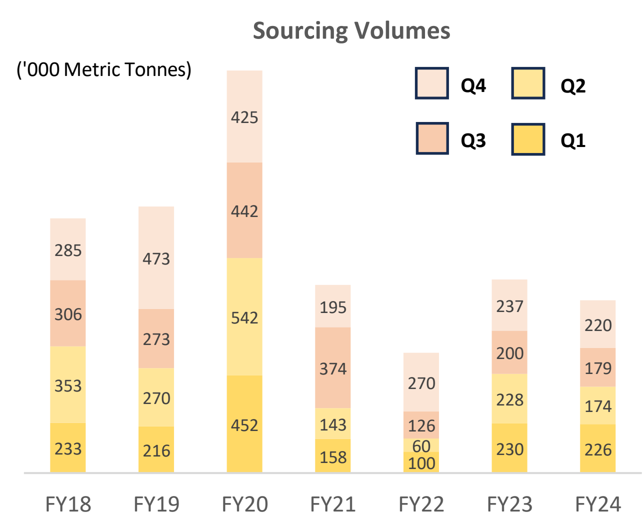
Every Aegis Terminal has undergone capacity expansion post COVID

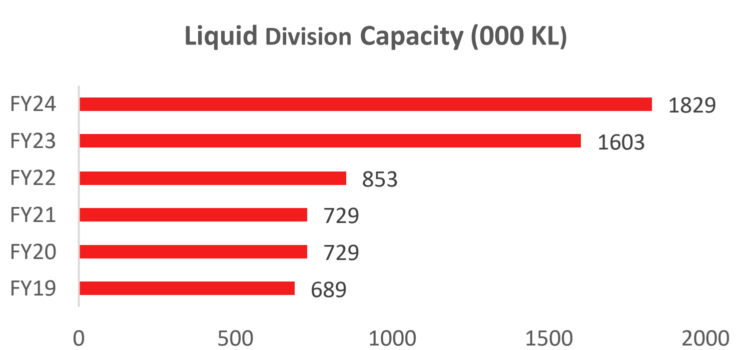


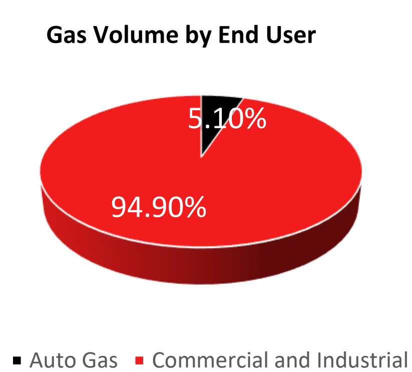
Strong Distribution volumes is driving growth



Variability in low margin sourcing business hasn't affected the bottom line







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AEGIS

Quarterly Result Analysis – Q4FY24 and Q3FY24

Financial Results

- Company reached a significant milestone of record normalized EBITDA of 1000Crand PAT of 672 Cr – rise of 32% YoY driven by strong growth in liquid division , LPG logistics and distribution
- Liquid logistics EBITDA stood at 396 Cr which is a growth of 46% YoY , the growth came as push towards capacity expansion in this segment across terminals and few meaningful acquisitions. Gas Division witnessed a mid double growth in EBITDA which stood at 612 Cr
- EBITDA margins of liquid division in Q4 stood at 79% for liquid division and 72% for the entire financial year.
- The business has strong cash flow and short working cycle which is reaffirmed by strong operating cash flow of 656 Cr, an increase of 83% YoY.

Market Trends

- Market dynamics for propane demand in industrial use remains stiff with huge competition from natural gas . At present propane is 7-10% cheaper than natural gas. But going forward natural gas might fall in the purview of GST from current taxation under upcoming central excise bill which can reduce the gas cost by $0.8-0.9 per MMBtu. But management believers that propane has handling benefits, while NG can only be transported via pipeline and both fuels can co exist in the market and market for both propane and NG can coexist.
- Morbi – an important ceramic hub and a key distribution market for Aegis faces stiff competition from competitors like Gujarat Gas keen to gai market share. Moreover Morbi faces an export demand challenge as US is considering imposing anti dumping duty on ceramic import from India which would put downward pressure on production and therefore on NG and propane demand.

Capex and Strategic focus

- Aegis has a strong capex plan underway with an outlay planned of ₹1750 Cr underway , this too is a phase of bigger joint business plan of Aegis Vopak - Project Gati which has planned capital outlay of ₹4500 Cr by end of FY27 which would be dedicated to greenfield , brownfield projects, acquisitions.

Capacity expansion update across terminals –

- Kandla –
  Liquids - 80,000 KL capacity commissioned in FY24, Upcoming 25,00 KL capacity in FY 25
  LPG Bottling plant has been commissioned at Kandla with an attempt to a boost distribution volume.
  Post KGPL (Kandla Gorakhpur LPG Pipeline) is functional later in FY25 , it would give a significant boost to throughput volumes
- Pipavav –
  Terminal has been revamped to handle VLGCs , Two gas spheres were commissioned in Q2 which increased the capacity by 3700 MT , additional 45000 MT of expansion underway.
  Railway rig helps Aegis achieve high volumes at Pipavav.
- Mangalore - 79,000 KL operational in FY24 and another 71,000 KL will be operational in FY25
  Gas division – expansion of 85000 MT capacity is underway
  Mangalore facility would act as gateway to expand the distribution business across southern region.
- Mumbai and JNPT – Mumbai remains a terminal with highest capacity utilization for Aegis
  JNPT would be fully commission in FY25 and would ensure the momentum of growth in liquid segment continues.
  Bulk industrial distribution in industrial corridors like MIDC, GIDC etc. is a potential opportunity

Productivity and Future Outlook

- Most of the liquid division contracts are one year take or pay contracts and therefore more than the capacity utilization rate the product mix has high impact on the kind of realization achieved here lies the Aegis specialization of handling critical products.
- Liquid division has lower ROCE because high capital is being employed for an aggressive expansion but multiple capacities are yet to be commissioned and therefore as more facilities like JNPT and Mangalore come onboard ROCE would increase in future.
- High EPC expertise in turning around assets post acquisition , high IRR projects with IRR being 25% for liquids and 50% for gas projects, ensures short payback period.
- Every aspect of growth factored in - management is positive about delivering 25% earnings growth for next 2-3 years.

Aegis Logistics Limited

Corporate Governance Analysis

Attendance Particulars*

Director	Position	Board Meetings	AGM	Directorship in other public Companies	Sitting Fee
Mr. Raj K Chandaria	ED-C	6	Yes	8	85000
Mr. Amal Raj Chandaria	NED-NI	6	Yes	4	NA
Mr. Raj Kishore Singh	NED-NI	6	No	2	1,31,500
Mr. Kanwaljit S Nagpal	NED-I	6	Yes	7	6,88,500
Mr. Rahul D Asthana	NED-NI	5	Yes	6	1,02,500
Mr. Larks Eric Johansson	NED-I	5	Yes	0	1,10,000
Ms. Tasneem Ali	NED-I	6	Yes	0	1,27,500
Mr. Jaideep D Khimasia	NED-I	6	Yes	3	1,64,500

**Data provided is for FY23, FY 24 annual report wasn't published while preparing this report*
ED-C – Executive Director and Chairman, NED – I – Non Executive Director Non Independent, NED-NI – Non Executive Director Non Independent

Highlights and remarks -

- Mr. Anil K Chandaria resigned from the board as Non Executive Non Independent Director with effect from 10 April , 2024 sighting his advance age of 88 years
- Mr. Rahul D Asthana resigned post completion of his second term as an Independent director and rejoined as a Non Independent Director.
- The company has a separate CEO and chairman, 7 out of 8 board members are non executive and there is good representation of independent directors. Median age of directors is 62 years.
- Non disclosure of specific skill be it strategy/ planning , governance, finance for each director in mandatory skill matrix in annual report of the company .
- Sitting Fee charged by Mr. Kanwaljit Singh is 500% higher than average fee of other directors.
- In 2021, company witnessed an untimely demise of Mr. Anish K. Chandaria the then Vice Chairman & Managing Director of the company.

Management

Aegis Logistics Limited		JVs and Subsidiaries	
Mr. Sudhir O Malhotra	Chief Executive Officer	Deepak Dalvi	Jt President and AVTL Director
Mr. Murad Moledina	Chief Financial Officer	Andy Watt	Chief Operating Officer, AVTL
Mr. K S Sawant	President (Projects)	Kenichiro Sakamoto	Director AGI
Mr. Rajiv Chohan	President (Business Development)	Wimal Samlal	Director AVTL
Mr. Raj K Chandaria	Chairman and Managing Director	Wilfed Lim	Director AVTL
Mr. Keshav Shenoy	President Strategic Planning	Norohito Saito	Director HALPG and AGI

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Board of Directors

↓

Management Committee: President, Joint President, COO, CFO

↓

- BD/ Comm (Liquids)
- BD/ Comm (Gas)
- CFO
- HR
- COO
- CTO

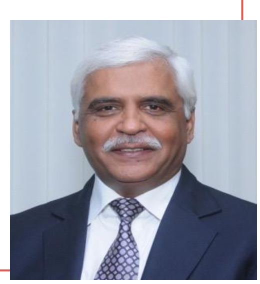
Green: Nominated by Vopak

Red: Nominated by Aegis

Raj Chandaria
Chairman & MD

Sudhir Malhotra
Chief Executive Officer

Murad Moledina
Chief Financial Officer



K.S. Sawant
President – Operations & Projects

Keshav Shenoy
President - Strategic Planning

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Board Qualification and Experience

Mr. Raj K. Chandaria
Chairman & Managing Director

He is B.Sc (Economics) and an MBA from Boston and is associated with the Company as a Director since the year 1999. The Aegis Group under his able leadership is a leading provider of Logistics and Supply chain services to India's oil, gas and chemical industry in a safe and environmentally responsible manner.

Mr. Anilkumar M. Chandaria
Director

He is a Director of the Company since 1982. He has extensive work experience in Management Position for over four decades in Tanzania, Kenya, United Kingdom, Belgium, Thailand and India as well. He brings with him immense experience in the business of the Company.

Mr. Raj Kishore Singh
Director

He is qualified as Bachelor of Technology (Honours) from Banaras Hindu University in mechanical engineering. . He has occupied Board Level position of Chairman & Managing Director of Navratna and Fortune 500 listed Company BPCL. Presently he is providing consultancy & advisory services in India and Globally to companies operating/investing in the Oil & Gas Sector.

Mr. Rahul D. Asthana
Director

He has extensive experience in the management and implementation of infra projects. As Chairman of MbPT, he was instrumental in bringing about efficiency in port operations and implementation of PPP projects like the Offshore container Terminal. He retired from the IAS in 2013.

Mr. Lars Erik Johansson
Director

He holds a Bachelor of Science degree in Finance, Economics and Marketing from the University of Lund, Sweden and has profound experience from previous positions he held at leading global companies. He is presently the Senior Vice President of Strategic Alliances at Oxea GmbH, a 100% subsidiary of Oman Oil. also a Chairman of Specialty Chemicals which, within European Chemical Industry Council (Cefic), represents over 50 sectors of the European fine and consumer chemicals industry.

Ms. Tasneem Ali
Director

He is B.A in Economics from St. Xavier College, University of Mumbai. She is based in Mumbai and has over 25 years of experience working in as a creative professional in the advertising and communication design business most of which have been at Lowe Lintas. She has worked in Mumbai, Bangalore and Singapore creating campaigns for various brands across sectors.

Mr. Kanwaljit Singh S. Nagpal
Director

He has been associated with the Company as Director since 1999. He is a Commerce Graduate from Mumbai. He has experience of over a decade in the business of Chemicals, Bulk Drugs, Solvents, different types of Oils etc. and is also into the business of plastic moulding.

Mr. Jaideep D. Khimasia
Director

He is qualified as a B. E Production from Bharati Vidyapeeth, University of Poona and has over 25 years of management experience in fields related to Project Management with contributions in various quality assurance and process improvement initiatives of various MultiNational Corporations.

Commentary –

The board has vast experience in the industry, many of the board members have over 15 years of experience in Oil and Gas, Chemical , Logistics industry and high credentials from being a Chairman and Director of a Navratna PSU to serving in Indian Administrative services. This shows up in the decision making abilities of the board that has generated enormous shareholder value over a decade. Moreover with the JV with Vopak – Aegis has now got International expertise of board members in turning around assets and handling critical material which needs higher technical knowledge. Both the CEO and CFO of the company have served the company for over two decades and served various positions before being handed over the responsibility to manage firm at key positions based on their competency.

Aegis Logistics Limited

Remuneration Analysis

	Number	Median Remuneration	Increase YoY (%)
Board of Directors	1	6,60,00,000	8.0
Key Managerial Person	2	1,72,17,574	8.3
Empoyees other than BoD and KMP	284	7,10,099	11.1
Workers	13	5,48,778	11.2

Remarks -

- Ratio of median remuneration of the key managerial person to the ratio of the employees of the company is 92.34 which is higher than the industry norm for mid cap companies on an average.
- The percentage increase in the remuneration of CFO and key managerial person is 8% YoY , which aligns with the earnings growth of the company and it is less then the average wage increase of other employees of which was 11% YoY
- There was no ESOP expense for the company in FY23, 24 and nor were any stock options allotted in FY23. In FY20/21 company issued 1.7Cr shares to the top management amounting to 5% equity dilution. The led to ₹239 Cr and ₹98 Cr of non cash expense in FY20 and FY21 respectively

	FY20	FY21	FY22	FY23	FY24
Employee Cost	290	145	66	83	101
Revenue	7183	3843	4631	8627	7046
Employee Cost as a % of Revenue	4%	4%	1%	1%	1%

- In years in which company incurs ESOP expense provided to key managerial personnel , the employee cost can increase as much as 4% of sales putting pressure on earnings.
- The only significant contingent liability of the company as of FY23 was with respect to air pollution matter pending with Supreme Court worth ₹142 Cr.

Shareholding Pattern

	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Promoters	61.50%	60.51%	60.58%	59.57%	57.74%	58.07%	58.07%	58.10%
FIIs	12.98%	11.44%	12.38%	12.45%	14.78%	15.03%	18.04%	18.17%
DIIs	1.90%	2.57%	2.34%	2.72%	2.31%	2.18%	3.57%	4.92%
Public	23.63%	25.48%	24.70%	25.26%	25.16%	24.72%	20.31%	18.80%

Commentary -

- Aegis is majorly held by 3 promoter entities , of them two entities hold a major stake of 58.08% . These two entities are Huron Holdings Ltd and Trans Asia Petroleum Inc.
- Foreign and domestic institutional holders have 23.09% stake in the company , Investor Education And Protection Fund holds 1.15% of the company.
- Three key managerial personnel hold 5.024% stake. Notably Mr. Sudhir O Malhotra the company the CEO of the company has a stake of 4.45% in the company which is worth over ₹1200 Cr as per current CMP.
- The retail shareholding effectively comes down to 12.6% which is a very low free float. Lower market supply is a positive for retail shareholders , on the other hand the major voting rights rest with promoters and institutional shareholders.
- Promoter shareholding has remained constant over the years and promoter hasn't pledged any of the holding.

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Segmental Analysis

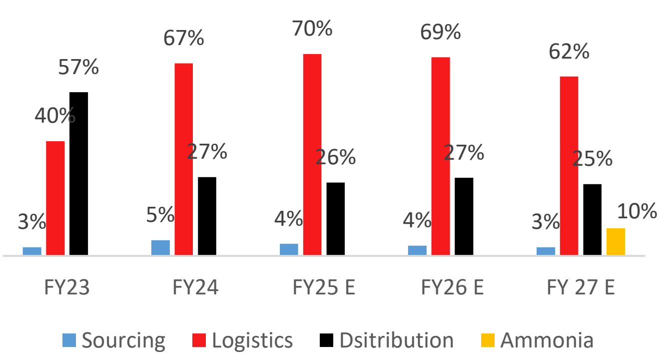
(All figures in INR Cr)

Year To March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue						
Liquid Terminal Division	270.0	418.0	549.4	631.7	694.4	729.7
Gas Terminal Division	4361.0	8209.2	6496.6	7637.0	8921.3	10677.0
EBITDA						
Liquid Terminal Division	195.6	271.5	396.0	455.4	500.9	525.9
Gas Terminal Division	389.3	526.2	612.0	719.4	840.4	1,005.8
Operating Profit Before Tax						
Liquid Terminal Division	155.0	199.3	315.1	331.7	364.9	383.2
Gas Terminal Division	352.3	474.7	560.0	593.2	693.0	829.4
Assets						
Liquid Terminal Division	1492.9	2915.6	3285.9	3778.8	3996.7	4196.6
Gas Terminal Division	2301.1	3212.2	3003.6	3299.8	3490.8	4177.8

Segment	Gas Division			Liquid Division
Sub Segment	**Sourcing**	**Logistics**	**Distribution**	**Logistics**
EBITDA Margin	INR 400-470/ ton	INR 1000-1300/ton for LPG and Ammonia to have similar margin from FY27 onwards	Autogas at INR 8000-8500/ton Retail,Commercial, Bulk - INR 3000-3500/ton	Highly Variable depending upon product mix , FY24 at INR 2160/KL
EBITDA Mix*	61% of Total EBITDA - INR 612Cr			39% - 396Cr
	4% of Total EBITDA - INR 34Cr	44% of Total EBITDA - INR 410.5Cr	18% of Total EBITDA - INR 168 Cr	
Revenue Mix*	92.2% of Total Revenue - 6496.5Cr			7.8% of Total revenue - 549Cr
	85-90% of Total Revenue	Not reported	Not Reported	
Key Customers	BPCL , HPCL, SHELL, Reliance , IOCL			Supreme Industries, HUL, Jupiter Dyechem , Caltex, Laxmi Organics, Bombay Dyeing

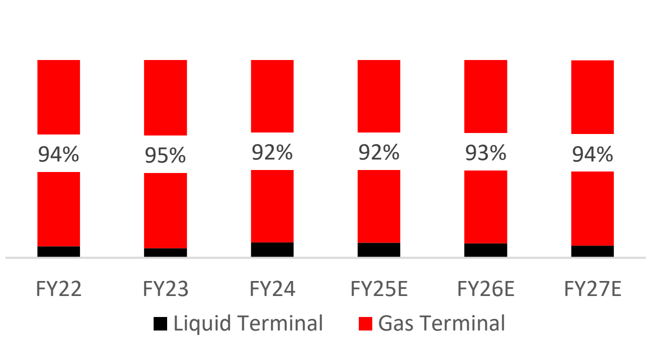
*Data for FY24

Gas Division EBITDA Breakup



Source – Company Analysis

Revenue Contribution



Source – Company Analysis

Aegis Logistics Limited

INCOME STATEMENT (Consolidated)

(In INR Cr, except per share data)

Year To March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Income from operations	4,631	8,627	7,046	8269	9616	11407
YoY Change %	*20*	*86*	*-18*	*17*	*16*	*19*
Cost of Goods Sold	3,890	7,593	5,769	6731	7903	9490
Gross Profit	741	1,034	1,277	1538	1,714	1917
Selling, General and Administrative Exp.	204	356	354	363	372	385
EBITDA	537	678	923	1175	1341	1532
Growth %	*38*	*26*	*36*	*27*	*14*	*14*
Depreciation and Amortization	79	126	135	149	182	217
EBIT	457	552	787	1026	1159	1315
Interest Expense	-18	-84	-116	-141	-165	-205
Interest Income*	28	51				
Net Interest Expense	11	-33	-116	-141	-165	-205
Profit Before Tax	446	519	672	885	994	1,110
Non Operating Income (Expense)	4	113	190	199	215	232
Income Tax Expense	87	134	189	212	239	266
Net Income	364	499	672	872	970	1,076
Growth %	*46*	*37*	*35*	*30*	*11*	*11*
Minority Interest in earnings	-27	-48	-103	-148	-165	-183
Net Income to Company	336	451	569	724	805	893
Per Share Items						
Basic EPS	10.2	13.2	16.2	20.6	23.0	25.4
Basic EPS Excl. Extra Items	10.2	13.2	16.2	20.6	23.0	25.4
Weighted Avg. Basic Shares Out.**	351.0	351.0	350.9	350.9	350.9	350.9
Diluted EPS	10.2	13.2	16.2	20.6	23.0	25.4
Diluted EPS Excl. Extra Items	10.2	13.2	16.2	20.6	23.0	25.4
Weighted Avg. Diluted Shares Out.**	351.0	351.0	350.9	350.9	350.9	350.9
Dividends per Share	2.5	5.8	6.5	8.9	10.1	11.3
Payout Ratio %	61.9	46.3	41.8	41.8	44.1	42.0

**interest Income for the period FY24-27 is included in non operating income ,*
***number of shares outstanding is in millions*

Common size metrices as a % of net revenue

Year To March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Operating expenses	87.4	90.6	85.2	86.3	87.1	88.1
Depreciation	1.7	1.5	1.9	1.8	1.9	1.9
Interest expense	0.4	1.0	1.6	1.7	1.7	1.8
EBITDA margins	11.6	7.9	13.1	14.2	13.9	13.4
Net Profit margins	7.3	5.2	8.1	8.8	8.4	7.8

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Common Size Income Statement

Particulars (Y/E March)	FY19	FY20	FY21	FY22	FY23	FY24
Revenue	100%	100%	100%	100%	100%	100%
(-) COGS	90%	90%	83%	84%	88%	82%
Gorss Profit	10%	10%	17%	16%	12%	18%
(-) Selling , general and administrative expenses						
Employee Cost	1%	4%	4%	1%	1%	1%
Power and Fuel Cost	0.4%	0.3%	0.5%	0.4%	0.3%	0.4%
Other Cost	2%	1%	3%	2%	3%	3%
EBITDA	7%	4%	10%	12%	8%	13%
(-)Depreciation and Amortizarion	1%	1%	2%	2%	1%	2%
EBIT	6%	3%	8%	10%	6%	11%
Finance Income (Cost)	-0.35%	-0.1%	0.2%	0.2%	-0.4%	-1.6%
(+) Other Income	1%	1%	2%	1%	15%	27%
PBT	5%	3%	9%	10%	7%	12%
(-) Income tax expense	1%	1%	2%	2%	2%	3%
Net Income	4%	2%	6%	8%	6%	10%
(-) Minority Interest in Earnings	5%	5%	7%	6%	6%	15%
Net Income to Company	4%	1%	6%	8%	5%	8%

Margin Analysis

- COGS and Gross Margin – stock in trade includes cost of LPG procured, therefore revenue COGS and revenue vary with the LPG prices , in upcoming period the gross margin is expected to remain stable provided the sourcing volumes remain at current level. Although the current expansion in liquid segment is margin accreditive but provides only 7-8% of revenue.

- EBITDA Margin – There has been a sharp increase in EBITDA Margin from 9% to 14% from FY23 to FY24 due to the EBITDA contribution of liquid segment increasing from 34% of total EBITDA to 39% . In next two – three financial year Aegis is expected to maintain current EBITDA margin – margin improvement in upcoming period is dependent upon the product mix in liquid segment and increase in volume of distribution business as overall proportion of liquid segment. But years of higher ESOP expense like FY20-21 can bring EBITDA margin down.
 As Aegis expands it's capacity at the existing terminal – most of the incremental revenue would flow through to the EBITDA level with low increase in operating expense. Procurement efficiencies with increase in distribution volume and increase in throughput volumes of existing facilities due to improvement in infrastructure like national pipelines, bottling plants railway gantries would provide an operating leverage and boost the EBITDA margin.

- PAT Margin – There has been 55% increase in PAT margin from FY23-24 with expansion in EBITDA margin and depreciation and interest expense has remained constant in percent terms , going forward Aegis is expected to maintain the PAT margin in the range of 7.8% - 8.5% , what may drag the margin below the lower band is the increasing share of minorty interest of earnings going beyond 17% of the Net Income.

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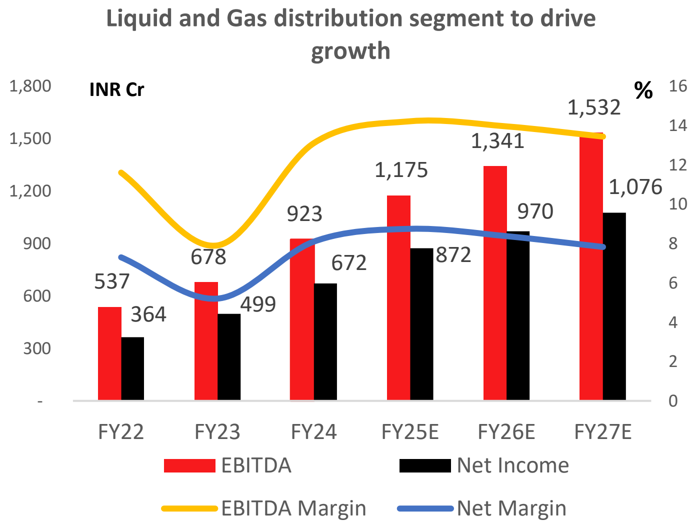
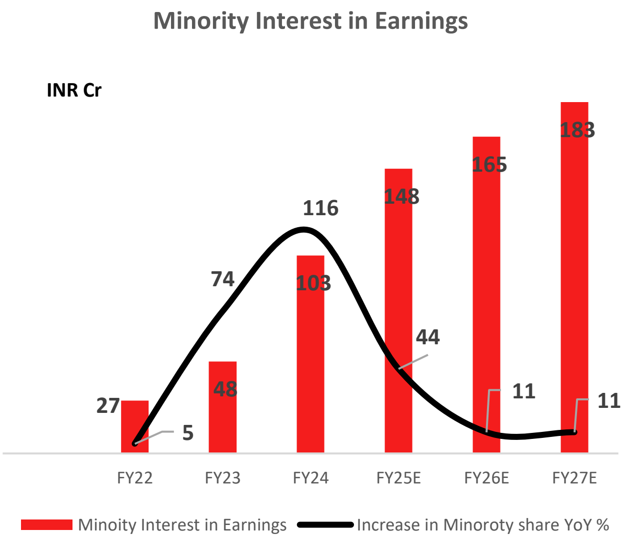
Key Charts



Source – Company Analysis



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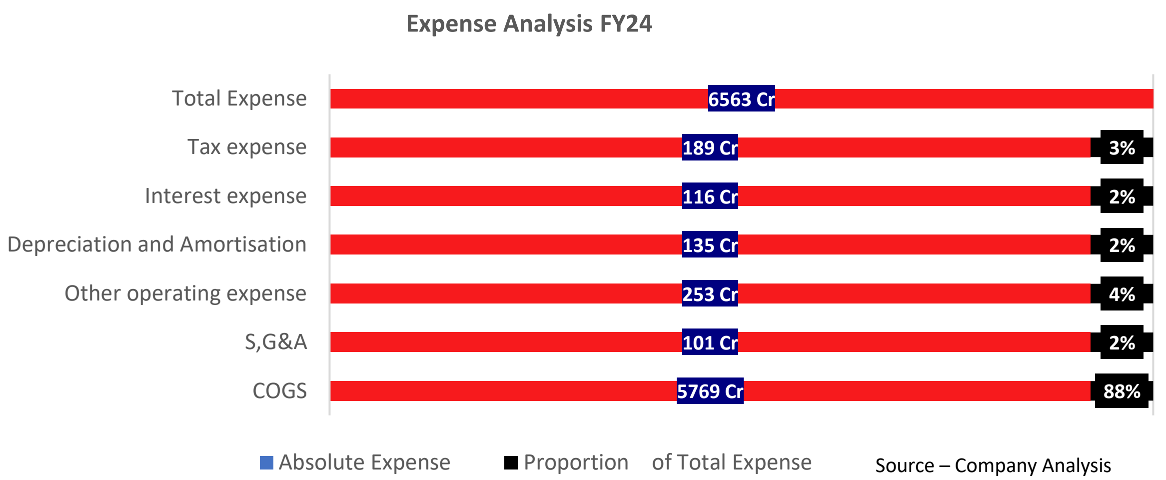


Source – Company Analysis

Source – Company Analysis

Commentary –

- On an ongoing basis COGS is expected to comprise more than 85% percent of expense incurred , other than sourced LPG, COGS also include expense incurred for machinery of Autogas dispensing station. Company might incur additional S,G&A expense late in FY24 if new recruitments occur when JNPT terminal is commissioned .

- Other operating expenses incurred jumped by 96% from FY22 to FY 23 from 148Cr to 291 Cr and has remained stable in FY24 . There had been a large increase in commission provided on sales in FY23 which indicates company's interest to push incentives to grow the distribution business , the lease rentals increased seven fold from FY22-23. Advertisement and promotional expenses decreased sharply in FY23 .

- Going forward tax , net interest expense are expected to remain at the same proportion of the total expense incurred as net debt position is expected to remain stable but depreciation expense is expected to rise both in absolute terms and slightly increase in proportionate terms as Aegis continues to build higher asset base through capacity expansion.

Aegis Logistics Limited

BALANCE SHEET (figures in INR Cr)

Year To March	FY22	FY23	FY24	FY25E	FY26E	FY27E
ASSETS						
Cash And Equivalents	94.2	832.5	1774.6	2002.2	2229.7	2142.6
Short Term Investments	0	569.3	194.0	194.0	194.0	194.0
Accounts and Notes Receivable	855.5	880.1	513.4	792.9	922.1	1093.8
Inventories	90.6	147.5	63.6	90.6	105.4	125.0
Prepaid expenses and other current assets	143.1	228.4	304.1	218.9	254.5	301.9
Total Current Assets	**1183.4**	**2657.8**	**2849.6**	**3298.6**	**3705.7**	**3857.3**
Net Fixed Assets	2626.5	4056.6	4820.3	5345.3	5795.3	6165.8
CWIP	253.0	412.0	697.0	650	400	450
Long term investments	0.01	0.01	0.0	0.0	0.0	0.0
Other Intangibles	0.6	1.3	1.3	1.3	1.3	1.3
Deffered Tax and Other Long-Term Assets	146.1	331.0	386.7	330.0	245.3	567.8
Total Assets	**4034.1**	**7162.6**	**8072.8**	**9406.3**	**9893.0**	**10690.3**
LIABILITIES						
Short-term debt obligations	293.6	9.4	231.03	242.58	254.71	267.45
Accrued expenses	24.7	39.1	0	21.28	21.28	21.28
Current portion of long term debt, leases	113.4	113.0	100.0	254.1	228.7	205.8
Unearned revenue, current	3.3	7.2	10.39	10.39	10.39	10.39
Accounts payable and other current	731.9	964.1	701.8	951.5	1106.5	1312.6
Total Current Liabilities	**1,166.9**	**1132.8**	**1043.1**	**1479.8**	**1621.6**	**1817.5**
Long-Term Debt Obligations	64.2	978.4	1432.0	1517.3	1345.9	1329.1
Long Term Leases	412.6	853.6	919.1	1137.53	1154.73	1154.73
Deffered Tax and other non current liabilities	127.8	150.9	216.5	227.33	227.5	290.6
Total Liabilities	**1771.5**	**3115.8**	**3610.7**	**4362.0**	**4349.7**	**4591.9**
Common Stock	35.1	35.1	35.1	35.1	35.1	35.1
Additional paid in capital	588.8	1091.4	1149.9	1329.9	1329.9	1329.9
Retained Earnings	1488.5	2155.3	2184.9	2576.0	3,063.5	3,606.7
Treasury stock	0	0	0	0	0	0
Comprehensive Inc. and Other	67.3	250.5	524.4	524.4	524.4	524.4
Total Common Shareholders' Equity	**2179.7**	**3532.3**	**3894.4**	**4465.5**	**4952.9**	**5496.1**
Minority Interest	82.5	514.4	567.5	578.9	590.4	602.2
Total Equity	**2097.2**	**3017.9**	**3326.9**	**3886.6**	**4362.5**	**4893.9**
Total Liabilities And Equity	**4033.7**	**7162.5**	**8072.5**	**9406.3**	**9893.0**	**10690.3**

Aegis Logistics Limited

Fixed Asset Analysis

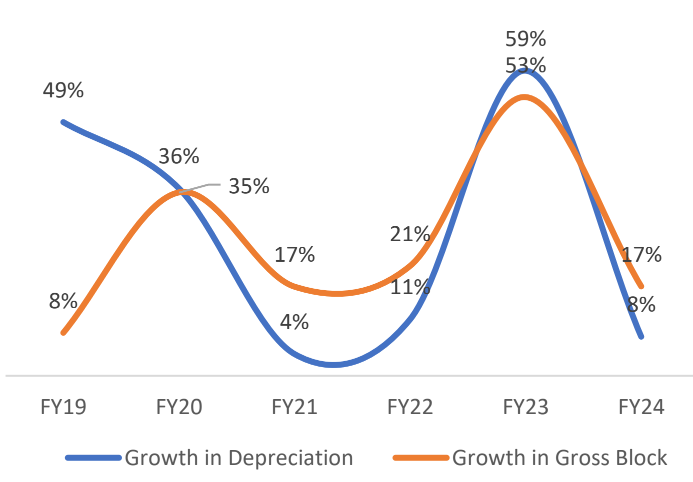
(Asset values in INR Cr)

Particular (Y/E March)	FY19	% of Gross Block	FY20	% of Gross Block	FY21	% of Gross Block	FY22	% of Gross Block	FY23	% of Gross Block
Land	313.1	22%	661.6	46%	667.6	34%	804.6	30%	1462.5	35%
Building	131.2	9%	136.1	10%	136.4	7%	172.3	6%	196.5	5%
Plant Machinery	960.3	67%	1049.8	74%	1131.1	58%	1704.0	63%	2435.5	59%
Equipments	3.8	0%	4.5	0%	5.0	0%	6.8	0%	8.4	0%
Furniture and fittings	11.1	1%	11.1	1%	11.7	1%	12.9	0%	17.9	0%
Vehicles	3.7	0%	3.5	0%	3.8	0%	4.1	0%	5.6	0%
Intangible Assets	1.2	0%	1.2	0%	1.2	0%	1.2	0%	14.8	0%
Other fixed assets	2.0	0%	2.2	0%	2.3	0%	2.6	0%	3.7	0%
Gross Block	**1426.6**		**1870.2**		**1959.3**		**2708.9**		**4145.1**	
Accumulated Depreciation	97.9		171.5		248.6		333.1		483.9	
Net Block	**1328.7**		**1698.7**		**1710.7**		**2375.8**		**3661.2**	

	FY19	FY20	FY21	FY22	FY23
Change in Gross Block	96.7	443.6	89.1	749.6	2185.8
Growth in Gross Block (%)	7	31	5	38	53

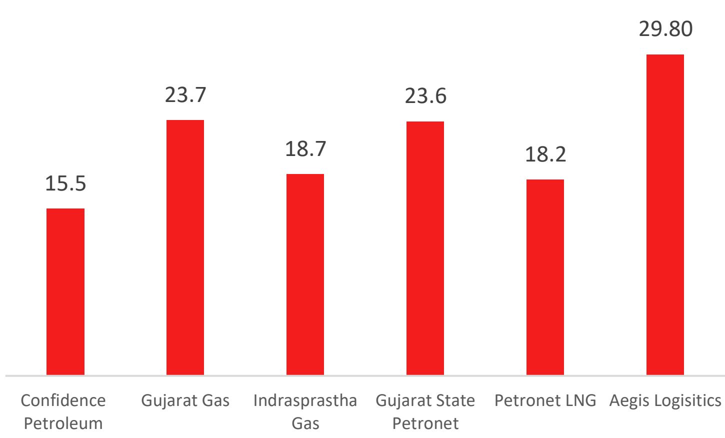
Depreciation Analysis	FY19	FY20	FY21	FY22	FY23	FY24
Average life of assets (years)	28.0	27.1	27.2	34.1	33.0	39.4
Average age of assets (years)	1.9	2.5	3.5	4.2	3.8	3.7
Fixed asset consumed (%)	6.9	9.2	12.7	12.3	11.7	9.3
Depreciation to gross block (%)	3.6	3.7	3.7	2.9	3.0	2.5
Depreciation to net block (%)	3.8	4.1	4.2	3.3	3.0	2.8
Depreciation to revenue (%)	0.9	1.0	1.9	1.7	1.5	1.9
Net Block to Sales (%)	23.7	23.6	44.5	51.3	42.4	68.4

Depreciation Vs Gross Block Growth YoY



Source – Company Analysis

Average life of assets (years) Vs Peers



Source – Company Analysis

Aegis Logistics Limited

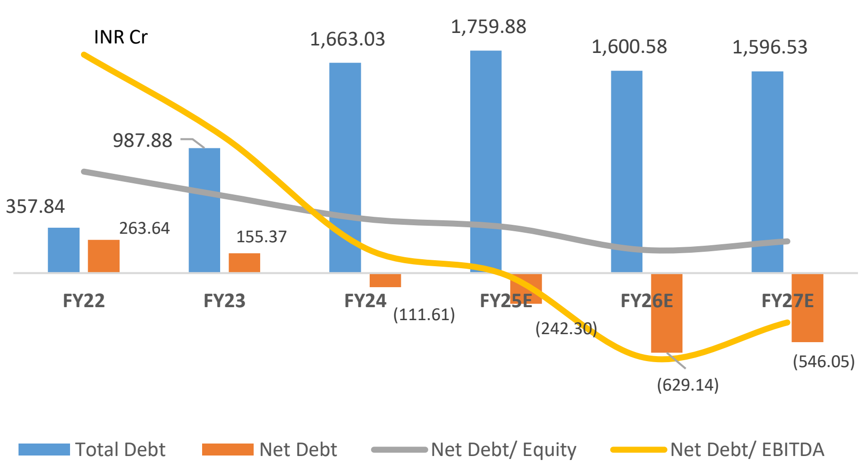
Turnover Ratios	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Fixed Asset	4.2	4.2	2.3	2.0	2.4	1.7	1.5	1.7	1.9
Total Asset	2.4	2.5	1.3	1.2	1.2	0.9	0.9	1.0	1.1
Capital Turnover	4.0	5.1	2.4	2.4	3.0	1.7	1.7	1.8	2.0

Leverage Ratios	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Debt/Equity	0.2	0.2	0.4	0.4	0.5	0.3	0.4	0.3	0.3
Debt/Assets	0.1	0.1	0.2	0.2	0.3	0.3	0.2	0.2	0.1
Debt/EBITDA	0.6	0.9	1.9	1.6	2.9	2.9	1.5	1.2	1.0
Debt/Capital	0.2	0.1	0.3	0.3	0.4	0.4	0.4	0.3	0.3
Debt Burden	168%	-10%	11%	-14%	-9%	2%	1%	26%	42%
Interest Coverage	12.6x	7.3x	20.8x	22.5x	8.3x	8.4x	7.3x	7.0x	6.4x
Operating Leverage	2.2	-1.0	-1.0	2.0	0.6	-1.8	1.7	0.8	0.7
Financial Leverage	1.7	1.8	1.6	1.8	2.0	2.1	2.1	2.0	2.0

Commentary –

- Aegis has a strong balance sheet with comfortable net debt position but the average annual capex being incurred has doubled for the period FY24-27 has doubled from the historic average which, leverage for capex has result into total debt/PBILDT being greater than 3.5x. Consolidated total debt of Aegis stands at around INR 1650 Cr and Aegis has significant long term lease liabilities as well .
  High interest coverage ratio reaffirms the debt servicing ability of Aegis – company has been assigned stable credit rating by CARE RATINGS and has an Altman Z Score of 7.87 that implies low probability of going bankrupt FY24 is expected to be the peak level debt to equity ratio for the company and going forward it is expected to stay in line with current level.
- Land constitutes about 35% of the fixed assets and since freehold land isn't a return generating asset it drags the ROCE down . Since Aegis operates in an asset heavy industry it is a notable observation that the company is more lenient in estimating asset life than industry peers and therefore it might be recording lower depreciation expense.

Debt Profile



Source – Company Analysis

Aegis Logistics Limited

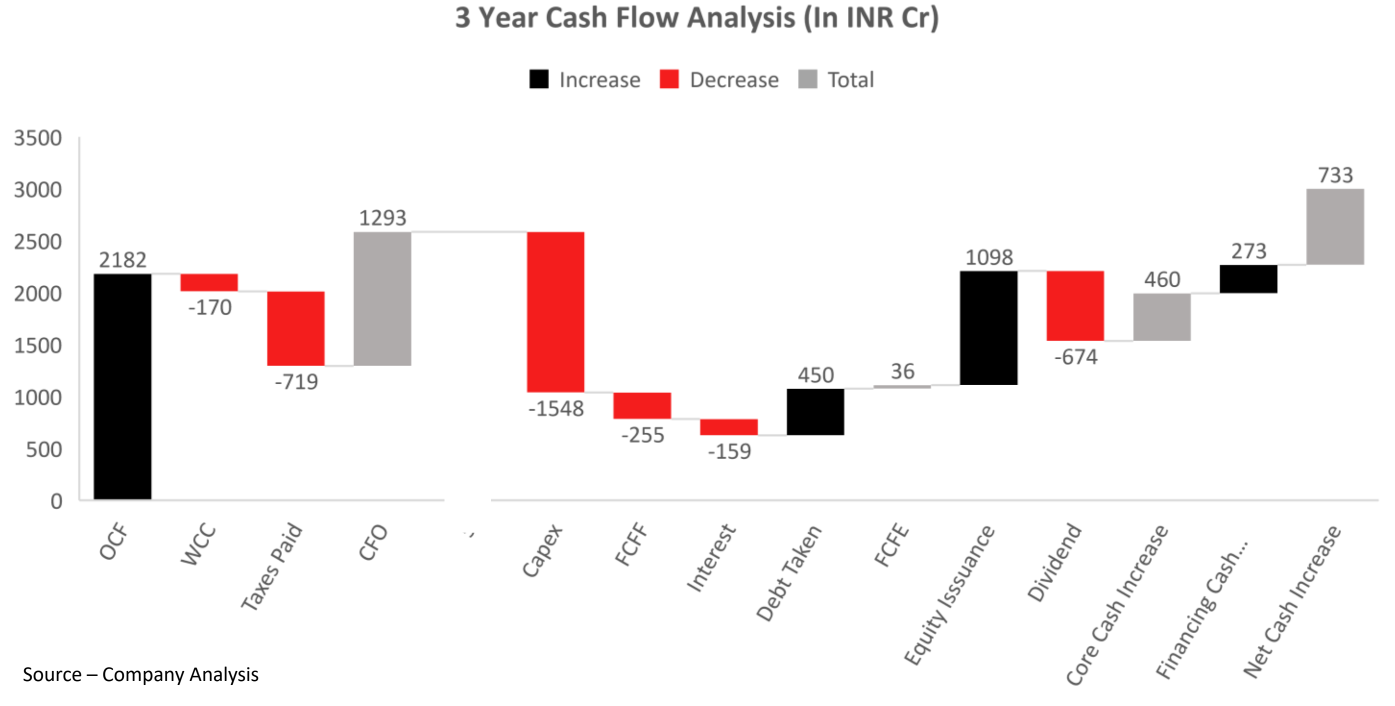
Cash Flow Statement

(Figures in INR Cr , except day count)

Year To March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Income	336.1	450.8	569.2	723.6	805.4	892.9
Depreciation and amortization	79.4	125.8	135.3	148.8	182.0	216.7
Change in assets and liabilities:						
Accounts and notes receivable	-675.0	-125.6	427.7	-279.5	-129.2	-171.7
Inventories	-38.3	-56.8	83.9	-27.0	-14.8	-19.6
Prepaid expenses and other current assets	-71.1	-85.3	-75.7	85.2	-35.7	-47.4
Accounts payable and other current liabilities	601.4	49.1	-484.1	516.5	155.0	206.1
Net Cash flow from Operations	**232.6**	**358.0**	**656.3**	**1167.5**	**962.9**	**1076.9**

Cash Conversion

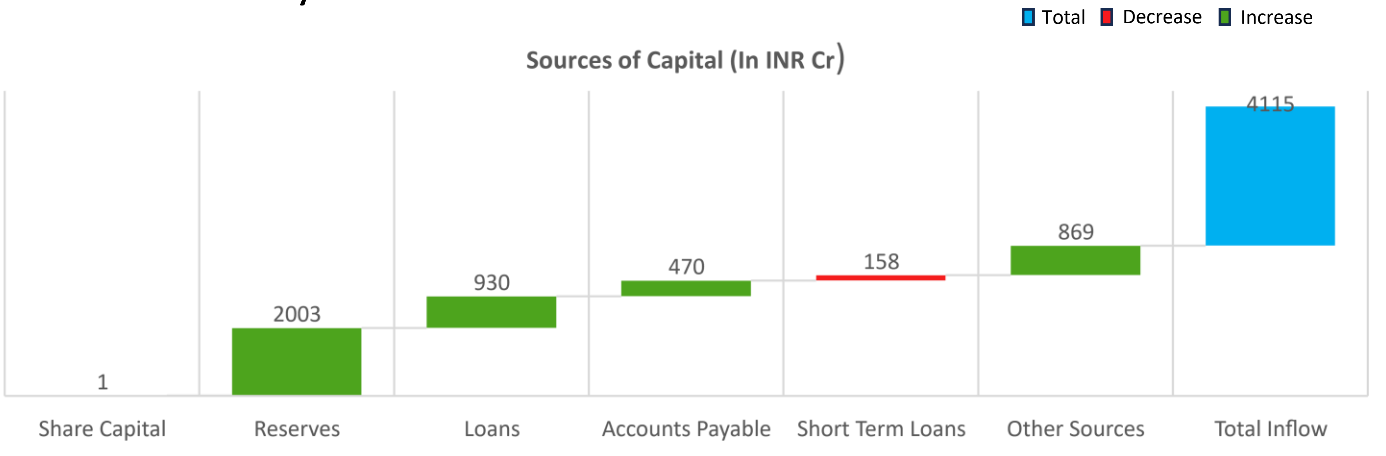
Year To March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Operating Current Assets						
Accounts and Notes Receivable	855.5	981.1	513.4	792.9	922.1	1093.8
Receivable Turnover Days	67	42	27	45	42	40
Inventories	90.6	147.5	63.6	90.6	105.4	125.0
Inventory Turnover Days	7	6	3	4	5	5
Prepaid expenses and other current assets	143.1	228.4	304.1	218.9	254.5	301.9
% age of Sales	3%	3%	4%	3%	3%	3%
Operating Current Liabilities						
Accounts payable and other current liabilities	870.0	919.1	435.0	951.5	1106.5	1312.6
Payable Turnover Days	58	41	36	40	38	35
Cash Conversion Cycle	**17**	**7**	**-6**	**9**	**9**	**10**

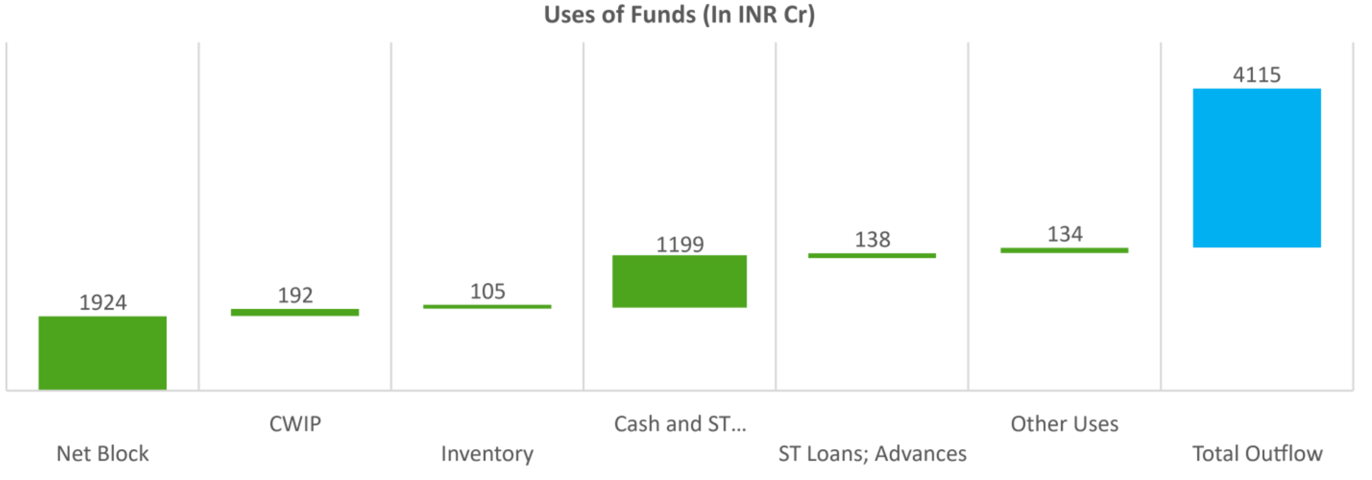


Source – Company Analysis

Aegis Logistics Limited

3 Year Fund Flow Analysis





Source – Company Analysis

Commentary –

- The company has robust cash flow and short cash conversion cycle – it operates in an industry with very high inventory turnover, this ensures that despite funding a portion of expansion and acquisitions via debt, there is no liquidity or solvency risk . As of year end FY24 the net cash position of the company stands at INR 342 Cr and going forward the current debt/equity ratio can be maintained. The FCFE generated FY24 stood at INR 392 Cr, FCFF remained suppressed due to high capex incurred.

- Funds are majorly used for increase in Net Block , i.e., expansion of current terminal capacity . Aegis funds this acquisition though a mix of three sources – internal cash accrual , by issuing long and short term debt and by issuing shares of subsidiary company to non controlling interest. From FY19 – 23 the minority equity interest has increased from INR 74.8 Cr to INR 567.5 Cr which is about 12.7% of total company equity.

- In FY 23 Aegis raised 1098 Cr by issuing shares of a subsidiary to Vopak. Furthermore company continues to raise capital by issuing share of subsidiary wherein Vopak and AVTL have entered into a share purchase agreement dated 14th June, 2024 in relation to the transfer of 36,000 (Thirty Six Thousand) Equity shares of AVTL by the Company to Vopak for a consideration of INR 180 Cr.

Aegis Logistics Limited

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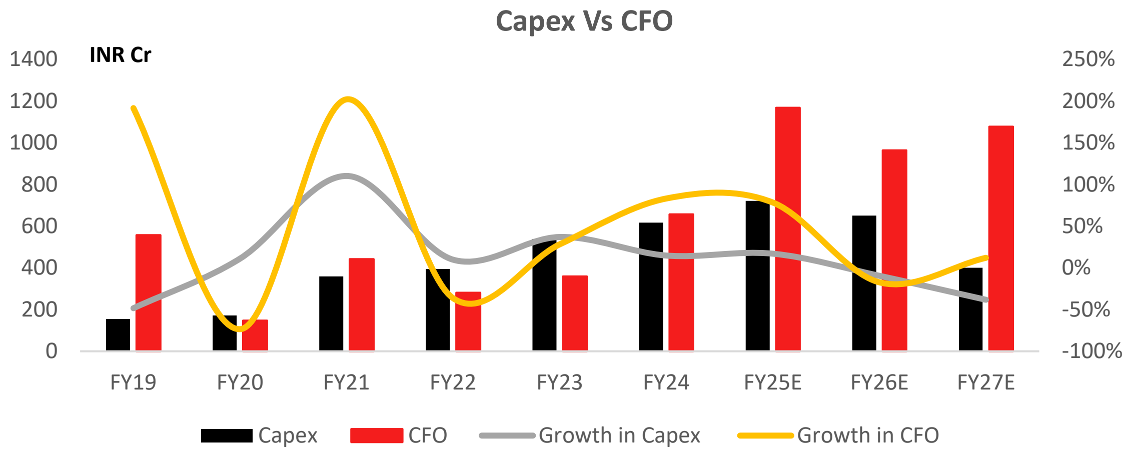
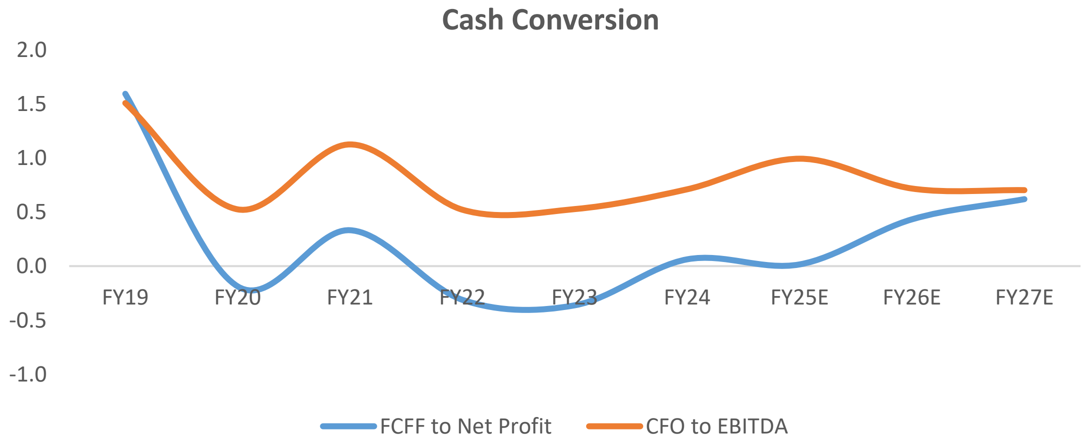
Key Ratios

Cash Ratios	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Free Cash Flow (INR Cr)	402.0	-25.0	83.0	-113.0	-180.0	43.0	14.7	421.1	667.2
OCF Growth	191.1%	-73.7%	202.7%	-36.7%	27.9%	83.2%	78.0%	-17.5%	11.8%
Free Cash Flow Growth	372%	-206%	332%	-336%	-41%	124%	-166%	2769%	58%
FCF/Sales	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
FCF/Net Profit	1.6	-0.2	0.3	-0.3	-0.4	0.1	0.0	0.4	0.6
CFO/Total Assets	0.2	0.0	0.1	0.1	0.0	0.1	0.1	0.1	0.1
CFO/Total Debt	3.0	0.7	1.3	4.4	0.2	0.4	0.7	0.6	0.7
Cash Interest Coverage	4.4	13.4	21.4	11.7	4.2	1.2	8.8	6.3	5.5
CFO/Capex	3.6	0.9	1.2	0.7	0.7	1.1	1.8	1.8	2.7
CFO to PAT	2.2	1.1	1.8	0.7	0.7	1.0	1.3	1.0	1.0
CFO to EBITDA	1.5	0.5	1.1	0.5	0.5	0.7	1.0	0.7	0.7

High CFO to Capex shows availability of funds to meet capital investment



High CFO to EBITDA signifies the ability to convert profits into cash



Source – Company Analysis

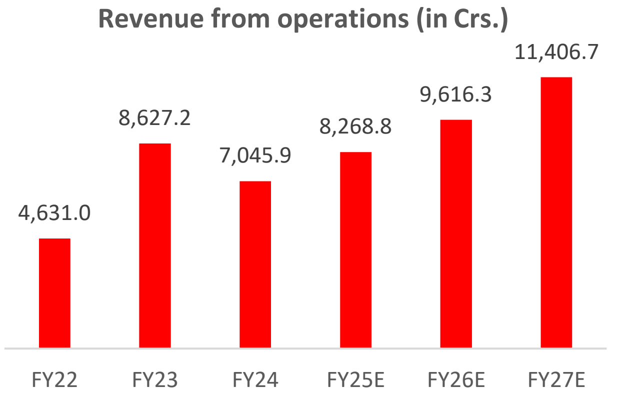
Aegis Logistics Limited

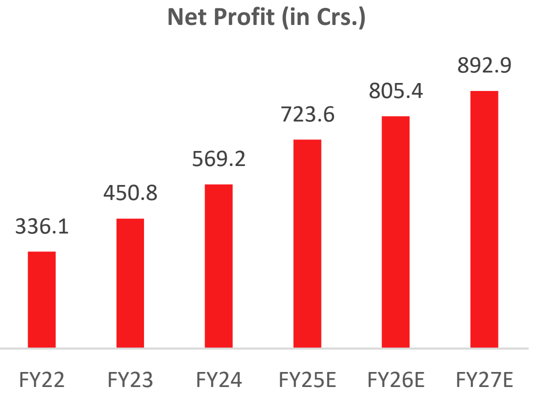
DU PONT ANALYSIS

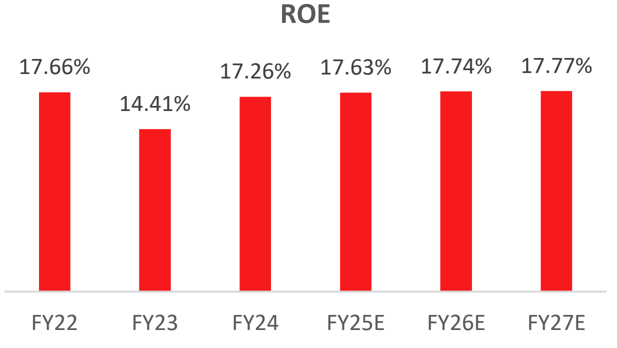
All figures in INR Cr , except ratios

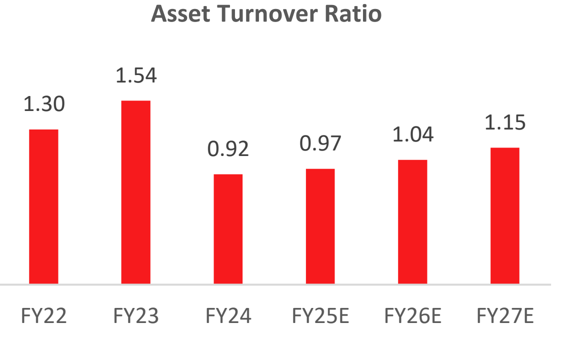
RETURN ON EQUITY (ROE)						
Year To March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Profit	336.1	450.8	569.2	723.6	805.4	892.9
Average Shareholders Equity	1,902.8	3,127.6	3,297.9	4,105.0	4,540.7	5,024.7
Return on Equity	**17.66%**	**14.41%**	**17.26%**	**17.63%**	**17.74%**	**17.77%**

ROE - DUPONT EQUATION						
Year To March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Profit	336.1	450.8	569.2	723.6	805.4	892.9
Revenue	4,631.0	8,627.2	7,045.9	8,268.8	9,616.3	11,406.7
Net Profit Margin (A)	7.26%	5.23%	8.08%	8.75%	8.38%	7.83%
Revenue	4,631.0	8,627.2	7,045.9	8,268.8	9,616.3	11,406.7
Average Total Assets	3,558.1	5,598.4	7,617.8	8,512.1	9,202.5	9,946.4
Asset Turnover Ratio (B)	1.30	1.54	0.92	0.97	1.04	1.15
Average Total Assets	3558.1	5598.4	7617.8	8512.1	9202.5	9946.4
Average Shareholders Equity	1902.8	3127.6	3297.9	4105.0	4540.7	5024.7
Equity Multiplier (C)	1.87	1.79	2.31	2.07	2.03	1.98
RETURN ON EQUITY (A*B*C)	**17.66%**	**14.41%**	**17.26%**	**17.63%**	**17.74%**	**17.77%**









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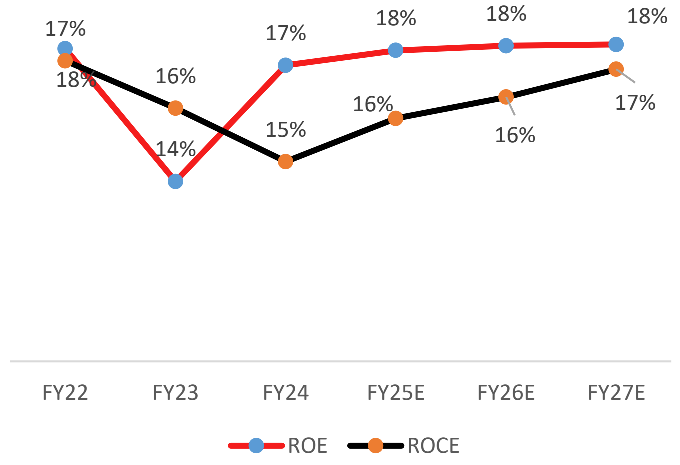
(Figures in INR Cr, except ratios)

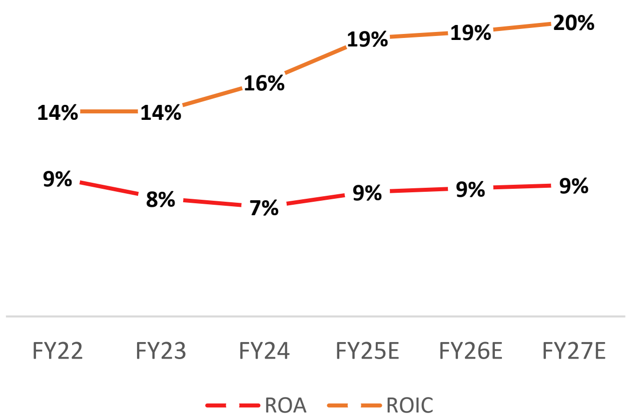
RETURN ON ASSETS (ROA)	FY22	FY23	FY24	FY25E	FY26E	FY27E
NET PROFIT	336.1	450.8	569.2	723.6	805.4	892.9
AVERAGE TOTAL ASSETS	3558.1	5598.4	7617.78	8512.05	9202.54	9946.40
RETURN ON ASSETS	**9.45%**	**8.05%**	**7.47%**	**8.50%**	**8.75%**	**8.98%**

RETURN ON CAPITAL EMPLOYED (ROCE)	FY22	FY23	FY24	FY25E	FY26E	FY27E
NOPAT	374.9	436.2	614.2	779.9	881.1	999.6
AVERAGE CAPITAL EMPLOYED	2154.5	2692.6	4122.4	4887.3	5347.1	5824.1
RETURN ON CAPITAL EMPLOYED	**17.4%**	**16.2%**	**14.9%**	**16.0%**	**16.5%**	**17.2%**

ROCE - DUPONT EQUATION	FY22	FY23	FY24	FY25E	FY26E	FY27E
NOPAT	374.9	436.2	614.2	779.9	881.1	999.6
REVENUE	4631.0	8627.2	7045.9	8268.8	9616.3	11406.7
NOPAT MARGIN (A)	8.1%	5.1%	8.7%	9.4%	9.2%	8.8%
REVENUE	4631.0	8627.2	7045.9	8268.8	9616.3	11406.7
AVERAGE CAPITAL EMPLOYED	2154.5	2692.6	4122.4	4887.3	5347.1	5824.1
CAPITAL TURNOVER RATIO (B)	2.1	3.2	1.7	1.7	1.8	2.0
RETURN ON CAPITAL EMPLOYED(A*B)	**17.4%**	**16.2%**	**14.9%**	**16.0%**	**16.5%**	**17.2%**

RETURN ON CAPITAL EMPLOYED (ROIC)	FY22	FY23	FY24	FY25E	FY26E	FY27E
NOPAT	374.9	436.2	614.2	779.9	881.1	999.6
AVERAGE INVESTED CAPITAL	2677.7	3115.7	3839.0	4105.0	4535.1	4968.7
RETURN ON INVESTED CAPITAL	**14.0%**	**14.0%**	**16.0%**	**19.0%**	**19.4%**	**20.1%**





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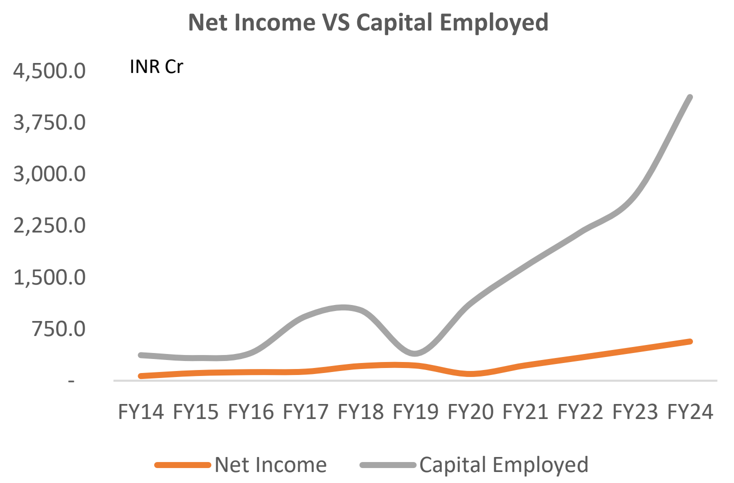
ROIIC Profiling -

INR Cr	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Net Income	69.0	112.0	126.0	133.0	214.0	221.4	99.6	223.4	336.1	450.8	569.2
Capital Employed	372.0	330.0	401.9	936.2	1,026.0	393.0	1,120.0	1,662.0	2,154.5	2,692.6	4,122.4

ROIIC Profile	
Cumulative Net Income	2,554.5
Incremental Capital Deployed	3,750
Reinvestment Rate	**146.82%**
ROIIC	13.34%
Intrinsic Compounding Rate	**19.58%**
Stock Price (10 Year CAGR)	47.62%
Stock Price (5 Year CAGR)	32.11%



Commentary –

- All return ratios are expected to improve as the there is more contribution of profit flowing from high margin segment; liquid and distribution in the overall business mix . Moreover operating leverage would be in play leading to higher profitability.

- Aegis is expected to maintain the profitability achieved in FY24 going forward, ROE of the business is expected to remain in the range of 17-18%, as payout remains stable and business maintains optimal level of debt. Aegis has low asset turnover as a large portion of revenue comes from sourcing stock in trade (revenue not generated from fixed assets).

- The return ratios ROIC and ROCE – are expected to improve by 343 basis points to 19.43% and by 158 basis points to 16.48% due to continued capital allocation in expansion of business segment with higher profitability. ROCE for liquid division was low in FY24 as capital had been deployed but the capacities are yet to be commissioned. The NOPAT margin of the company is expected to increase to 9.2%.

- ROA of the company is expected to be 8.75% by end of FY26, which is very stable number on a high asset base with exponential rise in capital employed post FY19. Total asset turnover is also expected to increase marginally from current level.

Aegis Logistics Limited

Discounted Cash Flow (figures in INR Cr)

Report Date		FY24	FY25E	FY26E	FY27E
EBIT		787.5	1,026.2	1,159.4	1,315.3
Tax Rate	26%				
Tax expense		204.7	266.8	301.4	342.0
NOPAT		582.7	759.4	857.9	973.3
Add: Depreciation and amortisation		135.3	148.8	182.0	216.7
Add/Less: (Increase)/ Decrease in NWC		213.6	-243.5	-68.9	-122.8
Less: Capital expenditure		-613.0	-650.0	-550.0	-400.0
Free cash flow (Free Cash Flows to Firm)		**318.6**	**14.7**	**421.1**	**667.2**
Discount rate (%)	9.0%				
WACC	9.0%				
Terminal Growth Rate	5.5%				
Valuation Date	01 June 2024				
Year Ending after valuation date	31 March 2025				
Number of years to discount			0.83	1.83	2.83
Present value factor			0.9	0.9	0.8
Terminal Value					**20026.9**
Present value of FCFF			**13.7**	**359.4**	**522.5**
Present value of terminal value					**15,682.1**
DCF Value of Firm / Operating Business Enterprise Value					**16,577.6**
Add: Non Operating assets					402.9
Total Value of firm					**16,980.5**
Less: Gross Debt & Debt Equivalents					1663.0
Add: Cash					1968.0
DCF value of Common Equity					**17,285.5**
No. of shares o/s-Diluted					35.1
DCF value per share					**492.5**

Remarks – In a period of large capex from FY24-27 , the Free Cash Flow generated is low – which gives us a lower DCF value estimate

Terminal Value	
LTM EV/EBITDA	17.7*
Terminal Year EBITDA	1,532.0
Terminal Value	27,116.4
Present Value of TV	**21,233.6**
DCF Value of Firm / Operating Business Enterprise Value	**22,129.1**
Add: Non controlling assets	402.9
Total Value of firm	**22,532.0**
Less: Gross Debt & Debt Equivalents	1663
Add: Cash	1968
DCF value of Common Equity	**22,837.0**
No. of shares o/s-Diluted	35.1
DCF value per share	**650.6**

*The terminal multiple taken is equivalent to median EV EBITDA of Aegis for past 5 year period and the estimate is lower than it's median multiple for ten years – Aegis is amongst few listed Oil and Utility with Mkt Cap > INR 20000Cr, the overall industry multiple would be far lower and wouldn't be a good proxy for Aegis

Aegis Logistics Limited

Sensitivity Analysis to Key Model Inputs

LTGR vs WACC

492	7.7%	8.2%	8.7%	9.2%	9.7%	10.2%	10.7%	11.2%	11.7%
3.5%	426	381	345	315	289	268	250	234	220
4.0%	479	423	378	342	312	287	266	248	232
4.5%	550	476	419	375	339	310	285	264	246
5.0%	646	545	472	416	372	337	307	283	262
5.5%	785	640	541	468	413	369	334	305	281
6.0%	1,007	779	635	536	464	409	366	331	303
6.5%	1,414	999	772	630	532	461	406	363	329
7.0%	2,401	1,402	990	766	625	528	457	403	361
7.5%	8,327	2,381	1,390	982	760	620	524	453	400

Exit Multiple vs WACC

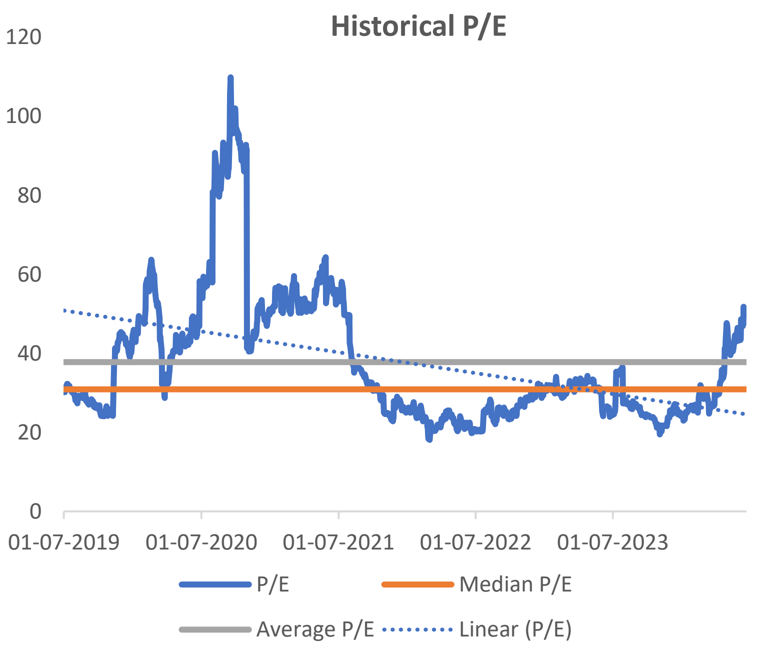
651	7.7%	8.2%	8.7%	9.2%	9.7%	10.2%	10.7%	11.2%	11.7%
17.0x	648	640	632	624	616	609	601	594	587
16.8x	641	633	625	617	609	602	595	587	580
16.6x	634	626	618	610	603	595	588	581	574
16.4x	627	619	611	603	596	589	581	574	567
16.2x	619	612	604	597	589	582	575	568	561
16.0x	612	605	597	590	583	575	568	561	555
15.8x	605	598	590	583	576	569	562	555	548
15.6x	598	591	583	576	569	562	555	549	542
15.4x	591	584	577	569	562	555	549	542	536

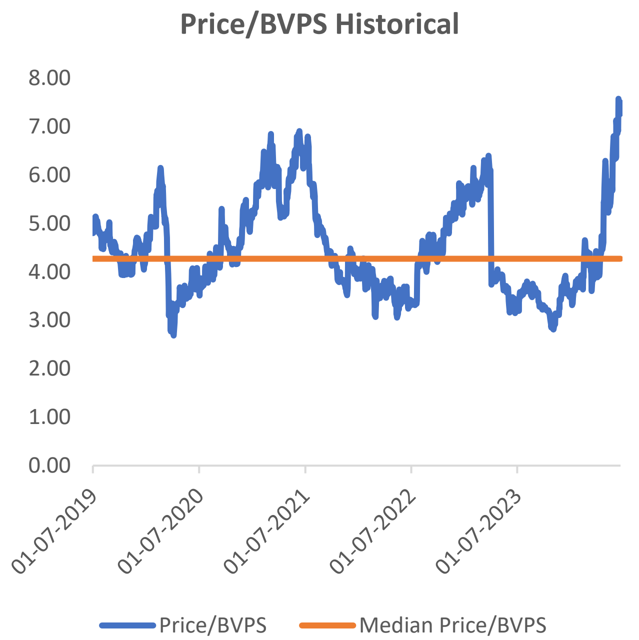
Valuation Ratios	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Price/Earnings	30.7	46.9	47.1	19.8	28.7	27.5	40.0	35.0	35.0
Price/Book Value	5.6	3.8	6.1	3.5	4.2	4.8	6.7	5.9	5.9
Price/CFO	37.0	94.0	68.0	72.0	106.0	68.0	24.8	29.3	29.0
Price/Sales	1.4	0.9	3.1	1.7	1.7	2.6	3.5	2.9	2.7
Enterprise Value (EV)*	7724	6279	11729	7639	14681	18505	29286	28157	31313
EV/EBITDA	21	23	30	14	22	20	25	21	20

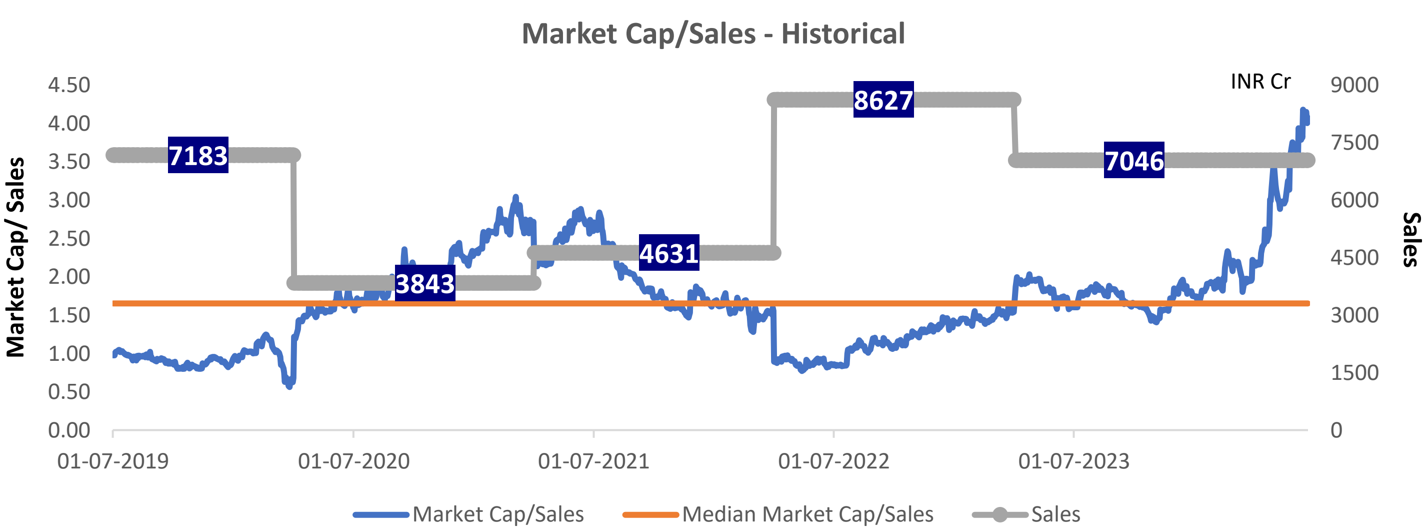
*Value in INR Cr, all other ratios are absolute numbers

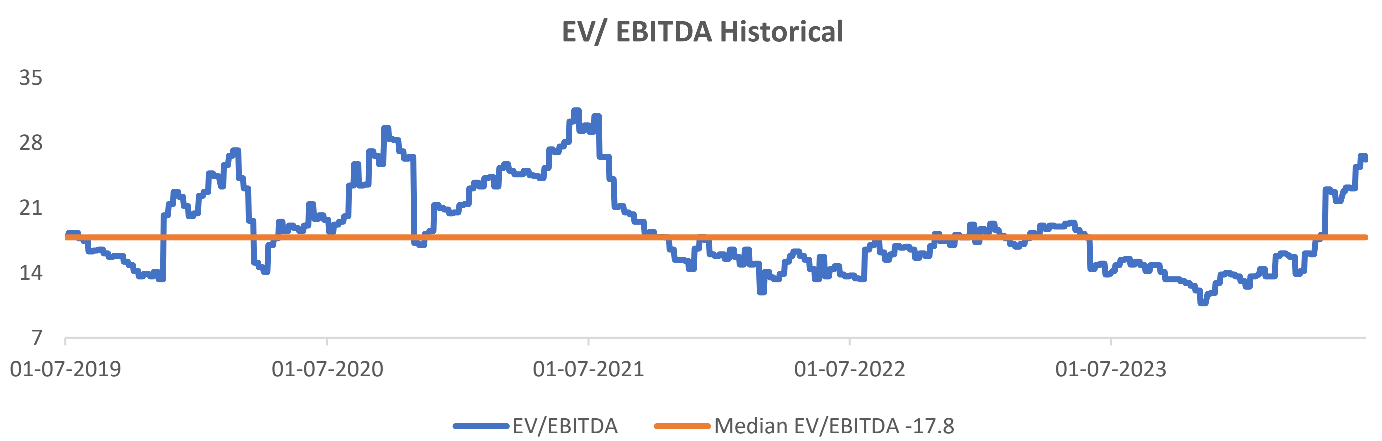
Aegis Logistics Limited

Key Charts Valuation





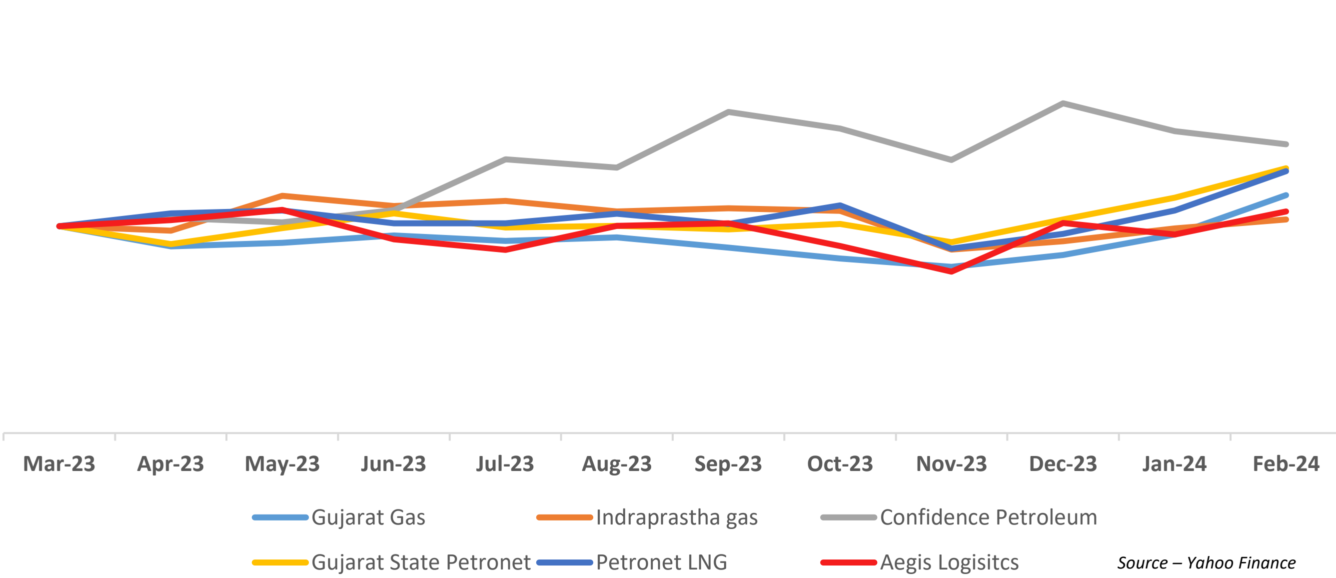




Aegis Logistics Limited

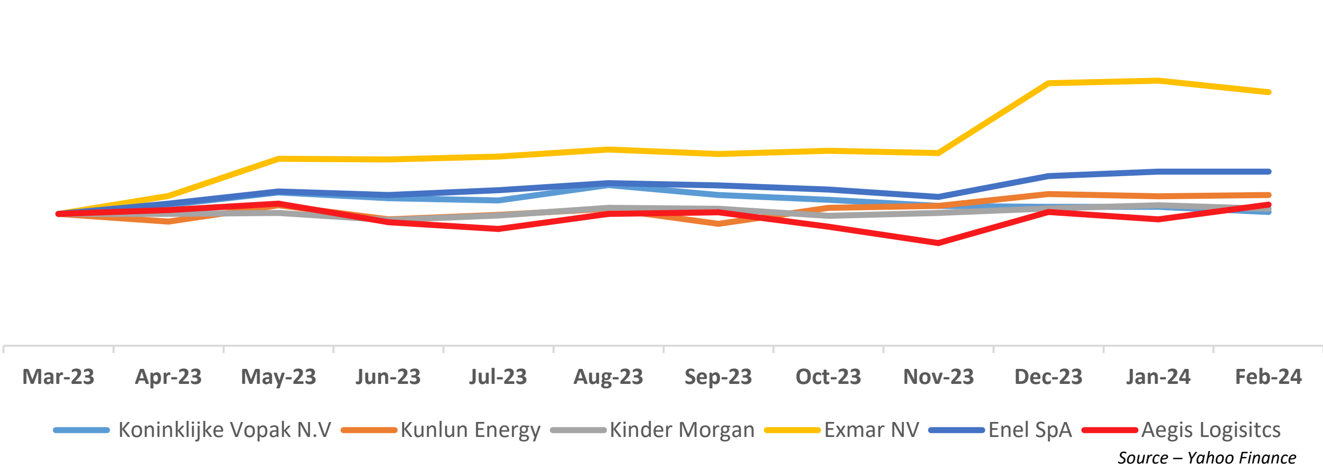
Peer Comparison

Stock Performance Vs Domestic Peers



Source – Yahoo Finance

Stock Performance Vs Global Peers



Source – Yahoo Finance

Commentary -

- Aegis had been a laggard in terms of price performance in FY 24 but since April , 2024 the stock has given 85% return and made an all time high of 887 as the company delivered record EBITDA and highest ever quarterly PAT.
- Aegis has been a decade long compounder with ten year stock price CAGR of 47.6% and absolute returns till date of 141198 %.

Aegis Logistics Limited

Comparable Metrices of Domestic Peers

	(INR Cr)						(%)			
Company	**Market Cap**	**Sales**	**P/E**	**P/B**	**P/ Sales**	**EV/ EBITDA**	**ROA**	**ROE**	**ROCE**	**ROIC**
Aegis Logistics	28,270	7046	49.7	7.6	4.2	26.2	9.1	15.3	14.9	16.0
Gujarat gas	42,126	15,690	38.2	5.4	2.6	20.8	14.9	15.0	20.2	15.5
Indraprastha Gas	33,268	14,000	19.0	3.9	2.3	11.4	14.0	22.4	29.3	25.4
Confidence Petroleum	2,640	2,698	26.0	2.2	4.1	8.0	5.5	10.2	13.5	9.0
Gujarat State Petronet	16,983	17,295	10.5	1.6	0.9	4.4	11.8	16.1	21.3	18.3
Petronet LNG	48,128	52,728	13.6	2.9	0.9	7.5	14.9	22.2	26.4	21.7

Comparable Metrices of Global Peers

		(INR Cr)						(%)			
Company	**Country**	**Market Cap**	**Sales**	**P/E**	**P/B**	**P/ Sales**	**EV/ EBITDA**	**ROA**	**ROE**	**ROCE**	**ROIC**
Aegis Logistics	India	28,270	7046	49.7	7.6	4.2	26.2	9.1	15.3	14.9	16.0
Koninklijke Vopak N.V	Netherlands	42,480	12948	10.6	1.4	3.3	6.8	8.5	15.0	12.5	11.0
Kunlun Energy	Hong Kong	68,112	177000	11.7	1.0	0.4	2.4	7.5	10.5	11.5	9.2
Kinder Morgan	USA	3,34,725	114375	18.2	1.3	2.3	10.5	1.3	8.7	5.9	3.7
Exmar NV	Belgium	3836	4352	6.4	0.9	0.9	5.4	5.7	9.1	6.7	6.1
Enel SpA	Italy	5,98,993	776355	14.7	1.9	0.7	6.5	2.1	2.7	6.0	4.1

Commentary –

- Within the domestic market there is a lack of listed peers that has the same business operations as Aegis , all the peers for which the comparable metrices are provided are distributors of PNG and CNG in India - Confidence Petroleum being an only LPG distribution company. Amongst the PSU players who operate in gas utility are LPG producers like IOCL, BPCL , HPCL , GAIL , Essar Oil. This signifies the market position Aegis commands in the business amongst private players.

- Aegis is trading at a premium valuation to both it's domestic and global peers – owing to the leadership position in the market and forward earnings expectation. Since some of the global peers trade at significantly low Price/ Sales multiples and have slightly different business mix (both LNG and LPG distributors) a segmental breakdown for direct comparison would be a better comparative approach.

Distribution Business Comparison *Bulk industrial volume undisclosed

	Aegis Logistics	Confidence Petroleum
Auto Gas Stations	142	248
Bottling Plants	37	68
Sourcing Partner	ITOCHU	BW LPG
Distribution Volume FY25E	644 Th MT	25 Th MT (retail division)*

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AEGIS

Investment Thesis

Positives for the business

- Aegis has been a great project executor historically , it has undertook several projects and delivered them in a time bound and cost effective manner. Aegis spends lesser amount per MT of capacity expansion than it's PSU peers and is able to turn it's static capacity to 80-100x throughput volumes as against peers at 25-30x. Aegis is a great demand scout which has eventually resulted into their growth story.
- Aegis has strong EPC excellence and it is able to turnaround assets that handle basic material and upgrade them to handle value added products to obtain better realization.
- High IRR projects with short repayment period and additional capacities coming up at existing terminals ensure that incremental revenue flows through to EBITDA as operating leverage kicks in.
- Aegis is diversifying it's business and building ammonia terminals and there lies a possibility to vertically integrate the segment like LPG business which is a big potential and reduces the risk profile in terms of business concentration.
- There lies immense potential to grow distribution business with increase in bottling plants , increased focus on advertisement with advent of marketing exclusivity rights provided by the Petroleum and Natural Gas regulatory body. Mangalore Terminal would act as hub for expansion down south.
- Aegis is undertaking big ticket projects and has maintained long standing customer relations with customers like PSUs. Vast industry experience makes Aegis capable of handling critical products and better product mix helps it achieve better margins.

Risks Associated

- Key risk associated with the investment is executional risk, as target earnings estimates are based in the presumption of timely project execution , delay in implementation can lead to earnings underperformance.
- Competitors like PSU with deeper pockets are working on expansion to accommodate growth in petrochem, specialty chemical export and new emerging competition - Confidence Petroleum and likes that might pose competition in auto and retail distribution.
- Risk of LPG losing market share to LNG due to better pricing or higher supply with development of cross country pipelines is a potential threat. Wide adoption of fuel like green hydrogen can put pressure on demand of propane for industrial usage. But both these scenarios would require time for adoption.

Consumption of Source in TWh

	Renewables	Biofuels	Solar	Wind	Hydro	Nuclear	Gas	Coal	Oil
India	119	34	295	213	387	120	626	6106	2937
Proportion in Energy Mix (India)	1%	0%	3%	2%	4%	1%	6%	56%	27%
High Income Countries	1117	783	1923	2880	3282	4688	18322	6937	24976
Proportion in Energy Mix (HNI)	2%	1%	3%	4%	5%	7%	28%	11%	38%

Source – ourworldindata.org

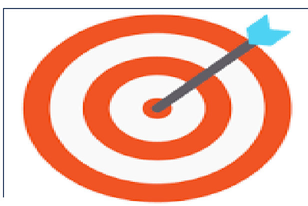
- India is long way behind high net worth countries in terms of gas consumed as proportion of overall fuel consumption and in order to attain our sustainability goals , this proportion would have to increase by wider adoption of clean fuel like LPG and LNG.

Aegis Logistics Limited

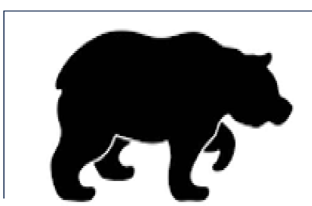
Although Aegis has delivered record numbers in quarter gone by and the same traction is going to continue in the current financial year. Market has factored in positives and has discounted it in the price. **The price estimation of Aegis Logistics remains neutral for the 24 month period till end of FY26 at ₹ 803 at P/E multiple of 35**. Since it is a period of strong earnings growth and market has high liquidity we expect Aegis to trade at a 14% premium to 5 year median P/E of 30.6.

Bull and Bear Case Scenario

Estimated price of ₹ 1109 at P/E of 45x , EV/EBITDA multiple of 27 and PAT margin of 9%



Estimated price of ₹ 803 at P/E of 35x , EV/EBITDA multiple of 21 and PAT margin of 8.4%



Estimated price of ₹ 657 at P/E of 30x , EV/EBITDA multiple of 20 and PAT margin of 8.0%

Disclaimer – The scope of this report is academic, which limits the ability to provide any buy/ sell recommendation but based on the due diligence performed , estimations are provided. For the estimates being provided I have assumed base case scenario of volume growth as well realization. Being fairly conservative with the estimate it factors in risks involved with the business but there are always multiple variables involved with the business which limits the probability to provide correct estimates to certain extent.