

Estimate change	↔
TP change	↔
Rating change	↔

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Bloomberg	AGIS IN
Equity Shares (m)	351
M.Cap.(INRb)/(USD\$b)	129.1 / 1.6
52-Week Range (INR)	410 / 245
1, 6, 12 Rel. Per (%)	9/-2/22
12M Avg Val (INR M)	324

#### Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	86.3	94.9	102.2
EBITDA	7.3	8.0	8.6
Adj. PAT	5.1	4.8	5.3
Adj. EPS (INR)	14.6	13.7	15.0
EPS Gr.%	43.7	-6.6	9.7
BV/Sh.INR	100.6	109.5	119.3

#### Ratios

Net D:E	-0.1	-0.1	-0.1
RoE (%)	18.0	13.0	13.1
RoCE (%)	17.8	12.9	12.8
Payout (%)	43.6	35.0	35.0

#### Valuation

P/E (x)	25.3	27.1	24.7
P/BV (x)	3.7	3.4	3.1
EV/EBITDA (x)	16.5	15.1	13.8
Div. Yld (%)	1.6	1.4	1.5
FCF Yld (%)	-1.5	1.9	2.3

#### Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	58.1	58.1	58.1
DII	3.7	3.6	2.4
FII	18.3	18.0	15.1
Others	19.9	20.3	24.5

FII Includes depository receipts

**CMP: INR368**

**TP: INR330 (-10%)**

**Neutral**

#### Record distribution volumes leads to beat

- Aegis Logistics (AGIS) reported marginally higher-than-estimated EBITDA of INR2.0b (est. INR1.8b; up 34% YoY, down 3% QoQ) due to 86% YoY (17% QoQ) increase in distribution volumes in 1QFY24.
- Distribution volumes clocked a record high of 159tmt during the quarter because of industrial players switching to LPG/propane. Management expects industrial LPG growth to remain healthy despite competition from natural gas. This is because the proportion of dirty fuels in industrial is still very high in India and there is room for both natural gas and LPG to grow simultaneously.
- Despite sequential growth in gas division volumes, normalized EBITDA for gas division declined 8.2% QoQ due to high proportion of lower-margin bulk LPG in volume mix in 1QFY24.
- 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 by both shareholders. However, such a high and ambitious capex will burden AGIS' balance sheet, with the focus shifting away from the LPG business that may elevate uncertainty.
- Additionally, competition from oil marketing companies as well as private players make the ramp-ups in LPG throughput challenging.
- The stock currently trades at 27.1x FY24E EPS of INR13.7. We value the stock at 22x FY25E EPS of INR15 to arrive at our TP of INR330. **We maintain our Neutral rating on the stock.**

#### Marginal beat on EBITDA and PAT

- AGIS' revenue was in line with our est. at INR21b (-6% YoY, -3% QoQ).
- EBITDA was 6% above our est. at INR2b (+34% YoY, -3% QoQ) due to lower RM cost during 1QFY24.
- Reported PAT was 6% above our est. at INR1.2b (+12% YoY, -18% QoQ).
- The Board has declared an interim dividend of INR2.5/share in the quarter.

#### Segmental performance in 1QFY24

- Liquids division reported revenue of INR1.2b (+42% YoY, -1% QoQ) and EBIT of INR584m (+41% YoY, +11% QoQ).
- Gas division's revenue came in at INR19.9b (-8% YoY, -3% QoQ) and EBIT stood at INR1.2b (+29% YoY, -11% QoQ).

#### Valuation and view – maintain Neutral

- Construction of India's largest cryogenic LPG terminal with a capacity of 80,000MT at Mangalore is currently underway. Liquid capacity expansions of 50,000CBM at Kochi and 70,000CBM at Mangalore are also likely to be commissioned towards the end of FY24.

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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.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- With already increased penetration of LPG, the threat of PNG-domestic over a longer term becomes credible. Industrial demand of LPG has several operational difficulties and natural gas is always preferred if economical. Hence, long-term growth remains a concern.
- The stock currently trades at 27.1x FY24E EPS of INR13.7. We value the stock at 22x FY25E EPS of INR15 to arrive at our TP of INR330. **We maintain our Neutral rating on the stock.**

**Consolidated - Quarterly Earnings Model**

(INR m)

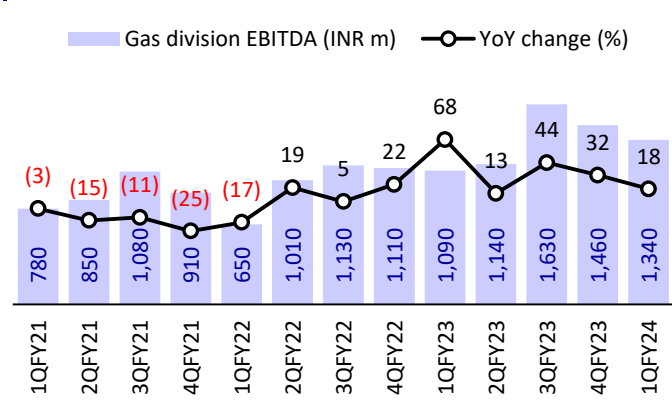
Y/E March	FY23				FY24				FY23	FY24E	FY23	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Sales</b>	<b>22,355</b>	<b>21,505</b>	<b>20,867</b>	<b>21,545</b>	<b>21,005</b>	<b>24,397</b>	<b>24,624</b>	<b>24,843</b>	<b>86,272</b>	<b>94,869</b>	<b>21,451</b>	<b>-2%</b>
YoY Change (%)	229.7	238.5	71.9	2.4	-6.0	13.4	18.0	15.3	86.3	10.0	-4.0	
<b>EBITDA</b>	<b>1,466</b>	<b>1,686</b>	<b>2,161</b>	<b>2,026</b>	<b>1,959</b>	<b>2,031</b>	<b>2,017</b>	<b>1,963</b>	<b>7,339</b>	<b>7,969</b>	<b>1,843</b>	<b>6%</b>
Margin (%)	6.6	7.8	10.4	9.4	9.3	8.3	8.2	7.9	8.5	8.4	8.6	0.7
Depreciation	289	334	344	292	333	336	353	322	1,258	1,344	319	
Interest	103	254	272	254	298	249	249	200	882	995	249	
Other Income	861	180	192	637	374	352	356	341	1,870	1,423	349	
<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>1,799</b>	<b>1,771</b>	<b>1,782</b>	<b>7,068</b>	<b>7,053</b>	<b>1,623</b>	<b>5%</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>1,799</b>	<b>1,771</b>	<b>1,782</b>	<b>6,448</b>	<b>7,053</b>	<b>1,623</b>	<b>5%</b>
Tax	240	268	309	524	375	453	446	503	1,341	1,777	409	
Rate (%)	18.2	21.0	17.8	24.7	22.0	25.2	25.2	28.2	20.8	25.2	25.2	
MI & P/L of Asso. Cos.	41	77	175	185	169	169	169	-29	477	477	119	41%
<b>Reported PAT</b>	<b>1,034</b>	<b>934</b>	<b>1,253</b>	<b>1,409</b>	<b>1,158</b>	<b>1,177</b>	<b>1,156</b>	<b>1,308</b>	<b>4,630</b>	<b>4,798</b>	<b>1,095</b>	<b>6%</b>
<b>Adj PAT</b>	<b>1,541</b>	<b>934</b>	<b>1,253</b>	<b>1,409</b>	<b>1,158</b>	<b>1,177</b>	<b>1,156</b>	<b>1,308</b>	<b>5,137</b>	<b>4,798</b>	<b>1,095</b>	<b>6%</b>
YoY Change (%)	131.4	-1.1	23.2	48.7	-24.9	26.0	-7.8	-7.2	43.7	-6.6	-29.0	
Margins (%)	6.9	4.3	6.0	6.5	5.5	4.8	4.7	5.3	6.0	5.1	5.1	0.1

**Segmental highlight**

Segmental Highlights	FY22				FY23				1Q	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
LPG logistics volumes ('000 MT)	568	738	753	800	637	833	988	876	881	38.3	0.6
YoY change (%)	(19.0)	2.1	(2.9)	11.9	12.2	12.9	31.3	9.5	5.8		
LPG distribution volumes ('000 MT)	31	36	42	51	85	116	156	136	159	86.4	16.7
YoY change (%)	139.1	9.0	18.6	50.2	176.3	224.3	271.6	165.4	36.8		
LPG sourcing volumes ('000 MT)	100	60	126	270	230	228	200	237	226	-1.7	-4.6
YoY change (%)	(36.8)	(58.3)	(66.4)	39.0	129.9	282.7	58.9	(12.4)	(0.9)		
Gas division EBITDA (INR m)	650	1,010	1,130	1,110	1,090	1,140	1,630	1,460	1,340	22.9	-8.2
YoY change (%)	(16.7)	18.8	4.6	22.0	67.7	12.9	44.2	31.5	17.5		
Liquids division EBITDA (INR m)	490	460	460	540	550	690	770	700	780	41.8	11.4
YoY change (%)	22.5	16.6	17.9	-	12.2	50.0	67.4	29.6	13.0		

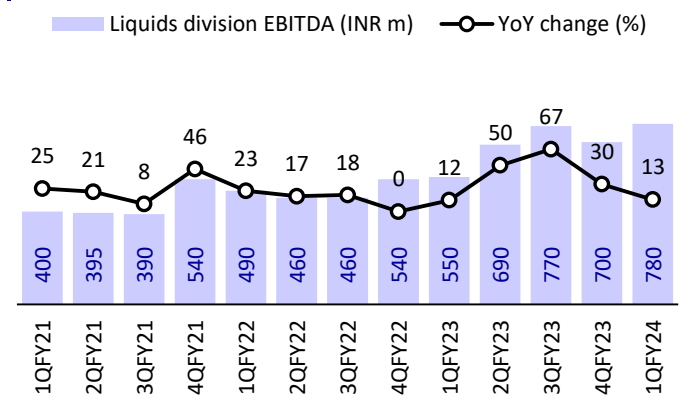
## Story in charts

**Exhibit 1: Gas division's EBITDA down 8% QoQ to INR1.3b**



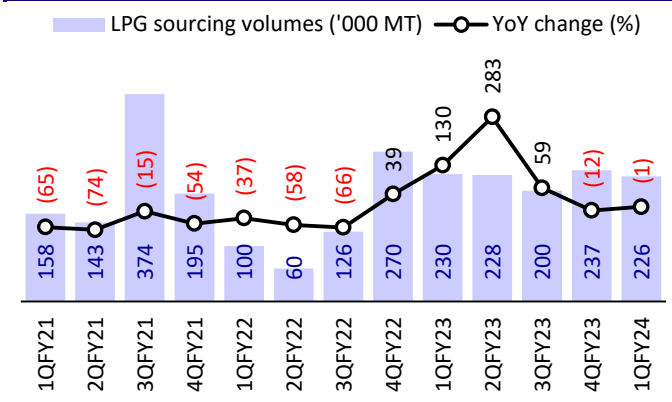
Source: Company, MOFSL

**Exhibit 2: Liquids division's EBITDA up 11% QoQ to INR780m**



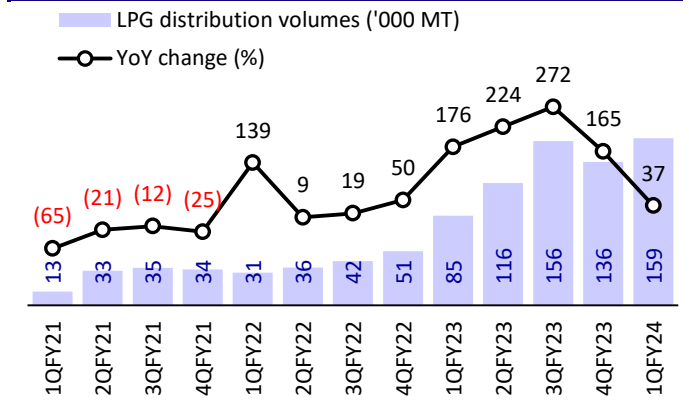
Source: Company, MOFSL

**Exhibit 3: LPG sourcing volumes down 5% QoQ**



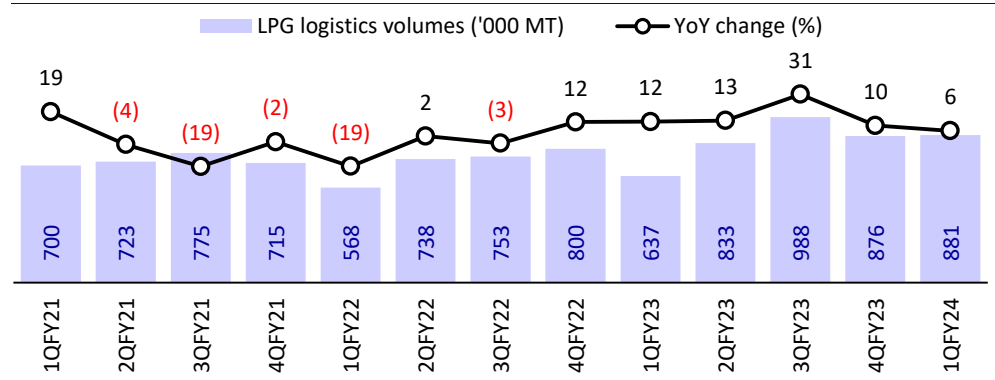
Source: Company, MOFSL

**Exhibit 4: LPG distribution volumes up 17% QoQ**



Source: Company, MOFSL

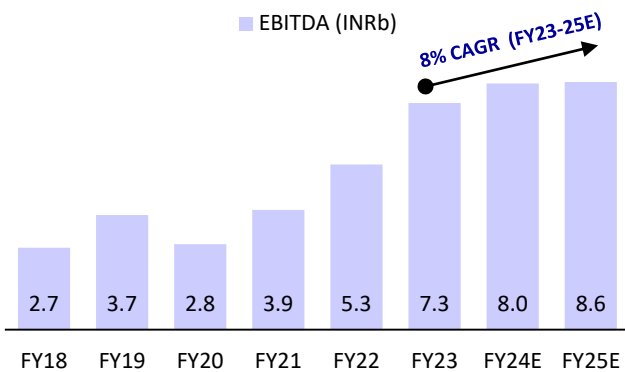
**Exhibit 5: LPG logistics volumes down 1% QoQ**



Source: Company, MOFSL

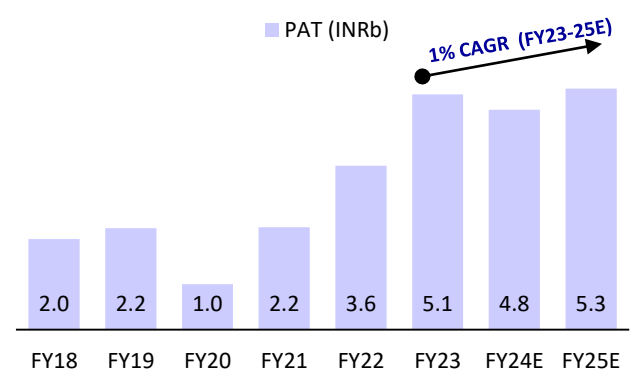
## Story in charts (continued)

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



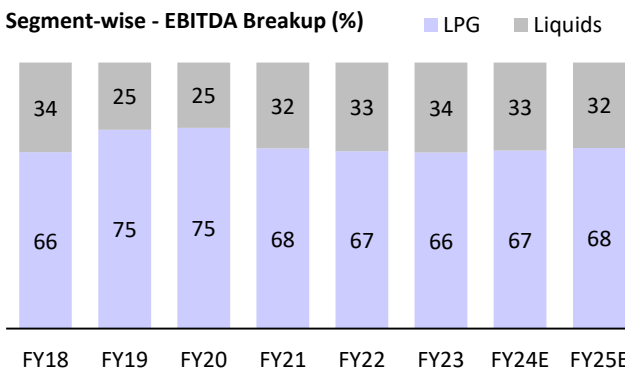
Source: Company, MOFSL

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



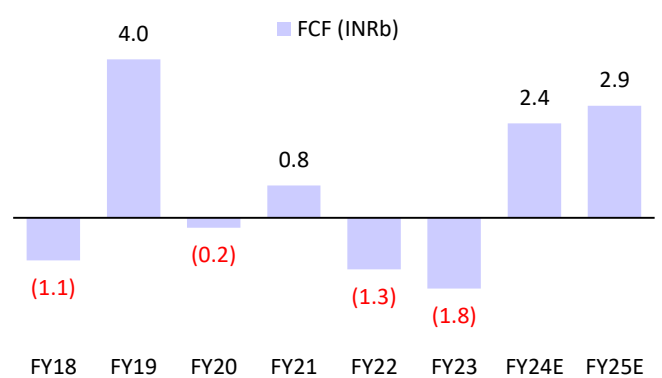
Source: Company, MOFSL

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



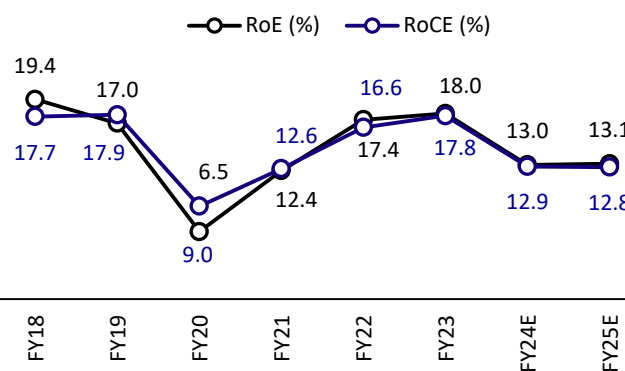
Source: Company, MOFSL

Exhibit 9: Expect FCF of ~5.3b over FY24-25



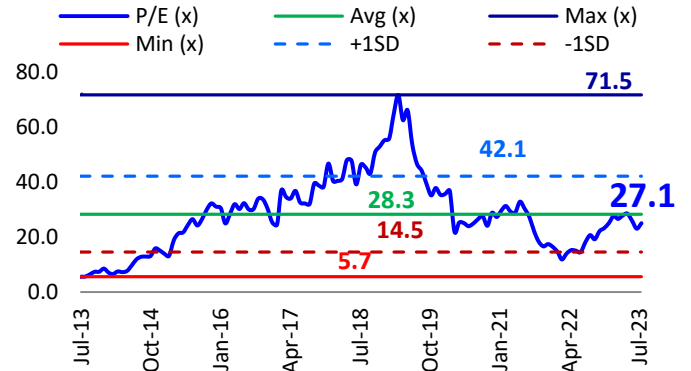
Source: Company, MOFSL

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



Source: Company, MOFSL

Exhibit 11: Stock trades at a 4% discount to its long-term P/E average



Source: Company, MOFSL

## Financials and valuations

### Consolidated - Income Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Total Income from Operations</b>	<b>47,910</b>	<b>56,158</b>	<b>71,833</b>	<b>38,435</b>	<b>46,310</b>	<b>86,272</b>	<b>94,869</b>	<b>1,02,181</b>
Change (%)	21.8	17.2	27.9	-46.5	20.5	86.3	10.0	7.7
<b>EBITDA</b>	<b>2,660</b>	<b>3,709</b>	<b>2,765</b>	<b>3,876</b>	<b>5,344</b>	<b>7,339</b>	<b>7,969</b>	<b>8,616</b>
Margin (%)	5.6	6.6	3.8	10.1	11.5	8.5	8.4	8.4
Depreciation	343	505	687	716	794	1,258	1,344	1,446
<b>EBIT</b>	<b>2,317</b>	<b>3,203</b>	<b>2,078</b>	<b>3,160</b>	<b>4,550</b>	<b>6,081</b>	<b>6,625</b>	<b>7,170</b>
Int. and Finance Charges	152	262	331	173	218	882	995	896
Other Income	84	82	328	369	387	1,870	1,423	1,400
<b>PBT bef. EO Exp.</b>	<b>2,248</b>	<b>3,023</b>	<b>2,076</b>	<b>3,356</b>	<b>4,720</b>	<b>7,068</b>	<b>7,053</b>	<b>7,674</b>
EO Items	0	0	0	0	0	-621	0	0
<b>PBT after EO Exp.</b>	<b>2,248</b>	<b>3,023</b>	<b>2,076</b>	<b>3,356</b>	<b>4,720</b>	<b>6,448</b>	<b>7,053</b>	<b>7,674</b>
Total Tax	110	502	736	864	871	1,341	1,777	1,934
Tax Rate (%)	4.9	16.6	35.5	25.7	18.4	20.8	25.2	25.2
Minority Interest	160	307	344	258	274	477	477	477
<b>Reported PAT</b>	<b>1,978</b>	<b>2,214</b>	<b>996</b>	<b>2,234</b>	<b>3,575</b>	<b>4,630</b>	<b>4,798</b>	<b>5,263</b>
<b>Adjusted PAT</b>	<b>1,978</b>	<b>2,214</b>	<b>996</b>	<b>2,234</b>	<b>3,575</b>	<b>5,137</b>	<b>4,798</b>	<b>5,263</b>
Change (%)	64.5	11.9	-55.0	124.3	60.1	43.7	-6.6	9.7
Margin (%)	4.1	3.9	1.4	5.8	7.7	6.0	5.1	5.2

### Consolidated - Balance Sheet

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	334	334	340	351	351	351	351	351
Total Reserves	11,739	13,579	16,206	19,014	21,447	34,972	38,091	41,512
<b>Net Worth</b>	<b>12,073</b>	<b>13,913</b>	<b>16,546</b>	<b>19,365</b>	<b>21,798</b>	<b>35,323</b>	<b>38,442</b>	<b>41,863</b>
Minority Interest	697	748	906	1,090	826	5,145	5,145	5,145
Total Loans	2,824	1,865	2,156	3,430	3,827	9,954	9,954	9,954
Deferred Tax Liabilities	705	834	309	809	730	934	934	934
<b>Capital Employed</b>	<b>16,299</b>	<b>17,361</b>	<b>19,917</b>	<b>24,694</b>	<b>27,181</b>	<b>51,355</b>	<b>54,474</b>	<b>57,895</b>
Gross Block	15,756	16,728	21,116	21,954	29,405	43,381	46,204	49,262
Less: Accum. Deprn.	2,957	3,463	4,150	4,866	5,659	6,917	8,261	9,707
<b>Net Fixed Assets</b>	<b>12,799</b>	<b>13,265</b>	<b>16,966</b>	<b>17,089</b>	<b>23,746</b>	<b>36,463</b>	<b>37,943</b>	<b>39,555</b>
Capital WIP	1,256	1,207	2,201	4,876	2,525	4,117	5,293	6,235
<b>Curr. Assets, Loans, and Adv.</b>	<b>8,059</b>	<b>9,688</b>	<b>9,946</b>	<b>8,838</b>	<b>14,058</b>	<b>30,899</b>	<b>33,392</b>	<b>35,975</b>
Inventory	260	338	421	524	906	1,475	1,624	1,748
Account Receivables	3,469	2,285	4,540	942	7,383	8,386	9,222	9,932
Cash and Bank Balance	1,620	4,129	2,634	3,356	1,502	12,651	13,325	14,361
Loans and Advances	2,710	2,936	2,350	4,017	4,267	8,387	9,223	9,934
<b>Curr. Liability and Prov.</b>	<b>5,841</b>	<b>6,926</b>	<b>9,290</b>	<b>6,127</b>	<b>13,161</b>	<b>20,272</b>	<b>22,303</b>	<b>24,018</b>
Account Payables	3,788	4,853	4,016	747	6,747	8,714	9,593	10,329
Other Current Liabilities	1,918	1,927	5,096	5,223	6,214	11,341	12,471	13,432
Provisions	135	146	179	158	199	217	238	257
<b>Net Current Assets</b>	<b>2,218</b>	<b>2,762</b>	<b>655</b>	<b>2,711</b>	<b>898</b>	<b>10,627</b>	<b>11,090</b>	<b>11,957</b>
<b>Appl. of Funds</b>	<b>16,299</b>	<b>17,360</b>	<b>19,917</b>	<b>24,694</b>	<b>27,181</b>	<b>51,355</b>	<b>54,474</b>	<b>57,895</b>

## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>EPS</b>	<b>5.6</b>	<b>6.3</b>	<b>2.8</b>	<b>6.4</b>	<b>10.2</b>	<b>14.6</b>	<b>13.7</b>	<b>15.0</b>
Cash EPS	6.6	7.7	4.8	8.4	12.4	18.2	17.5	19.1
BV/Share	34.4	39.6	47.1	55.2	62.1	100.6	109.5	119.3
DPS	1.5	1.5	1.8	2.1	2.6	6.0	5.0	5.5
Payout (%)	28.8	25.5	69.0	36.2	28.2	43.6	35.0	35.0
<b>Valuation (x)</b>								
P/E	65.7	58.7	130.4	58.1	36.3	25.3	27.1	24.7
Cash P/E	55.9	47.8	77.2	44.0	29.7	20.3	21.1	19.4
P/BV	10.8	9.3	7.8	6.7	6.0	3.7	3.4	3.1
EV/Sales	2.6	2.2	1.7	3.2	2.7	1.4	1.3	1.2
EV/EBITDA	46.9	32.7	44.5	31.9	23.6	16.5	15.1	13.8
Dividend Yield (%)	0.4	0.4	0.5	0.6	0.7	1.6	1.4	1.5
FCF per share	-3.2	12.0	-0.7	2.5	-3.9	-5.4	7.2	8.5
<b>Return Ratios (%)</b>								
RoE	19.4	17.0	6.5	12.4	17.4	18.0	13.0	13.1
RoCE	17.7	17.9	9.0	12.6	16.6	17.8	12.9	12.8
RoIC	20.3	21.1	10.0	14.9	18.7	16.7	14.1	14.7
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	3.0	3.4	3.4	1.8	1.6	2.0	2.1	2.1
Asset Turnover (x)	2.9	3.2	3.6	1.6	1.7	1.7	1.7	1.8
Inventory (Days)	2	2	2	5	7	6	6	6
Debtor (Days)	26	15	23	9	58	35	35	35
Creditor (Days)	29	32	20	7	53	37	37	37
<b>Leverage Ratio (x)</b>								
Current Ratio	1.4	1.4	1.1	1.4	1.1	1.5	1.5	1.5
Interest Coverage Ratio	15.2	12.2	6.3	18.3	20.9	6.9	6.7	8.0
Net Debt/Equity ratio	0.1	-0.2	0.0	0.0	0.1	-0.1	-0.1	-0.1

### Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	2,248	3,023	2,076	3,356	4,720	6,448	7,053	7,674
Depreciation	343	505	687	716	794	1,258	1,344	1,446
Interest and Finance Charges	152	262	331	173	218	882	995	896
Direct Taxes Paid	-577	-624	-689	-503	-871	-4,026	-1,777	-1,934
(Inc.)/Dec. in WC	-192	2,450	-3,083	-71	-1,952	787	211	169
<b>CF from Operations</b>	<b>1,914</b>	<b>5,563</b>	<b>1,463</b>	<b>4,416</b>	<b>2,628</b>	<b>3,584</b>	<b>6,403</b>	<b>6,852</b>
(Inc.)/Dec. in FA	-2,991	-1,541	-1,708	-3,588	-3,932	-5,379	-4,000	-4,000
<b>Free Cash Flow</b>	<b>-1,077</b>	<b>4,022</b>	<b>-245</b>	<b>828</b>	<b>-1,303</b>	<b>-1,795</b>	<b>2,403</b>	<b>2,852</b>
<b>CF from Investments</b>	<b>-2,962</b>	<b>-1,547</b>	<b>-1,514</b>	<b>-4,280</b>	<b>-1,619</b>	<b>-9,310</b>	<b>-2,577</b>	<b>-2,600</b>
Issue of Shares	2,393	0	6	11	0	0	0	0
Inc./Dec. in Debt	175	-851	143	1,634	-335	5,505	0	0
Interest Paid	-313	-272	-258	-248	-130	-486	-995	-896
Dividend Paid	-413	-308	-866	-486	-2,211	-2,145	-1,679	-1,842
Others	201	-75	-470	-325	-187	14,002	-477	-477
<b>CF from Fin. Activity</b>	<b>2,043</b>	<b>-1,506</b>	<b>-1,444</b>	<b>586</b>	<b>-2,864</b>	<b>16,876</b>	<b>-3,152</b>	<b>-3,215</b>
<b>Inc./Dec. in Cash</b>	<b>996</b>	<b>2,510</b>	<b>-1,495</b>	<b>722</b>	<b>-1,855</b>	<b>11,149</b>	<b>674</b>	<b>1,036</b>
Opening Balance	623	1,620	4,129	2,634	3,356	1,502	12,651	13,325
<b>Closing Balance</b>	<b>1,619</b>	<b>4,129</b>	<b>2,634</b>	<b>3,356</b>	<b>1,502</b>	<b>12,651</b>	<b>13,325</b>	<b>14,361</b>

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Explanation of Investment Rating	
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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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