

Aegis Logistics Ltd

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CMP (Rs)	Target Price (Rs)	Potential Upside (%)	52 Week H/L (Rs)	Mkt Cap (Rs mn)
210	270	28.6%	252 / 170	69973

Key Highlights:

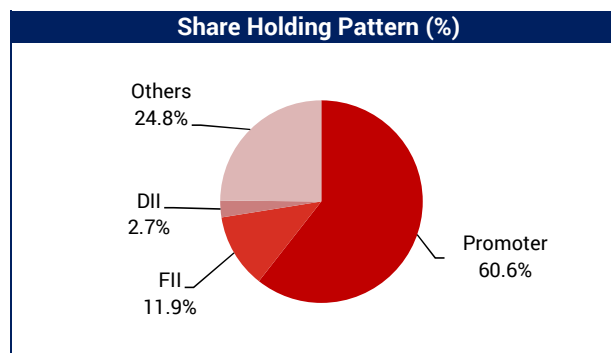
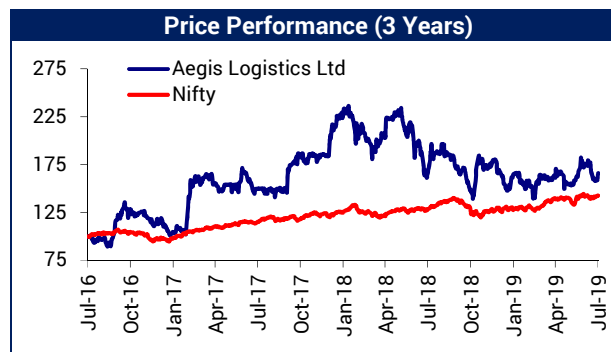
- We expect domestic production of LPG to record a CAGR of 5.2% over the next 12 years to FY30 at 25 mmtpa, while demand is estimated to grow at 6.5% CAGR to 50 mmtpa. This mathematics suggest that India would have to import 25 mmtpa of LPG by 2030 at an implied CAGR of 6.8%.
- With petrochemical industry growing at ~9-10% per annum, demand for POL products would remain strong for the company. Aegis is well positioned to handle imported LPG and POL with its terminals at key ports.
- Aegis currently has three operational LPG terminals with static capacity of around 63,000mt and throughput capacity of around 5.0 mmtpa. In FY18, Aegis doubled its static capacity to 63,300 MMT (and quadrupled its throughput capacity to 5 mn MMT) with an investment of Rs 3.68 bn.
- Based on our interaction with the management, we estimate the company to double its through-put capacity from here to 10 mmtpa with an investment of Rs 10-12 bn over the next 5/6 years. A capacity of 10 mmtpa would enable the company to capture a market share of around 40% in the LPG import business.
- Aegis is also a leading liquid terminal operator with six terminals strategically located Pan India with a total capacity of 689,000 KL.
- We forecast an EBITDA CAGR of ~27% for FY18-21E. We expect EBITDA margins to improve on an increase in utilization levels at the Haldia LPG and Pipavav liquid terminals.
- With improvement in utilization at its new and existing terminals, we estimate the return ratios of the company to improve going forward.
- We continue have a BUY rating on Aegis with a TP of Rs 270 at 25x FY21 earnings. We forecast EBITDA CAGR of 27% and EPS CAGR of 21% during FY19-21E.

Financials (Rs mn)*	FY19	FY20E	FY21E
Sales	56,158	65,244	75,296
Growth (%)	17.2	16.2	15.4
EBITDA	3,709	4,678	5,407
EBITDA margin (%)	6.6	7.2	7.2
PBT	3,024	4,049	4,741
Net profit	2,522	3,158	3,698
Adjusted EPS (Rs)	7.6	9.5	11.1
Growth (%)	17.7	25.2	17.1
P/E (x)	11.8	8.3	12.2
BV (Rs/share)	38.8	46.7	56.0
Dividend / share (Rs)	1.4	1.5	1.8
ROE (%)	19.5	20.2	19.8
ROCE (%)	18.3	20.6	20.8
Net cash (debt)	(151)	2,227	2,574

Source: Company; Kotak Securities - Private Client Research *Consolidated

Financials (Rs mn)*	Q4FY18	Q4FY19	% Chg
Revenues	12,519	18,526	48.0
EBITDA	698	1,031	47.7
EBITDA Margin (%)	5.6%	5.6%	
PAT	545	702	28.8
PAT Margin (%)	4.4%	3.8%	
EPS (Rs)	1.6	2.1	31.3

Source: Kotak Securities - Private Client Research; *Consolidated



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Definitions of ratings

- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
- SELL** – We expect the stock to deliver < -5% returns over the next 12 months
- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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