Aegis Logistics Limited

March 21, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	655.82 (Enhanced from 569.00)	CARE AA; Stable	Reaffirmed
Short-term bank facilities	78.85 (Reduced from 185.98)	CARE A1+	Reaffirmed
Short-term bank facilities	30.13 (Enhanced from 9.82)	CARE A1+	Reclassified LT facilities to ST; ST rating assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Aegis Logistics Limited (ALL) continue to derive strength from its established position in the liquid and gas logistics business, a diverse range of services, experienced management, and strategically located facilities at key ports in India. The ratings also consider ALL's long-standing relationships with key customers and suppliers, comfortable capital structure, strong debt service coverage indicators, and strong liquidity.

CARE Ratings Limited (CARE Ratings) notes that the company is undertaking expansion projects to enhance its LPG storage and liquid terminal infrastructure across multiple locations in India. Major projects include two cryogenic LPG storage tanks (48,000 MT) at Pipavav, two cryogenic LPG storage tanks (82,000 MT) at Mangalore, 25,000 KL of liquid tankage at Kandla, and an additional 41,000 KL of liquid capacity at Mangalore, which are in advanced stages of development. The company has also announced its first ammonia terminal with a capacity of 25,000 metric tonnes at Pipavav Terminal in Gujarat, which is expected to be completed by the end of FY26.

However, the ratings continue to be tempered by the low-margin gas sourcing business which contributes significantly to revenue, volatility in raw material prices, and risks related to demand fluctuations from end-user industries. ALL's ability to execute its expansion projects in partnership with Royal Vopak, improve its operating profit margin, and achieve higher capacity utilisation while maintaining its credit metrics will remain a key rating monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantial scale up of business along with diversification in the business profile in partnership with Royal Vopak on a sustained basis.
- Improvement in total debt/PBILDT to less than 2.0x on a sustained basis.

Negative factors

- Higher-than-envisaged consolidated debt resulting in deteriorating credit metrics with consolidated total debt/PBILDT greater than 3.5x.
- Substantial deterioration in scale of operations and operating margins lower than 6% on sustained basis.

Analytical approach: Consolidated

CARE Ratings has taken a consolidated view on ALL and its subsidiaries and joint ventures for arriving at the ratings as the entities are under a common management, have similar line of business, and there are strong financial and operational linkages. The list of entities considered is attached in **Annexure-6**.

Outlook: Stable

The Stable outlook reflects CARE Ratings' expectation of healthy operating performance of the company, supported by the timely completion of capital expenditure projects and sustained demand for LPG in the medium-to-long term while maintaining strong liquidity profile.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and management

The operations of Aegis Logistics Limited are managed by a team of professionals under the leadership of Mr. Raj Chandaria, chairman and managing director. Alongside him, the company operates under a six-member board of directors, all of whom are

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

independent. The board of directors brings expertise across industries such as oil and gas, chemicals, ports, and branding. It has business partnerships with ITOCHU Corporation for LPG sourcing and storage, and Royal Vopak N.V. for liquid products and LPG storage. The senior management team has extensive industry experience, with most members having experience of over three decades in related fields.

Strong financial risk profile
Aegis Logistics Limited maintains a strong financial risk profile, supported by a stable capital structure and consistent improvement in profitability and cash flows. As on March 31, 2024, the company's debt, including lease liability, stood at ₹202.75 crore on a standalone basis and ₹2,665.43 crore on a consolidated basis. The increase in debt has slightly impacted the overall gearing, which moderated to 0.60x as on March 31, 2024, but remains low. The company has planned a cumulative capex of ₹4,500 crore from FY24 to FY27, with 50-55% already spent by December 31, 2024. The capex is being funded through a mix of cash balances, internal accruals, and proceeds from the proposed IPO for Aegis Vopak Terminals Limited. (AVTL). AVTL has filed a Draft Red Herring Prospectus (DRHP) with SEBI to raise up to ₹3,500 crore through an IPO. Successful IPO of AVTL is expected to result in significant rationalisation of ALL's debt on a consolidated basis. In addition to this, AVTL has raised ₹800 crore through a private placement as on December 31, 2024.

Improved profitability margins, expected to continue over medium term
The company's total operating income (TOI) declined by 18.36% in FY24, primarily due to lower sourcing volumes in the gas segment, impacting gas division revenue. In FY24, the liquid division's revenue grew by 31.34%, supported by higher realisations and capacity expansion, increasing its PBILDT contribution to 35.49%, with PBILDT margins of ~58% compared to ~9% in the gas segment. The liquid segment contributed to improved profitability with PBILDT margins rising from 7.85% in FY23 to 13.19% in FY24 and further to 16.00% in 9MFY25.

Presence in midstream and downstream component of oil and gas industry
The oil and gas industry comprises upstream, midstream, and downstream segments. Its business is diversified and can be broadly divided in two major segments, liquid terminal division and gas terminal division. The company operates in both midstream and downstream segments, focusing on LPG sourcing, storage, and distribution, along with the storage, transportation, and distribution of bulk liquids, including petroleum, petrochemicals, and chemicals. In the midstream segment, it manages import, storage, and movement of LPG through bulk terminals and pipelines. In the downstream segment, it facilitates logistics via road, rail, and pipelines, operates LPG bottling plants, supplies LPG to various users, and runs auto LPG stations. It also collaborates with OMCs for logistics, playing a key role in India's oil and gas supply chain.
Aegis owns and operates a network of gas terminals across the coastal line of India, which allows it to seamlessly import gas from any location. The consolidated LPG static storage capacity is 119,000 MT, and an annual throughput capacity of 96,00,000 MT. The company has a total liquid storage capacity of 18,29,000 KL, for chemicals and petrochemicals, across Mumbai, Haldia, Kochi, Pipavav, Kandla, and Mangalore.

Established relationship with key customers and suppliers along with integrated supply chain with a strong distribution network
The company has a diversified customer base across oil and gas, chemicals, and consumer goods, with its top 10 customers contributing ~35%-50% of total income. Long-term contracts with HPCL, BPCL, IOCL, and Nayara Energy support LPG storage and distribution. The company procures 100% LPG from reputed global suppliers, ensuring supply security. Long-term procurement agreements with major oil and gas trading companies and domestic oil marketing firms ensure supply stability and cost efficiencies. It also operates an integrated supply chain with terminals, bottling plants, and distribution networks across India. It owns gas terminals with 119,000 MT static capacity and 9,600,000 MT annual throughput capacity, along with liquid terminals handling petroleum and chemicals. The company runs 142 auto gas stations and 290 LPG distributors across 140 cities in 15 states. LPG filling plants and gas stations ensure last-mile connectivity for commercial, industrial and retail customers.

Liquidity: Strong
ALL maintains a robust liquidity, evidenced by a substantial cash and liquid investments balance of ~₹2,500 crore as on December 31, 2024. The company generated gross cash accruals (GCA) of ₹788.98 crore in FY24 and is expected to generate cash accrual of over ₹800 crore in FY25, which would be sufficient to cover its debt repayment obligations of ₹87.86 crore for the next four quarters. The current ratio improved to 2.70x, indicating a strong ability to meet short-term liabilities.

Key weaknesses
Susceptibility to volatility in crude (brent) prices
The company is exposed to fluctuations in crude (brent) prices, which impact costs, trading margins, and storage demand. Price variations due to geopolitical events, supply-demand changes, and economic conditions influence business operations. The gas sourcing division operates on thin margins, limiting flexibility to absorb price changes. The company mitigates forex risk through back-to-back contracts, ensuring alignment between customer realisations and supplier payments.

Exposure to changes in government policies
The company faces risks from government policies related to LPG subsidies, pricing, and coastal regulations. Changes in subsidy structures, such as reductions or withdrawals, can impact LPG demand and affect margins. Coastal regulations and port infrastructure limitations create operational challenges for liquid terminal division. However, government measures such as PMUY and PAHAL have expanded LPG access, increasing demand for storage and distribution. Growth in the number of LPG distributors, especially in rural areas, has improved supply chain efficiency.

Moderate capex risk
CARE Ratings notes that the capital expenditure (capex) to be undertaken by ALL in partnership with Vopak is expected to be ~₹600 crore annually over the next couple of years, which is significantly higher than the company's historical average annual capex of ~₹300 crore. However, CARE Ratings expects the project execution risk to be moderate, given the established credentials of both ALL and Vopak in executing projects in the oil and gas sector. ALL’s ability to complete the capex without time or cost overruns while maintaining its credit metrics will be a key monitorable.

Environment, social, and governance (ESG) risks

Particulars	Risk Factors
Environmental	Aegis Logistics Limited has implemented various measures to reduce carbon footprint, including optimizing transportation routes, adopting energy-efficient technologies and investing in renewable energy resources. The company has replaced conventional bulbs with LED fittings at its Mumbai, Pipavav, Kandla, Haldia, and Mangalore terminals. At the Mumbai Terminal, 43% electricity consumption is sourced from wind energy through Tata Power, reducing reliance on non-renewable sources.
Social	The company prioritise the health, safety, and well-being of their employees. In FY24, the company spent ₹2.62 crore on CSR activities, focusing on education, healthcare, and community development. Initiatives such as health check-ups, safety training, and skill development workshops have been conducted, benefiting a significant portion of the workforce. The company has undertaken projects in local communities, including infrastructure development and educational support, impacting numerous beneficiaries.
Governance	Aegis Logistics Limited is committed to transparent and accountable reporting practices. The company adheres to international standards and guidelines in reporting sustainability performance, providing stakeholders with accurate and reliable information. The company's board of directors consists of six independent and non-executive members, providing a balanced and objective approach to decision-making. The company ranks 144 out of 207 by Morningstar Sustainalytics in the Refiners & Pipelines industry.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Service Sector Companies
Short Term Instruments
Consolidation

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport services	Logistics solution provider

Aegis Logistics Limited, established in 1956 and headquartered in Mumbai, India, is an integrated oil, gas, and chemical logistics company. It is promoted by the Chandaria and his family, with Mr Raj Chandaria being the Chairman and Managing Director. The company specialises in the import and distribution of liquefied petroleum gas (LPG) and provides storage and terminalling services for oil, gas, and chemical products. Its infrastructure includes large-scale LPG import terminals at major ports such as Mumbai, Haldia, Pipavav, Kochi, Kandla, and Mangalore. The company operates through two business segments: the Gas Terminal Division and the Liquid Terminal Division. The Gas Terminal Division, which contributed 92.20% of revenue in FY24, manages the import, storage, and distribution of LPG and propane for oil marketing companies. The Liquid Terminal Division, accounting for 7.80% of revenue in FY24, handles the storage and transportation of bulk liquids, including petroleum, petrochemicals, and chemicals.

Brief Consolidated Financials (₹ crore)	FY23 (A)	FY24 (A)	9MFY25 (UA)
Total operating income	8,624.08	7,043.86	5,201.70
PBILDT	676.74	929.07	832.12
PAT	510.70	672.20	469.60
Overall gearing (times)	0.48	0.60	NA
Interest coverage (times)	7.67	8.03	7.38

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Proposed fund based limits		-	-	-	285.82	CARE AA; Stable
Fund-based - ST-Working Capital Limits		-	-	-	30.13	CARE A1+
Fund-based/Non-fund-based-Long Term		-	-	-	370.00	CARE AA; Stable
Non-fund-based - ST-BG/LC		-	-	-	78.85	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - ST-Working Capital Limits	ST	30.13	CARE A1+	1)CARE AA; Stable (04-Apr-24)	-	1)CARE AA; Stable (25-Jan-23) 2)CARE AA; Stable (05-Apr-22)	1)CARE AA; Stable (06-Apr-21)
2	Non-fund-based - ST-BG/LC	ST	78.85	CARE A1+	1)CARE A1+ (04-Apr-24)	-	1)CARE A1+ (25-Jan-23) 2)CARE A1+ (05-Apr-22)	1)CARE A1+ (06-Apr-21)
3	Fund-based - LT-Proposed fund based limits	LT	285.82	CARE AA; Stable	1)CARE AA; Stable (04-Apr-24)	-	1)CARE AA; Stable (25-Jan-23) 2)CARE AA; Stable (05-Apr-22)	1)CARE AA; Stable (06-Apr-21)
4	Fund-based/Non-fund-based-Long Term	LT	370.00	CARE AA; Stable	1)CARE AA; Stable (04-Apr-24)	-	1)CARE AA; Stable (25-Jan-23) 2)CARE AA; Stable (05-Apr-22)	1)CARE AA; Stable (06-Apr-21)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Proposed fund-based limits	Simple
2	Fund-based - ST-Working Capital Limits	Simple
3	Fund-based/Non-fund-based-Long Term	Simple
4	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Sea Lord Containers Limited	Full	Subsidiary
2	Aegis Gas (LPG) Private Limited	Full	Subsidiary
3	Konkan Storage Systems (Kochi) Private Limited	Full	Step down subsidiary
4	Hindustan Aegis LPG Limited	Full	Joint Venture
5	Aegis Vopak Terminals Limited	Full	Joint Venture
6	Aegis Terminal (Pipavav) Limited	Full	Subsidiary
7	Eastern India LPG Company Private Limited	Full	Subsidiary
8	Aegis Group International PTE Limited, Singapore	Full	Joint Venture
9	Aegis International Marine Services PTE Limited, Singapore	Full	Subsidiary
10	CRL Terminals Private Limited	Full	Step down subsidiary

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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