AEGIS VOPAK TERMINALS LTD.

IPO NOTE | 23rd May, 2025

Canara Bank Securities Ltd
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ABOUT THE COMPANY: Aegis Vopak Terminals Limited is the largest third-party owner and operator of tank storage terminals for liquified petroleum gas (LPG) and liquid products in India. The company has established a leadership position through its extensive infrastructure and operational reach across key ports.

KEY BUSINESS INSIGHTS:

Aegis Vopak Terminals operates across six strategic ports in India, including Kandla, Pipavav, Kochi, and Mangalore, ensuring strong access to high-demand industrial zones. The company's port-focused presence allows it to tap into both import and domestic consumption efficiently. However, this concentrated geographical presence also exposes the company to regional regulatory changes and port-related operational risks. The company provides terminaling services for liquid and gas products, including LPG, chemicals, and oils. Since it does not take ownership of the products, raw material dependency is indirect. On top of that product mix can be changed to drive up the revenue, as differential pricing exists for different products.

VIEW:

On the financial performance, the EBITDA margin has increased from 65% in FY 23 to 71% in FY 24, the company made profit in FY 24 with a margin of 15%. Considering FY 24 data the company will be available at 235x PE which is very high than the average of 42x PE of its competitors. The company will be available at 18x PB which is three times the average of its peers at 6x. The company is backed by two large companies Aegis and Vopak both of whom bring in expertise in the business of storage and distribution. The company can significantly influence the revenue by changing the product mix and has already done extensive capex for which the operating leverage has started to show its effect as the EBITDA margin has expanded from 71% in FY 24 to 74% in 9M FY 25. Although the company does have various levers in its favor due to valuation concerns, we recommend a **NEUTRAL** rating for the IPO. Investors with a long-term perspective may consider the opportunity, based on individual analysis.

NEUTRAL

ISSUE DETAILS	
Price Band (in ₹ per share)	223.00-235.00
Issue size (in ₹ Crore)	2800
Fresh Issue (in ₹ Crore)	2800
Offer for Sale (in ₹ Crore)	NA
Issue Open Date	26.05.2025
Issue Close Date	28.05.2025
Tentative Date of Allotment	29.05.2025
Tentative Date of Listing	02.06.2025
Total Number of Shares (in lakhs)	1191.49
Face Value (in ₹)	10.00
Exchanges to be Listed on	BSE & NSE

APPLICATION	LOTS	SHARES	AMOUNT (₹)
Retail (Min)	1	63	14,805
Retail (Max)	13	819	1,92,465
S-HNI (Min)	14	882	2,07,270
S-HNI (Max)	67	4221	9,91,935
B-HNI (Min)	68	4284	10,06,740

BRLMs: ICICI Securities Limited, BNP Paribas, IIFL Securities Ltd, Jefferies India Private Limited, HDFC Bank Limited

PROMOTERS: Aegis Logistics Limited, Vopak India B.V.

BRIEF FINANCIALS

PARTICULARS (Rs. Cr) *	9MFY25	FY24	FY23	FY22
Share Capital***	988.84	1.00	1.00	0.51
Net Worth	2037.61	1151.94	1098.20	(0.53)
Revenue from Operations	464.18	561.76	353.33	-
EBITDA	353.36	405.9	231.96	(0.57)
EBITDA Margin (%)	74.21	71.19	65.16	-
Profit/(Loss) After Tax	85.89	86.54	(0.07)	(1.09)
Adjusted EPS (in Rs.)&	0.92	1.00	0.00	(0.03)
Net Asset Value (in Rs.)	20.61	13.27	12.65	(0.01)
Total borrowings	2485.75	2586.41	1745.16	98.10
P/E#	255.43	235.00	NA	NA
P/B#	11.40	17.71	NA	NA

Restated consolidated financials; # Calculated at Upper Price Band (235), * Compulsorily Convertible Preference Shares, Bonus 867:1, Private Placement of 3,40,42,553 Shares at 235 per share to Aegis Logistics Limited, Sudhir Omprakash Malhotra, 360 One Various Schemes*

OBJECTS OF THE OFFER

The company proposes to utilise the Net Proceeds towards funding the following objects:

- Repayment of all or a portion of certain outstanding borrowings availed by the Company (2015.95 Crores)
- Funding capital expenditure towards contracted acquisition of the cryogenic LPG terminal at Mangalore Funding incremental working capital requirements (671.30 crores)
- General corporate purposes.

FINANCIAL STATEMENTS

Profit & Loss Statement

Particulars (In Crores)	FY2022	FY2023	FY2024
INCOME			
Revenue from operations	0.000	353.332	561.761
Other Income	0.003	2.659	8.360
Total Income	**0.003**	**355.991**	**570.121**
YoY Growth (%)	-	-	58.99%
Employee benefit expenses	0.00	30.54	43.80
Employee Expenses-% of Revenue	0.00%	8.58%	7.68%
Other expenses	0.58	93.49	120.43
EBIDTA	**-0.57**	**231.96**	**405.90**
EBIDTA Margin (%)	-	65.16%	71.19%
Depreciation and amortisation expense	0.00	91.20	113.99
EBIT	**-0.57**	**140.76**	**291.91**
EBIT Margin (%)	-	39.54%	51.20%
Finance cost	0.52	138.16	170.89
Exceptional items	0.00	0.00	-
Profit before tax	**-1.09**	**2.60**	**121.02**
Tax expenses			
Current tax	-	3.24	31.20
Adjustment in Earlier Years	-	-0.04	-0.01
Deferred Tax	-	-0.53	3.28
Total tax expenses	**0.00**	**2.67**	**34.47**
Profit for the year	**-1.09**	**-0.08**	**86.54**
PAT Margin (%)	-	-0.02%	15.41%
Earnings per share			
Basic earnings per share (₹)	-0.03	-	1.00

Cashflow Statement

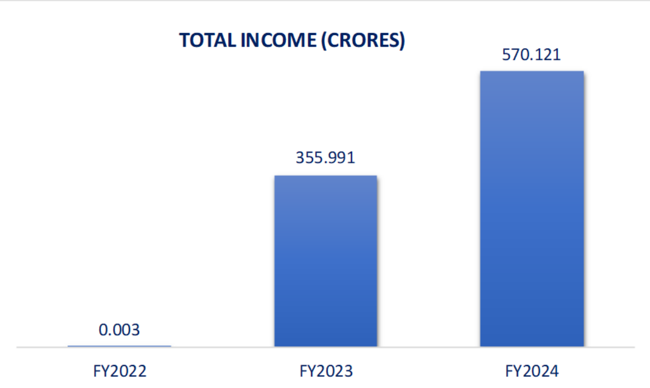
Particulars (In Crores)	FY2022	FY2023	FY2024
Cash generated from operating activities	0.50	177.52	345.29
Income tax paid (net of refunds)	-	-5.04	-8.08
Net cash generated from operating activitie	0.50	172.49	337.21
Net cash used in investing activities	-92.30	-1785.61	-857.48
Net cash used in financing activities	98.63	1629.17	602.94
Net increase/ (decrease) in cash and cash equivalents	**6.84**	**16.04**	**82.67**
Balance as at beginning	0.02	6.86	22.90
Cash and cash equivalent as at year end	**6.86**	**22.90**	**105.57**

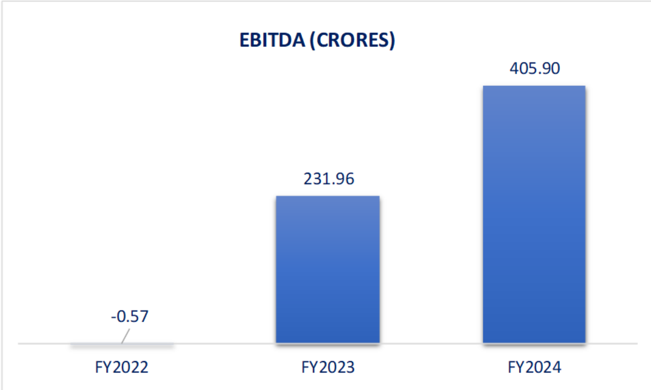
Balance Sheet

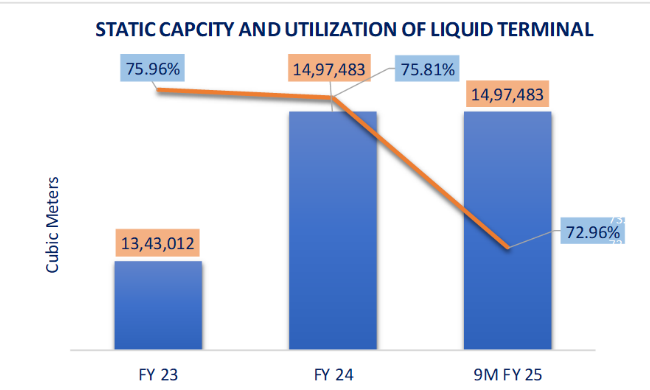
Particulars (In Crores)	FY2022	FY2023	FY2024
Assets			
Non-current assets			
Property, plant and equipment	19.53	3016.67	3476.92
Capital work-in-progress	8.49	152.38	53.08
Goodwill	.	13.58	13.58
Intangible assets	-	0.04	0.05
Financial assets			
i. Other financial assets	0.44	5.03	5.51
Income tax assets (net)	0.19	6.01	1.22
Deferred Tax assets	0.02	2.30	-
Other non current assets	64.43	105.73	605.22
Total non- current assets	**93.09**	**3301.73**	**4155.58**
Current Asset			
Inventories	0.19	7.98	6.03
Financial assets			
(i) Trade receivables	1.98	69.91	131.41
(ii) Cash and cash equivalents	6.86	22.90	105.57
(iii) Bank balance other than (ii)	0.02	0.82	0.80
(iv) Other financial assets	0.00	24.65	36.10
Other current assets	0.41	53.50	87.91
Total current Asset	**9.46**	**179.75**	**367.82**
Total assets	**102.56**	**3481.48**	**4523.40**
Equity and liabilities			
Equity			
Equity Share Capital	0.51	1.00	1.00
Instruments entirely equity in nature	0.10	0.10	0.10
Other Equity	1.28	951.99	996.07
Total equity	**1.89**	**953.09**	**997.17**
Liabilities			
Non-Current liabilities			
Financial liabilities			
(i) Borrowings	98.10	1745.17	2586.42
(ii) Lease liabilities	0.05	579.99	631.41
Provisions	0.29	3.69	5.69
Deferred tax liabilities (net)	.	71.93	89.49
Total Non-Current liabilities	**98.44**	**2400.77**	**3313.01**
Current liabilities			
Financial liabilities			
(i) Lease liabilities	0.01	48.69	55.12
(ii) Trade payables			
Due to MSME	0.01	0.23	0.44
Due to other than MSME	0.33	26.89	13.82
(iii) Other financial liabilities	1.55	33.58	98.37
Other current liabilities	0.26	14.27	26.47
Provisions	0.08	3.96	3.05
Current tax liabilities (net)	-	-	15.95
Total Current liabilities	**2.23**	**127.62**	**213.23**
Total liabilities	**100.67**	**2528.39**	**3526.24**
Total equity and liabilities	**102.56**	**3481.48**	**4523.40**

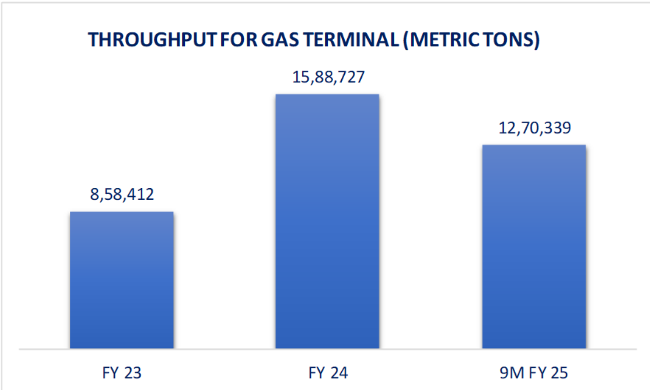
Source: RHP

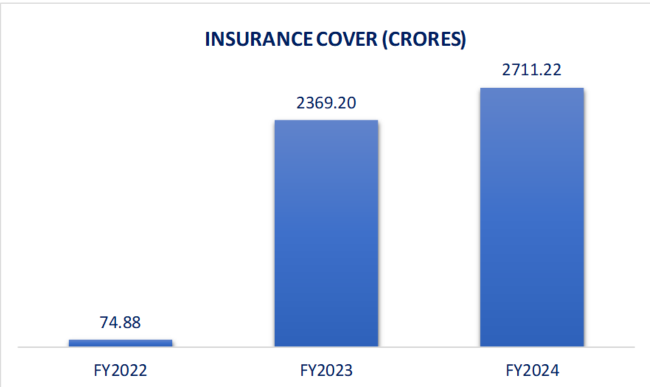
PERFORMANCE THROUGH CHARTS











INDUSTRY REVIEW

ENERGY DEMAND IN INDIA

- India's per-capita energy consumption is around one third of world's consumption. However, India's per-capita energy consumption growth (3.2%) for the last decade (2013-2023) has considerably outpaced the world's growth (0.4%). Accordingly, India's estimated share in the world's primary energy has increased from 4.8% in 2013 to 6.3% in 2023.
- Fossil fuels supply approximately 95% of India's primary energy requirement. In terms of energy mix, coal still contributes to more than half of India's energy requirement, followed by crude oil derivates. As of Fiscal 2023, coal contributed to 59.3% of India's energy requirement, while oil contributed to 29%. Gas contribution was estimated at 6.5%, while hydro, nuclear and other renewables contributed to the rest.

AMMONIA, LPG AND LIQUID CHEMICALS IMPORTS

- LPG imports are also expected to contribute to more than 60% of the overall LPG demand in the country during fiscal 2024-29 period, growing with a CAGR of 6-8%. Supply of LPG from domestic refineries and fractionators is expected to remain flattish at 11-12 MMT over fiscals 2024-2029.
- India is the third-largest consumer and second-largest importer of ammonia. Imports account for approximately 15.00% of India's demand. About 98% of ammonia is consumed by the fertilizer industry and the remaining is used by industrial sectors such as mining, textile and refrigeration.
- The Indian chemicals industry has significant demand potential with limited access to feedstock. As of June 2024, this has resulted in a wide trade deficit for the sector since most of the intermediary chemicals need to be imported, India is, therefore, expected to remain highly dependent on imports of intermediary chemicals such as methanol, toluene, monomers, polyol, glycol, acids, among others.

KEY PLAYERS IN THE LIQUID AND GAS STORAGE TERMINALS BUSINESS

- Key players in the pure-play third party/independent port terminalling business are Aegis Vopak Terminals Limited ("AVTL"), IndianOil Petronas Private Limited ("IPPL"), IMC Limited ("IMC") and Ganesh Benzoplast Limited ("GBL").

Company	Ports	Products and Services
AVTL	Kandla, Pipavav, New Mangalore, Kochi, Haldia	Terminalling of LPG, chemicals, gases, petroleum products and vegetable oils
IPPL	Haldia, Ennore	Terminalling and safekeeping and bottling (propane, butane, LPG, automotive LPG and aerosol grade LPG) and reticulation system.
IMC	Kandla, Pipavav, JNPA, Mumbai, Goa, Karwar, Mangalore, Cochin, Chennai, Ennore, Kakinada, Vizag, Kolkata and Haldia ports	Independent bulk liquid tank storage, Dry bulk terminals, international trading, Oil exploration
GBL	JNPA, Mormugao, Cochin	Storage facilities (Bulk liquids, Chemicals), Manufacturer and exporter (Specialty chemicals, Food preservatives, Industrial lubricants), Rail logistics

Source: RHP

COMPETITIVE STRENGTHS OF THE COMPANY

STRATEGICALLY LOCATED NECKLACE OF TERMINALS ACROSS THE INDIAN COAST

- As of June 30, 2024, the company have a diversified network of terminals spread strategically across five key ports in operation on the West and East coast of India. These key ports together, handle approximately 23.00% of liquid and 61.00% of total LPG import volumes in India enabling efficient distribution and affording accessibility to the company customers.
- The location of storage terminals at specific ports is a major differentiator in the terminalling business, and storage terminals at ports that are closer to major shipping routes enjoy a competitive advantage as shipping from those ports will help importers and exporters save cost.
- The company terminals are located at ports which create a unique 'necklace of terminals' that enables the company to cater to storage requirements in different regions across India. Among ports with more than 0.50 MTPA throughput in Fiscal 2024, throughput at Pipavav grew at a CAGR of 13.53% from Fiscal 2020 to Fiscal 2024, followed by Kandla (CAGR of 11.44%) and Mundra (CAGR of 11.33%) from Fiscal 2020 to Fiscal 2024.

TRACK RECORD OF CONSISTENTLY EXPANDING CAPABILITIES AND WELL-EQUIPPED STORAGE INFRASTRUCTURE

- The company leverage one of the company Promoters Aegis' experiences in capacity expansion, network of cost-effective materials procurement, contracting strategy, and proven construction and project execution capabilities, to undertake expansion and upgrades of the company tank storage capacities and associated infrastructure.
- Aegis is responsible for construction, working on an arm's length basis with the company, which ensures that the company are not exposed to any construction related risks. This separation of responsibilities allows the company to focus entirely on efficiently operating and managing the terminals, leveraging their expertise without being encumbered by the complexities or risks associated with the construction process. As a result, the company can maintain operational efficiency, optimizing the performance of the terminals once they are completed.
- The company infrastructure at liquid storage terminals, including stainless steel tanks, stainless steel jetty pipelines, inner tank coating, tank heating and chilling, nitrogen blanketing, vapors treatment facility, among others, ensures safe storage and reduced product loss, while handling toxic, flammable, volatile and viscose products. Further, to ensure efficient evacuation, the company terminals are connected with pipelines and rail gantry, and the company have over 100 loading bays as of June 30, 2024.

BACKED BY ESTABLISHED PROMOTERS AND SUPPORTED BY A STRONG MANAGEMENT TEAM

- The company operates as a joint venture between two of the company Promoters, Aegis, a listed Indian company providing sourcing, storage and third-party logistics services in the oil, gas and chemicals sector, and Vopak India BV, a part of Royal Vopak. The company incorporation represents the company Promoters' vision of servicing the expansive LPG and liquid chemicals storage industry in India.
- With over five decades of experience, Aegis is among India's key tank storage companies in terms of installed capacity as of June 30, 2024. At Mumbai port, Aegis operates a liquid terminal with a storage capacity of 275,000 cubic meters, and owns and operates a 21,000 MT cryogenic LPG terminal capable of handling a throughput of 1.5 MMTPA, as of June 30, 2024
- Vopak India BV, is part of Royal Vopak, a listed company headquartered in the Netherlands, which is among the world's leading tank storage companies with an experience of over 400 years in the storage industry. Royal Vopak has a network of 76 terminals in 23 countries, with an aggregate storage capacity of approximately 34. 65 million cubic meters as of June 30, 2024, along major trade routes.

RISK FACTORS

CUSTOMER CONCENTRATION RISK

- The company derived 42.07%, 44.56%, 43.94% and 48.85% of the company revenue from the company top 10 customers in the last in Fiscal 2023 and 2024 and in the three months ended June 30, 2023 and 2024, respectively. Any deterioration of their business, substantial reduction in their dealings with the company or a loss of any of these customers could have an adverse effect on the company business, results of operations, financial condition and cash flows.
- The company arrangements with the company customers are based on short-term commercial contracts (that are generally for a term of one to six years or until completion of evacuation of cargo), which may be renewed periodically. If the company customers are unwilling to renew such agreements or impose terms less favorable to the company than existing terms, it may adversely affect the company business operations and the company future financial performance.
- There can be no assurance that the company customers will extend or renew their arrangements with the company on comparable terms or at all. Customers may cease to use the company services in the event of an adverse change in their business operations or supply chain strategies, including if they decide to use a different port or opt for alternate logistics services such as air, road or rail over the tank storage services the company provide, or if their operations are otherwise significantly disrupted.

SIGNIFICANT DEPENDECE ON PROMOTERS

- The company are backed by the company Promoters' resources, industry experience, and financial stability. The company leverage the company Promoters' brand value, and their reputation, credibility and experience benefit the company operations and business strategies. In particular, the company Promoters' tank storage solutions and service offerings portfolio, strategic guidance and financial position enables the company to deliver effective solutions and sustain growth.
- The company have been able to build relationships with a diverse range of customers, partially built on the foundation of the company promoter, Aegis', years of operations. Aegis has established long-standing relationships with several Indian and global customers in course of its operations of over five decades.
- The company Promoters bring their knowledge of the storage industry to the company operations through their representatives on the company Board of Directors. Further, Aegis utilizes the company terminals for its terminalling and storage services, where it buys LPG in bulk, thereby contributing to consistent revenue for the company. As such, the company significantly benefit from the company relationship with the company Promoters.

LEASING MODEL

- The company operate and manage the company storage terminals at various ports pursuant to lease agreements for land with port authorities in India. These approvals are granted by the relevant port authorities by entering into long term lease agreements for a period typically ranging from 10 to 30 years. As a lessee, the company are subject to certain obligations including meeting minimum guaranteed throughput targets, payment of applicable taxes and levies, maintaining necessary insurance policies, compliance with applicable environmental and safety standards and failure to comply with the conditions of use of such land could result in the company inability to continue, renew or extend these arrangements.
- The company are required to furnish bank guarantees under the company lease agreements, which may be invoked in the future if the company fail to meet the company obligations, which could impact the company financially. While consent for operating storage terminals has not been denied by the authorities in the past, an inability to comply with the terms of the respective lease deeds or to renew the arrangements on comparable terms or at all, may affect the company ability to continue the company existing operations, and have an adverse effect on the company business, results of operations, cash flows and financial condition.
- Some of the lease agreements entered into by one of the company Subsidiaries, CRL Terminals, for its properties located at Kandla terminal have expired and have not been renewed at the time of filing this Draft Red Herring Prospectus. While the rights of the parties would be governed by land policy guidelines and its clarification, which may be prescribed by Ministry of Shipping, Government of India, from time to time, the company continues to make the necessary payments in respect of these properties, the effect of the non-renewal of such leases is that there may be a possibility that the company are asked to vacate the premises where the company currently carry out the company business.

PEER COMPARISON

Name of the company	Revenue from Operations (in ₹ Cr)	Face Value (Rs per share)	EPS (in Rs)	NAV (Per share Rs)	RoE (%)	P/E*	P/B*
Aegis Vopak	561.76	10	1.00	13.27	7.51	235	18
Adani Ports	26710.56	2	37.55	245.10	15.32	37	6
JSW Infra	3762.89	2	6.01	41.77	14.40	48	7

**P/E & P/B ratio based on closing market price as of 22nd May 2025, at the upper price and of IPO, Other financial details consolidated audited results as of FY24.*

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