

Week Gone

- ⇒ In the week ended on Friday, 21 May 2021, the Sensex jumped 1,807.93 points or 3.71% to settle at 50,540.48. The Nifty 50 index rallied 497.50 points or 3.39% to settle at 15,175.30.
- ⇒ The BSE Mid-Cap index spurted 977.96 or 4.77% to settle at 21,485.75. The BSE Small-Cap index surged 929.86 points or 4.19% to settle at 23,130.40.
- ⇒ U.K. economic activity posted its strongest growth on record in May, according to flash PMI (purchasing managers' index) readings published Friday. The IHS Markit composite PMI hit 62.0, its highest since the survey was launched in 1998 and up from 60.7 the previous month.

Week Ahead

- ⇒ India Inc will continue to report its March quarter earnings. Grasim Industries will declare its Q4 result on 24 May 2021.
- ⇒ Overseas, China's industrial profits data for April will be announced on 27 May 2021.

Technical Overview

Index closed with a gain of 3.39% at 15175. Index opened this week with gap up but recovered strongly from the lows to close the session near weeks high with decent gains. The smart upmove witnessed this week has lead index to registered a breakout from descending channel which is bullish signal for short term trend. Going ahead index has an immediate support around 15000-14870-14750. While on the higher side resistance is placed at 15250-15330-15450.



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	21-May-21	14-May-21	Weekly % Chg
Nifty	15,175	14,678	3.4
Nifty Next 50	37,104	35,791	3.7
Nifty 100	15,409	14,893	3.5
Nifty 500	12,918	12,472	3.6
Nifty Midcap 100	25,413	24,636	3.2
Sensex	50,541	48,732	3.7
BSE 100 Index	15,426	14,926	3.3
BSE 200 Index	6,570	6,347	3.5
BSE 500 Index	20,568	19,862	3.6
BSE Mid-Cap	21,486	20,507	4.8
BSE Small Cap	23,130	22,200	4.2

NIFTY TOP GAINERS (WEEKLY)

Scrip	21-May-21	14-May-21	Weekly % Chg
IndusInd Bank	1,016.0	890.9	14.1
SBI	401.2	360.5	11.3
M&M	819.0	741.5	10.5
HDFC Bank	1,497.3	1,386.9	8.0
ICICI Bank	642.5	597.3	7.6

NIFTY TOP LOSERS (WEEKLY)

Scrip	21-May-21	14-May-21	Weekly % Chg
Bharti Airtel	531.0	560.4	-5.3
Britannia Ind.	3,435.8	3,501.5	-1.9
Tata Steel	1,113.1	1,132.1	-1.7
ITC Ltd.	209.1	212.3	-1.5
JSW Steel	698.2	707.1	-1.3

WORLD INDICES

Index	21-May-21	14-May-21	Weekly % Chg
Nikkei Index	28,318	28,085	0.8
Hang Seng Index	28,420	28,010	1.5
Kospi Index	3,156	3,153	0.1
Shanghai SE Composite	3,487	3,490	-0.1
Strait Times Index	3,118	3,055	2.1
Dow Jones	34,313	34,022	0.9
NASDAQ	13,528	13,125	3.1
FTSE	7,017	7,010	0.1

FOREX

Currency	21-May-21	14-May-21	Weekly % Chg
US\$ (Rs.)	72.9	73.5	-0.8
GBP (Rs.)	103.2	103.1	0.1
Euro (Rs.)	88.7	88.7	0.0
Yen (Rs.) 100 Units	66.9	67.1	-0.3

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
21-May-21	7,950.7	7,440.5	510.2
20-May-21	8,149.8	8,078.8	71.0
19-May-21	7,138.1	7,835.9	-697.8
18-May-21	8,433.4	7,815.0	618.5
17-May-21	5797.5	8,053.4	-2255.8
<u>MTD</u>	90,640.7	101,107.9	-10,467.2

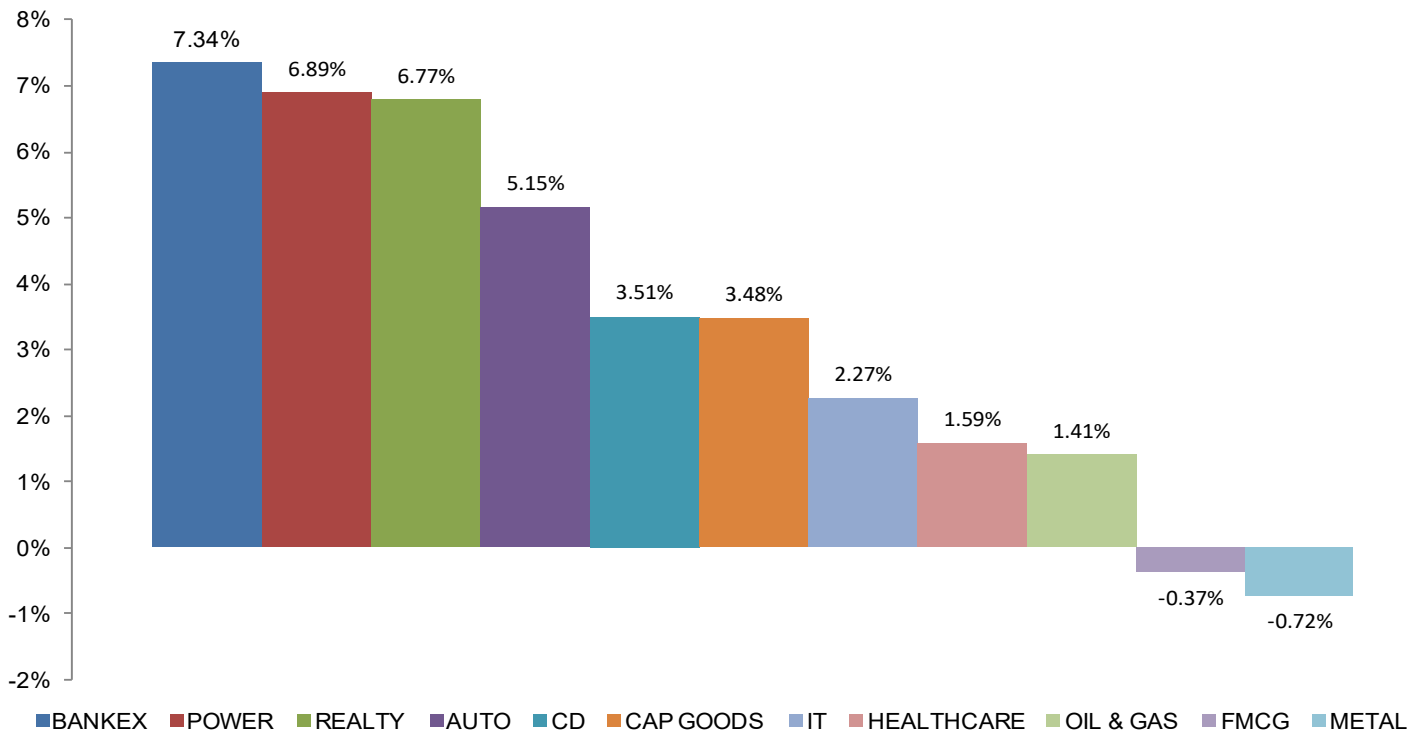
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
21-May-21	6,089.4	5,440.3	649.1
20-May-21	4,723.3	5,599.3	-876.1
19-May-21	4,723.0	5,575.5	-852.5
18-May-21	6,301.0	5,851.5	449.5
17-May-21	7,096.9	5,148.4	1948.5
<u>MTD</u>	74,799.3	72,589.6	2,209.7

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	21-May-21		14-May-21		Weekly % Chg
	Share Price (Rs.)	Open Interest	Share Price (Rs.)	Open Interest	
COFORGE	3,338	14,31,375	3,344	9,08,625	-0.1
PIIND	2,572.	6,07,750	2,707	4,43,750	-5.0
CUMMINSIND	834	16,26,000	817	12,21,600	2.2
MINDTREE	2,127	18,30,400	2,115	14,01,200	0.6
TORNTPOWER	452	24,25,500	430	21,27,000	5.3

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	21-May-21		14-May-21		Weekly % Chg
	Share Price (Rs.)	Open Interest	Share Price (Rs.)	Open Interest	
GRASIM	1,376	80,72,625	1,374	1,43,62,100	0.1
ADANI PORTS	772	4,26,50,000	736	7,28,52,500	4.8
TATASTEEL	1,114	2,69,16,100	1,137	4,22,17,800	-2.0
CIPLA	928	1,05,33,900	906	1,58,82,750	2.4
SUNTV	527	74,49,000	524	1,11,33,000	0.6

Company Background

Aegis Logistics Limited is a holding company, which is engaged in providing logistics and supply chain services to the oil, gas and chemical industry. The Company is engaged in the sale of liquefied petroleum gas (LPG), wholesale of solid, liquid and gaseous fuels and related products, and storage and warehousing of products, such as general merchandise warehouses and warehousing of furniture, automobiles, gas and oil, chemicals and textiles. It operates a network of filling plants, distribution points and dealers under the Aegis Puregas brand.

Investment Rationale

Robust player with diversified products and services stream

AELL operates in the liquid logistics (LL) and gas business segments. The gas business is further subdivided into sourcing (GS), logistics (GL) and distribution (GD) segments. The GS business has contributed highest (~80%) to the overall revenues. Company is increasing its GD business, which involves the procurement and the marketing of industrial and auto liquefied petroleum gas (LPG). The gas division registered significant growth both in revenue and operating profit during FY20 backed by higher volumes due to sharp increase in demand on account of rationalization of LPG subsidies by the Central Government and utilization of newly added capacities.

Established relationship with key customers base

Over the decades, the company has an established relationship with their key clientele. Currently, it has a presence in the LPG distribution space. It serves three categories of customers – industrial clients through bulk sales, retail/commercial clients through LPG cylinders, and road transport through Autogas stations. It has already entered into yearly fixed price contracts with their majority of its customers. These are take-or-pay contracts whereby the customer fixes the volumes/storage capacity to be made available to them during a specified period. Their major clients in the Liquids division includes BPCL, HPCL, Reliance, Caltex, Supreme Industries, Jubilant Life Sciences, Bombay Dyeing, Laxmi Organics, etc. Company also provides other services like custom bonding, inventory management, just-in-time delivery, and on-site product quality testing are also available. Therefore, such a strong customer base enables them to gain revenue traction with a significant order book.

Valuation and outlook

Company's being the largest private player in the LPG handling space plays a healthy role in catering the demand for its customers. Moreover, the government continues to invest in building LPG pipelines and PSUs to increase LPG import infrastructure across the country due to environmental and health concerns. Therefore, it is very well placed to reap the benefits of such opportunity in long term. On the valuation front, we valued the company based on 23x of FY23E earnings and recommend a **BUY** rating on this stock with a price target of INR 408 (23% upside from CMP) with a 12 months investment horizon.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (INR)	332
Target Price (INR)	408
NSE Symbol	AEGISCHEM
BSE Code	500003
Bloomberg	AGIS IN
Reuters	AEGS.BO

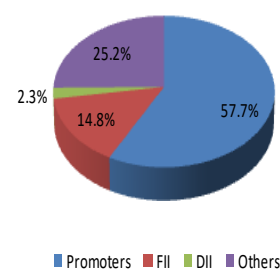
Key Data

Nifty	15,175
52WeekH/L(INR)	363/169
O/s Shares (Mn)	351
Market Cap (INR bn)	116
Face Value (INR)	1

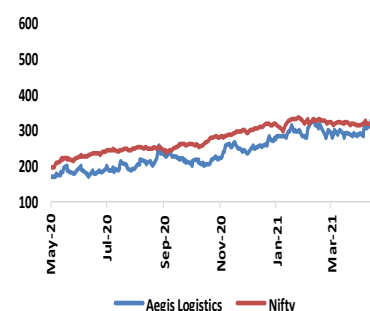
Average volume

3 months	4,47,300
6 months	4,25,360
1 year	3,84,530

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

YE March (INR Mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	56,158	71,833	35,844	58,641	80,925
<i>Revenue Growth (Y-o-Y)</i>	17.2%	27.9%	(50.1%)	63.6%	38.0%
EBIDTA	3,687	2,766	4,409	5,571	8,335
<i>EBIDTA Growth (Y-o-Y)</i>	38.6%	(25.0%)	59.4%	26.4%	49.6%
Net Profit	2,214	996	2,437	3,694	6,231
<i>Net Profit Growth (Y-o-Y)</i>	11.9%	(55.0%)	144.7%	51.6%	68.7%
Diluted EPS	6.3	2.8	6.9	10.5	17.8
<i>Diluted EPS Growth (Y-o-Y)</i>	11.9%	(55.0%)	144.7%	51.6%	68.7%

Key Ratios

EBIDTA margin (%)	6.6%	3.8%	12.3%	9.5%	10.3%
NPM (%)	3.9%	1.4%	6.8%	6.3%	7.7%
RoE (%)	16.3%	6.7%	14.5%	18.6%	24.4%
RoCE (%)	23.1%	15.6%	23.7%	25.7%	30.5%

Valuation Ratios

P/E (x)	52.6x	117.0x	47.8x	31.5x	18.7x
EV/EBITDA	31.1x	42.2x	26.7x	20.7x	14.1x
P/BV (x)	8.6x	7.8x	6.9x	5.9x	4.6x
Market Cap. / Sales (x)	2.1x	1.6x	3.3x	2.0x	1.4x

Source: Company, BP Equities Research



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