

India

Neutral (no change)**Highlighted Companies****Adani Ports & Special Economic Zone**
HOLD, TP Rs1329, Rs1321 close

We factor in an EBITDA CAGR of 14% over FY24-26F. APSEZ is trading at 16.2x EV/EBITDA FY25F, vs. six-year average one-year forward EV/EBITDA of 14x.

Gujarat Pipavav Port
REDUCE, TP Rs156, Rs203 close

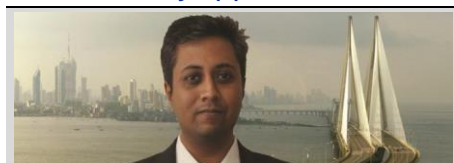
GPPV's current advantage vs. JNPT (connectivity to the DFC and lower capacity utilization) are likely to fizzle out in FY26F. Factoring in an extension of concession at ~25% revenue share would raise our target price (Rs156) to Rs172, still 15% below the CMP.

JSW Infrastructure
REDUCE, TP Rs145, Rs242 close

We expect its EBITDA to rise by 14% CAGR (FY24-26F), similar to APSEZ. JSW Infrastructure trades at 22.3x FY25F EV/EBITDA, at a 30% premium to APSEZ.

Summary Valuation Metrics

P/E (x)	Mar24-F	Mar25-F	Mar26-F
Adani Ports & Special Economic Zone	31.54	25.4	20.57
Gujarat Pipavav Port	26.83	20.97	18.2
JSW Infrastructure	42.69	42.66	35.28
P/BV (x)	Mar24-F	Mar25-F	Mar26-F
Adani Ports & Special Economic Zone	5.28	4.43	3.71
Gujarat Pipavav Port	4.82	4.54	4.25
JSW Infrastructure	6.36	5.97	5.56
Dividend Yield	Mar24-F	Mar25-F	Mar26-F
Adani Ports & Special Economic Zone	0.19%	0.3%	0.47%
Gujarat Pipavav Port	4.12%	3.5%	3.99%
JSW Infrastructure	0%	1.31%	1.59%

Research Analyst(s)**Rajarshi MAITRA**

T (91) 22 4161 1546

E rajarshi.maitra@incredresearch.com

Shivam AGARWAL

T (91) 22 4161 1500

E shivam.agarwal@incredresearch.com

Ports

Volume CAGR of ~5% over FY24-26F likely

- We expect port volume CAGR in FY24-26F to be like that in FY20-24F. The main difference of growth over FY24-26F vs. FY22-24F is in our coal estimate.
- Historic resilience of crude oil cargo to price volatility gives comfort. Neither the dip in thermal coal imports (FY20-22) nor the rise (FY22-24F) are structural.
- Stock ratings: HOLD Adani Ports; REDUCE JSW Infrastructure and Gujarat Pipavav (GPPV).

We expect ~5% volume CAGR over FY24-26F, similar to FY20-24F

Total cargo grew at 4.3% CAGR (FY20-24F). While cargo grew at just 0.7% CAGR (FY20-22), the growth was more rapid over FY22-24F (8% CAGR). Weak growth in FY20-22 was due to (a) the Covid-19 pandemic, (b) surge in shipping costs in FY22, and (c) a surge in prices of imported coal in FY22. Over FY20-24F, coal & container cargo grew at 6% CAGR each and petroleum, oil and lubricants (POL) grew at 1.5% CAGR. Our growth estimate for FY24-26F may seem conservative vs. the 8% CAGR over FY22-24F, but in line with growth over FY20-24F. The main difference over FY24-26F vs. FY22-24F is in our estimate for coal (6.2% CAGR over FY24-26F vs. 16.3% over FY22-24F). We expect FY24-26F CAGR of private ports to outpace major ports or MPs by 234bp.

Historic resilience of crude oil cargo to price volatility is comforting

Over FY09-24, crude oil imports rose at 3.8% CAGR. Over FY10-12/ FY21-23, despite 63%/ 114% rise in prices, crude oil imports rose 8%/18%, respectively. On the other hand, over FY14-16, despite a 58% decline in prices, crude oil imports rose by just 7%. We expect ports' POL cargo to rise at 3% CAGR (FY24-26F), vs. 1.5% CAGR over FY20-24F and 4.9% CAGR over FY22-24F.

Coal: Neither the dip (FY20-22) nor the rise (FY22-24F) are structural

Over Mar 2021-22, imported thermal coal prices rose 150%. Extraordinary measures were taken in FY22 to reduce imports – FY22 domestic coal dispatch was 5% more than output. Over FY22-24F, while coal output rose at 13.2% CAGR, dispatches rose at 8.9% CAGR (lower than demand CAGR). This led to a surge in imports. Over FY24-26F, we expect domestic coal dispatches to grow at 10% CAGR vs. 7.5% CAGR in case of coal-based power demand, leading to flat thermal coal imports (FY24-26F). While coal imports rose at just 1.7% CAGR (FY20-24F), coal at ports rose at a higher 5.9% CAGR, likely due to a sharp rise in coastal cargo. We estimate coal at ports to rise at 6.2% CAGR (FY24-26F).

Container cargo growth seen rising 7% per annum over FY24-26F

JNPT has two volume triggers in FY26F like (a) completion of phase-2 of the fourth container terminal will raise waterfront capacity by 30%, & (b) It may get connected to Indian Railways' Dedicated Freight Corridor in FY26F while GPPV and Mundra are connected.

Stock ratings: HOLD APSEZ, REDUCE JSW Infrastructure & GPPV

We believe that the current expensive valuation of JSW Infrastructure (22.3x FY25F EV/EBITDA) is at odds with a likely muted 7-8% volume CAGR (over FY24-26F). GPPV trades at 12.5x FY25F EV/EBITDA despite the expiry of the current concession in 2029 – we believe the risk-reward ratio is not favourable. We believe APSEZ is fairly valued and so we have a HOLD rating on it.

Figure 1: Break-up of our estimates for port volume by commodity

(mt)	CAGR %					CAGR %	
	FY20	FY24F	FY20-24F	FY20-22	FY22-24F	FY26F	FY24-26F
POL	391	415	1.5	(1.8)	4.9	441	3.0
Coal	267	336	5.9	(3.6)	16.3	378	6.2
Container	259	330	6.3	5.7	6.9	378	7.0
Iron Ore	64	78	5.4	(0.9)	12.1	74	(2.8)
Fertiliser and others	168	199	4.3	5.7	2.9	219	5.0
Total	1,149	1,359	4.3	0.7	8.0	1,490	4.7

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Volume CAGR of ~5% over FY24-26F likely

8% volume CAGR in FY22-24F unlikely to be repeated in FY24-26F, FY20-24F CAGR was just 4.3% ▶

Total port cargo grew at 4.3% CAGR over FY20-24F. While cargo grew at just 0.7% CAGR over FY20-22, growth was more rapid over FY22-24F (8% CAGR).

In FY24F, MPs handled 60% of the overall cargo. In FY20-22, MPs and main private ports' volume CAGR was similar but over FY22-24F, cargo at MPs grew at 6.6% CAGR while that at main private ports grew faster (10.1% CAGR). Ports on the west coast handled 57% of the total cargo in FY24F.

Note: To calculate total volume, we considered the 12 MPs and the private ports of Mundra, Dhamra, Hazira, Dahej, Katupalli, Sikka, Pipavav (GPPV), Krishnapatnam, Gangavaram and Dharamtar port of JSW Infrastructure).

Figure 2: Break-up of total cargo handled by ports

(mt)	FY20	FY21	FY22	FY23	FY24F	CAGR %		
						FY20-24F	FY20-22	FY22-24F
Total - Major Ports	704	673	720	784	819	3.8	1.1	6.6
Kolkata	64	61	58	66	66	1.0	(4.3)	6.6
Paradip	113	115	116	135	145	6.6	1.5	11.9
Vizag	73	70	69	74	81	2.8	(2.6)	8.4
Ennore	32	26	39	44	45	9.2	10.4	8.1
Chennai	47	44	49	49	52	2.5	2.0	3.1
Tuticorin	36	32	34	38	41	3.6	(2.6)	10.2
Cochin	34	32	35	35	36	1.7	0.8	2.5
New Mangalore	39	37	39	41	46	3.9	0.1	7.8
Mormugao	16	22	18	17	21	6.5	7.4	5.7
Mumbai	61	53	60	64	67	2.6	(0.7)	6.0
JNPT	68	65	76	84	86	5.8	5.4	6.3
Kandla	122	118	127	138	132	2.0	1.9	2.1
Total - Main private ports	444	427	445	477	539	5.0	0.0	10.1
Mundra	139	144	150	155	181	6.8	3.9	9.8
Dhamra	30	32	33	31	43	9.4	6.1	12.7
Hazira	22	22	25	25	27	5.7	7.3	4.2
Dahej	6	6	8	11	12	17.0	12.2	22.0
Katupalli	11	9	7	11	12	2.4	(17.7)	27.4
Sikka (Reliance)	124	113	119	121	127	0.7	(2.0)	3.5
Gujarat Pipavav	16	15	14	16	16	(0.0)	(5.5)	5.7
Krishnapatnam	49	40	40	48	58	4.3	(9.6)	20.2
Gangavaram	35	33	30	32	38	1.9	(7.2)	11.8
JSW Infra - Dharamtar	13	13	17	24	26	19.3	15.8	23.0
Grand Total	1,149	1,099	1,165	1,261	1,359	4.3	0.7	8.0

SOURCE: INCRED RESEARCH, COMPANY REPORTS, INDIA PORTS ASSOCIATION

Figure 3: Break-up of total cargo handled by MPs and the main privately-owned ports

(mt)	FY20	FY21	FY22	FY23	FY24F	CAGR %		
						FY20-24F	FY20-22	FY22-24F
Total - Major Ports	704	673	720	784	819	3.8	1.1	6.6
Major Ports - East	364	347	365	405	431	4.3	0.2	8.7
Major Ports - West	341	326	355	379	388	3.3	2.1	4.5
Total - Main private ports	444	427	445	477	539	5.0	0.0	10.1
Main private ports - East	125	114	111	123	150	4.8	(5.6)	16.3
Main private ports - West	320	313	334	353	389	5.0	2.1	8.0
Grand Total	1,149	1,099	1,165	1,261	1,359	4.3	0.7	8.0
East Coast	488	461	476	529	581	4.4	(1.3)	10.5
West Coast	661	638	689	732	777	4.2	2.1	6.2

SOURCE: INCRED RESEARCH, COMPANY REPORTS, INDIA PORTS ASSOCIATION

Commodity-wise break-up: Of the overall FY24F port cargo, petroleum, oil & lubricants (POL) accounted for 31%, coal 25%, containers 24%, iron ore 6% & fertilizers and others comprised the remaining 15%. The anaemic growth over FY20-22 was due to the decline in POL and coal. The rebound in growth in FY22-24F was driven by coal.

Figure 4: Break-up of port sector volume by commodity

(mt)	FY20	FY21	FY22	FY23	FY24F	CAGR %		
						FY20-24F	FY20-22	FY22-24F
POL	391	353	378	391	415	1.5	(1.8)	4.9
Coal	267	238	248	310	336	5.9	(3.6)	16.3
Container	259	260	289	302	330	6.3	5.7	6.9
Iron Ore	64	80	62	62	78	5.4	(0.9)	12.1
Fertiliser and others	168	169	188	196	199	4.3	5.7	2.9
Total	1,149	1,099	1,165	1,261	1,359	4.3	0.7	8.0

SOURCE: INCRED RESEARCH, COMPANY REPORTS, INDIA PORTS ASSOCIATION

Besides the Covid-19 pandemic, there are a couple of other factors which contributed to the weak volume growth over FY20-22.

Baltic Dry Index in FY22 was 2.3x that in FY20. In FY23, it declined 45% yoy and was 1.3x of that in FY20. Over FY23-now, Baltic Dry Index has been stable.

POL and coal declined at CAGR of 1.8%/ 3.6%, respectively, over FY20-22. Container cargo was unscathed, growing at 5.7% CAGR over FY20-22. We believe this was because the cargo in containers is more expensive than dry bulk cargo and freight costs constitute a smaller portion of the landed cost.

Figure 5: Baltic Dry Index levels over FY17 to FY24

Period		Baltic dry Index	As a % of Peak
FY17	average	820	15
FY18	average	1,205	21
FY19	average	1,257	22
FY20	average	1,298	23
FY21	average	1,357	24
Peak 7 Oct 21		5,650	100
2-3QFY22	average	3,619	64
FY22	average	3,020	53
FY23	average	1,668	30
FY24	average	1,587	28
Latest		1,594	28

SOURCE: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

The sharp rise in the price of imported coal (up 120-150% over Mar 2021 to Mar 2022) and some extraordinary measures taken in India dented coal cargo at ports. Domestic coal dispatch in FY22 (818mt) was 5% more than production (777mt), while average dispatch/ production was 99% over FY16-21.

POL (31% of total port cargo in FY24F): Historic resilience of crude oil import volume to price volatility provides comfort; we expect 3% volume CAGR over FY24-26F

POL cargo grew at 1.5% CAGR over FY20-24F (-1.8%/ 4.9% CAGR over FY20-22/ FY22-24F). In FY24, MPs handled 59% of overall POL cargo. In FY20-24, volume CAGR at MPs/ private ports was 0.9%/2.4%, respectively. Ports on the west coast handled 77% of the total POL cargo in FY24F.

Figure 6: Break-up of POL cargo handled by ports

(mt)	FY20	FY21	FY22	FY23	FY24F	CAGR %		
						FY20-24F	FY20-22	FY22-24F
Total - Major Ports	237	207	222	234	246	0.9	(3.3)	5.3
Kandla	63	53	59	60	64	0.5	(3.4)	4.6
Paradip	37	33	35	38	38	0.4	(3.0)	4.0
Mumbai	38	34	37	38	40	1.1	(1.7)	4.0
Cochin	23	20	22	22	24	1.0	(2.4)	4.6
New Mangalore	23	22	24	27	26	3.9	2.5	5.4
Vizag	19	16	14	16	19	0.1	(13.2)	15.4
Kolkata	10	9	11	10	10	(0.7)	1.5	(2.8)
Chennai	13	10	12	14	15	2.4	(6.0)	11.5
Other major ports	10	9	9	9	9	(1.9)	(8.3)	4.9
Total - main private ports	154	146	156	157	169	2.4	0.4	4.4
Sikka (Reliance)	124	113	119	121	127	0.7	(2.0)	3.5
Mundra	22	24	26	27	30	8.3	9.9	6.6
Hazira	3	4	4	5	4	6.2	10.2	2.4
Dhamra	3	3	4	1	4	11.7	17.4	6.4
Krishnapatnam	2	2	1	2	2	10.9	(1.5)	24.8
Gujarat Pipavav	1	1	1	1	1	9.7	(0.7)	21.2
Grand Total	391	353	378	391	415	1.5	(1.8)	4.9

SOURCE: INCRED RESEARCH, COMPANY REPORTS, INDIA PORTS ASSOCIATION

Figure 7: Break-up of POL cargo handled by government-owned major ports and the main privately-owned ports

(mt)	FY20	FY21	FY22	FY23	FY24F	CAGR %		
						FY20-24F	FY20-22	FY22-24F
Total - Major Ports	237	207	222	234	246	0.9	(3.3)	5.3
Major Ports - East	86	74	77	83	87	0.5	(5.1)	6.3
Major Ports - West	152	133	145	151	159	1.2	(2.3)	4.7
Total - Main private ports	154	146	156	157	169	2.4	0.4	4.4
Main private ports - East	4	5	5	3	7	11.4	11.1	11.8
Main private ports - West	150	141	150	154	163	2.1	0.1	4.1
Grand Total	391	353	378	391	415	1.5	(1.8)	4.9
East Coast	90	79	82	86	94	1.1	(4.2)	6.7
West Coast	302	274	295	305	322	1.6	(1.1)	4.4

SOURCE: INCRED RESEARCH, COMPANY REPORTS, INDIA PORTS ASSOCIATION

The major components of ports' POL cargo comprised import of crude oil, import of petroleum products, export of petroleum products, and import of LNG. These comprised 56%/ 12%/ 15%/ 6% of ports' POL cargo, respectively, in FY24F.

Figure 8: Import of crude oil, import & export of petroleum products, and import of LNG

(mt)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24F	CAGR FY20-24F %
Crude oil import	189	203	214	220	226	227	196	212	233	232	0.5
% yoy growth		7	5	3	3	0	(13)	8	10	(0)	
Import - petroleum products	21	29	36	35	33	44	43	39	45	48	2.2
% yoy growth		38	23	(2)	(6)	31	(1)	(10)	14	7	
Export - petroleum products	64	61	66	67	61	66	57	63	61	62	(1.5)
% yoy growth		(5)	8	2	(9)	8	(14)	11	(3)	2	
LNG Import	14	16	19	21	22	26	25	23	20	23	(2.3)
% yoy growth		15	16	10	5	18	(2)	(7)	(15)	17	
Total	289	309	334	343	343	362	322	338	358	365	0.2
% yoy growth		7	8	3	(0)	6	(11)	5	6	2	

SOURCE: INCRED RESEARCH, COMPANY REPORTS, PETROLEUM PLANNING AND ANALYSIS CELL

Over FY09-24, crude oil imports rose at 3.8% CAGR. Historically, crude oil import volume has been resilient to price fluctuations. Over FY10-12/ FY21-23, despite 63%/ 114% rise in prices, crude oil imports rose 8%/ 18%, respectively. On the other hand, over FY14-16, despite a 58% decline in prices, crude oil imports rose by just 7%.

Figure 9: Crude oil imports and crude oil prices

	Crude Oil import (mt)	yoy growth %	Crude Oil price (USD/bbl)	yoy growth %
FY09	133	9	79	4
FY10	159	20	68	(14)
FY11	164	3	83	22
FY12	172	5	111	33
FY13	185	8	107	(4)
FY14	189	2	103	(3)
FY15	189	0	81	(21)
FY16	203	7	43	(47)
FY17	214	5	45	4
FY18	220	3	54	21
FY19	226	3	67	24
FY20	227	0	61	(10)
FY21	196	(13)	43	(29)
FY22	212	8	78	79
FY23	233	10	92	19
FY24F	232	(0)	78	(16)

SOURCE: INCRED RESEARCH, COMPANY REPORTS, PETROLEUM PLANNING AND ANALYSIS CELL

Crude oil imports/ POL imports/ POL exports/ LNG imports grew at a CAGR of 0.5%/ 2.2%/ -1.5%/ -2.3% over FY20-24F. Over FY24-26F, we expect crude oil imports/ POL imports/ POL exports/ LNG imports to grow at a CAGR of 2.5%/ 3%/ 0%/ 0%, respectively. **We expect ports' POL cargo to rise at 3% CAGR (FY24F-26F), vs. 1.5% CAGR over FY20-24F.**

Coal (25% of total port cargo in FY24F): Neither the decline in FY20-22 nor the sharp rise in FY22-24F are structural trends – we expect 6.2% volume CAGR over FY24-26F ➔

Coal cargo at ports grew at 5.9% CAGR over FY20-24F (-3.6%/ 16.3% CAGR over FY20-22/ FY22-24F). In FY24F, MPs handled 57% of overall coal cargo. In FY20-24F, at MPs coal cargo rose at a 6.5% CAGR, while at private ports it rose at a 5.1% CAGR. Ports on the west coast handled 30% of the total coal cargo in FY24F.

Figure 10: Break-up of coal cargo handled by ports

(mt)	FY20	FY21	FY22	FY23	FY24F	CAGR %		
						FY20-24F	FY20-22	FY22-24F
Total - Major Ports	149	132	148	188	192	6.5	(0.4)	13.9
Paradip	39	37	45	63	64	13.3	6.9	20.1
Ennore	20	15	21	24	24	4.5	2.9	6.1
Kolkata	20	20	16	24	23	3.9	(9.6)	19.5
Kandla	18	20	20	22	18	0.4	6.7	(5.5)
Vizag	18	12	14	18	17	(0.9)	(9.8)	8.8
Tuticorin	13	11	12	16	19	8.7	(4.5)	23.7
Mormugao	9	9	9	10	10	2.4	(1.3)	6.3
Other major ports	12	8	9	11	16	8.4	(9.6)	29.9
Total - main private ports	118	106	100	122	144	5.1	(7.8)	19.8
Mundra	35	29	18	20	30	(3.5)	(28.3)	29.8
Krishnapatnam	32	26	27	35	42	7.2	(8.5)	25.7
Gangavaram	21	18	18	21	23	2.7	(7.9)	14.6
Dhamra	15	17	19	21	23	10.7	11.9	9.5
Hazira	6	6	7	7	7	7.5	9.2	5.9
Dahej	5	5	5	9	9	16.8	8.4	25.9
Pipavav	1	1	1	1	0	(4.3)	35.3	(32.3)
JSW Infra - Dharamtar	4	4	6	8	9	19.3	15.8	23.0
Grand Total	267	238	248	310	336	5.9	(3.6)	16.3

SOURCE: INCRED RESEARCH, COMPANY REPORTS, INDIA PORTS ASSOCIATION

Figure 11: Break-up of coal cargo handled by government-owned major ports and the main privately-owned ports

(mt)	FY20	FY21	FY22	FY23	FY24F	CAGR %		
						FY20-24F	FY20-22	FY22-24F
Total - Major Ports	149	132	148	188	192	6.5	(0.4)	13.9
Major Ports - East	110	95	109	145	148	7.5	(0.6)	16.3
Major Ports - West	39	37	39	43	44	3.4	0.2	6.8
Total - Main private ports	118	106	100	122	144	5.1	(7.8)	19.8
Main private ports - East	68	62	63	78	88	6.7	(3.4)	18.0
Main private ports - West	50	45	37	44	55	2.7	(14.2)	22.9
Grand Total	267	238	248	310	336	5.9	(3.6)	16.3
East Coast	179	157	173	222	236	7.2	(1.7)	16.9
West Coast	89	81	76	88	100	3.0	(7.6)	14.9

SOURCE: INCRED RESEARCH, COMPANY REPORTS, INDIA PORTS ASSOCIATION

Figure 12: Domestic coal production, dispatch and import of non-coking coal

	FY20	FY21	FY22	FY23	FY24F	CAGR %			FY26F	CAGR % FY24-26F
						FY20-24F	FY20-22	FY22-24F		
Coal production - domestic	731	716	778	893	997	8.1	3.2	13.2	1,207	10
Coal despatch - domestic	707	691	819	878	972	8.3	7.7	8.9	1,177	10
Imports - non coking coal	197	164	152	182	207	1.3	(12.2)	16.9	205	(1)
Coal consumption equivalent domestic - Thermal	1,016	949	1,058	1,163	1,298	6.3	2.0	10.8	1,499	7

SOURCE: INCRED RESEARCH, COMPANY REPORTS, CENTRAL ELECTRICITY AUTHORITY (CEA), MINISTRY OF COAL

We believe both the -12.2%/ 16.9% CAGR over FY20-22/ FY22-24F in import of non-coking coal are not structural trends.

- Over Mar 2021 to 2022, imported coal prices rose by ~150%. Some extraordinary measures taken in India in FY22 to reduce imports – domestic coal dispatch in FY22 was 5% more than production.
- Over FY22-24F, while coal production rose at a 13.2% CAGR, dispatches rose at a more sedate pace of 8.9% CAGR (lower than the demand CAGR of 10.8%).

Over FY24-26F, we expect domestic coal production/ dispatches to grow at 10% CAGR (vs. 8% over FY20-24F). We expect coal-based power demand to grow at 7.5% CAGR over FY24-26F (vs. 7% over FY20-24F). We expect thermal coal imports to be flat over FY24-26F.

Figure 13: Break-up of coal imports and coal at ports

(mt)	FY20	FY21	FY22	FY23	FY24F	CAGR %			FY26F	CAGR % FY24-26F
						FY20-24F	FY20-22	FY22-24F		
Coking coal imports	55	54	60	60	62	3.1	4.4	1.8	78	12.0
Non coking coal imports (ex Power)	127	119	125	126	143	2.9	(1.1)	7.1	158	5.0
Coal for Import based power plants	45	35	19	21	41	(2.8)	(35.5)	46.6	44	4.1
Coal imports: domestic coal power	24	10	8	35	24	(0.0)	(41.6)	71.1	3	(62.5)
Total coal imports	251	218	211	241	269	1.7	(8.3)	12.9	283	2.5

SOURCE: INCRED RESEARCH, COMPANY REPORTS, CENTRAL ELECTRICITY AUTHORITY (CEA), MINISTRY OF COAL

We expect coal imports to post 2.5% CAGR (FY24-26) vs. 1.7% in FY20-24F. Post FY26F, we expect coal imports to rise at a higher rate of ~5% per annum due to negligible contribution from the declining segment of coal imports for domestic coal-based power plants.

While coal imports rose at just 1.7% CAGR (FY20-24F), coal at ports rose at a higher 5.9% CAGR. We believe this is because of a sharp uptick in coastal cargo. We estimate coal cargo at ports to post 6.2% CAGR (FY24-26F).

Import of coking coal (23% of coal imports in FY24F) may continue as India has limited reserves of coking coal. We expect 12% volume CAGR over FY24-26F, higher than the 3.1% CAGR over FY20-24F.

Non-coking coal imports (excl. for power) comprised 53% of coal imports in FY24F. We expect 5% CAGR over FY24-26F, vs. 2.9% CAGR over FY20-24F. Over FY17-24F/ FY20-24F, 84%/ 86% (273mt/ 228mt) of India's incremental coal dispatches (326mt/ 266mt) was supplied to the power sector. We believe that the bulk of the incremental requirement would have to be met via imports.

Coal imports for coal-based power generation (15% of coal imports in FY24F) declined from 45mt (FY20) to 19mt (FY22) due to rise in imported coal prices. Since then, they have risen to 41mt in FY24F. We factor in 44mt in FY26F. Even if blended with domestic coal, we believe this should not impact coal at ports as most plants are located near the coast and will use coal transported by sea.

Figure 14: Dedicated imported coal-based power plants; almost all are near the coast, and will use sea transport even if they use some domestic coal

Company	Location	State	Region	Capacity (GW)
Gujarat State Electricity	Sikka	Gujarat	West	0.5
Adani Power	Mundra	Gujarat	West	4.6
Tata Power	Mundra	Gujarat	West	4.0
Essar	Salaya	Gujarat	West	1.2
JSW Energy	Ratnagiri	Maharashtra	West	0.3
Tata Power	Trombay	Maharashtra	West	0.8
Simhapuri	Thamminapatnam	Andhra Pradesh	South	0.6
SEPC	Tuticorin	Tamil Nadu	South	0.5
JSW Energy (not coastal)	Torangallu	Karnataka	South	0.9
Adani Power	Udupi	Karnataka	South	1.2
IL&FS	Cuddalore	Tamil Nadu	South	1.2
Coastal Energen	Muthiara	Tamil Nadu	South	1.2
Total				16.9

SOURCE: INCRED RESEARCH, COMPANY REPORTS, CENTRAL ELECTRICITY AUTHORITY (CEA).

Coal imports for domestic coal-based power generation (9% of coal imports in FY24F): We project a decline of 62.5% CAGR over FY24-26F.

- We expect coal consumption for power generation to post 8.3% CAGR over FY24-26F (vs. 8% CAGR in FY20-24F), higher than the 7.5% growth in power generation, due to dip in the proportion of higher calorific value imported coal.
- 10% CAGR in domestic coal supply for power generation (FY24-26F). We expect 78% of the total domestic coal production to be used for power generation vs. 78% in FY24F and 80% average over FY20-24F.

Figure 15: Coal consumed by power sector, domestic coal supply for power and coal imports for power

(mt)	FY20	FY21	FY22	FY23	FY24F	CAGR %			FY26F	CAGR % FY24-26F
						FY20-24F	FY20-22	FY22-24F		
Coal-based power generation (BU)	961	951	1,041	1,146	1,260	7.0	4.1	10.0	1,457	7.5
Coal consumed for Power	622	615	697	777	846	8.0	5.9	10.1	993	8.3
Domestic coal used for power	553	570	670	721	781	9.0	10.1	8.0	945	10.0
Coal imports for power	69	45	27	56	64	(1.8)	(37.5)	54.4	47	(14.2)
Coal imports for domestic coal-based power plants	24	10	8	35	24	(0.0)	(41.6)	71.1	3	(62.5)
India coal production	731	716	778	893	997	8.1	3.2	13.2	1,207	10.0
India coal despatch	707	691	819	878	972	8.3	7.7	8.9	1,177	10.0
India coal despatch/ production %	97	96	105	98	98				98	
Domestic Coal used for power/ India coal production %	76	80	86	81	78				78	

SOURCE: INCRED RESEARCH, COMPANY REPORTS, CENTRAL ELECTRICITY AUTHORITY (CEA), MINISTRY OF COAL

Coastal coal (domestic coal transported by sea): We estimate that coastal coal cargo stood at 80-90mt in FY24F. We expect coastal coal cargo to grow at a CAGR of 15-20% over FY24-26F. Please note that 20% of India's coal power capacity is in South India, which may source some of its coal requirements via sea transport.

As per the coal ministry, ~40mt of domestic coal in FY23 was dispatched via ports (port cargo of ~80mt). The demand for coal via coastal shipping is expected to rise to 112mt by FY30F (16% CAGR). Source: [Coal ministry report on coastal shipping](#).

We believe that imported coal replaced by domestic coal (transported via sea) could boost ports' volume as 1) two Indian ports are used, i.e. origin and destination, and 2) lower quality domestic coal requires higher volume (1t imported coal = 1.4t of domestic coal in equivalent calorific value).

Container (24% of total port cargo in FY24F): We expect 7% volume CAGR over FY24-26F (similar to the CAGR in FY20-24F) ➤

Container cargo at ports grew at 6.3% CAGR over FY20-24F (5.7%/6.9 CAGR over FY20-22/ FY22-24F). In FY24F, MPs handled 55% of overall container cargo. In FY20-24, at MPs it rose at 5.5% CAGR, while at private ports it rose at 7.4% CAGR. Ports on the west coast handled 71% of the total container cargo in FY24F.

Figure 16: Break-up of container cargo handled by ports

(mt)	FY20	FY21	FY22	FY23	FY24F	CAGR %		
						FY20-24F	FY20-22	FY22-24F
Total - Major Ports	147	144	167	170	182	5.5	6.7	4.3
JNPT	61	58	69	76	78	6.4	6.5	6.3
Chennai	27	27	31	28	31	3.5	7.6	(0.4)
Tuticorin	16	15	15	15	15	(2.3)	(3.0)	(1.6)
Kolkata	13	11	12	11	12	(1.7)	(4.0)	0.7
Cochin	9	10	10	10	10	4.3	9.3	(0.5)
Vizag	9	8	9	8	11	6.4	(0.4)	13.6
Kandla	7	8	9	9	9	5.0	11.2	(0.9)
Ennore	3	4	9	11	13	50.9	92.6	18.2
Other major ports	3	3	3	3	3	(0.5)	(4.9)	4.1
Total - Main private ports	112	116	122	132	149	7.4	4.5	10.3
Mundra	70	83	95	99	112	12.4	16.4	8.5
Hazira	9	10	9	9	12	7.5	0.9	14.5
Katupalli	11	8	6	10	11	(0.8)	(23.5)	28.6
Gujarat Pipavav	13	11	9	11	12	(1.0)	(14.9)	15.2
Krishnapatnam	9	5	2	2	2	(31.5)	(48.6)	(8.7)
Grand Total	259	260	289	302	330	6.3	5.7	6.9

SOURCE: INCRED RESEARCH, COMPANY REPORTS, INDIA PORTS ASSOCIATION

Figure 17: Break-up of container cargo handled by government-owned major ports and the main privately-owned ports

(mt)	FY20	FY21	FY22	FY23	FY24F	CAGR %		
						FY20-24F	FY20-22	FY22-24F
Total - Major Ports	147	144	167	170	182	5.5	6.7	4.3
Major Ports - East	67	65	76	73	82	5.0	6.4	3.6
Major Ports - West	80	78	91	97	100	5.8	6.8	4.8
Total - Main private ports	112	116	122	132	149	7.4	4.5	10.3
Main private ports - East	20	13	9	12	13	(11.0)	(33.8)	19.5
Main private ports - West	92	103	113	120	136	10.3	11.1	9.6
Grand Total	259	260	289	302	330	6.3	5.7	6.9
East Coast	87	79	85	85	94	2.0	(1.3)	5.4
West Coast	171	182	204	217	236	8.3	9.1	7.5

SOURCE: INCRED RESEARCH, COMPANY REPORTS, INDIA PORTS ASSOCIATION

EBITDA growth of Pipavav port was more than that of Mundra over FY19-24F: Over FY19-24F, Pipavav's volume CAGR (0.7%/ -1.6% in total/ container cargo, respectively) lagged Mundra port (6.2%/ 10.9% CAGR in total/ container cargo, respectively). Despite the divergence in volume CAGR, the growth in EBITDA of Pipavav (7.5% CAGR) was similar to Mundra port (6.5% CAGR).

Figure 18: Comparison of the performance of Pipavav and Mundra ports over FY19-24F

	FY19	FY20	FY21	FY22	FY23	FY24F	CAGR (FY19-24F) %
Mundra							
Total volume (MT)	137.3	139.2	144.3	150.2	155.3	185.3	6.2
Container volume (MT)	66.4	70.3	82.6	95.1	99.3	111.5	10.9
EBITDA ex SEZ (Rs bn)	31.6	29.2	28.9	25.1	30.7	43.2	6.5
GPPV							
Total volume (MT)	15.9	15.9	14.8	14.2	16.1	15.9	0.0
Container volume (MT)	13.2	12.7	10.9	9.2	11.2	11.8	(2.2)
EBITDA (Rs bn)	3.9	4.5	4.3	4.2	5.1	5.6	7.5

SOURCE: INCRED RESEARCH, COMPANY REPORTS, INDIA PORTS ASSOCIATION

JNPT's recent performance: Capacity utilization in FY24 was 84%. Construction of phase-2 (2.4mTEU capacity; Rs32bn construction cost) of the fourth container terminal is likely to be completed by Apr 2025F. **Triggers for volume surge at JNPT in FY26F are as follows:**

- Once complete, the phase-2 of the fourth container terminal will increase JNPT's waterfront capacity by 30%.
- JNPT is likely to get connected to Indian Railways' Dedicated Freight Corridor in FY26F while Gujarat Pipavav Port (GPPV) and Mundra port are already connected. Of the three main ports on the west coast (JNPT, Mundra, GPPV), JNPT has the lowest proportion of cargo using rail evacuation (18%). The corresponding numbers for GPPV is 63% and for Mundra it is 30%.

Figure 19: Terminal-wise performance of JNPT

(kTEU)	Capacity	Volume								
		FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	
JNPCT & NSFT	1,500	1,534	1,482	1,056	719	544	440	256	570	
yoy growth %			(3)	(29)	(32)	(24)	(19)	(42)	123	
NSICT	1,200	729	641	561	531	751	948	1,097	1,132	
yoy growth %			(12)	(13)	(5)	41	26	16	3	
NSIGT	800	445	659	948	987	780	1,186	1,137	1,112	
yoy growth %			48	44	4	(21)	52	(4)	(2)	
APM	1,800	1,793	2,028	2,048	1,985	1,669	1,866	1,847	1,588	
yoy growth %			13	1	(3)	(16)	12	(1)	(14)	
PSA	2,400	-	23	520	809	933	1,245	1,714	2,028	
yoy growth %				56	15	33	38	18		
Total	7,700	4,500	4,833	5,133	5,031	4,677	5,685	6,051	6,430	
yoy growth %			7	6	(2)	(7)	22	6	6	

SOURCE: INCRED RESEARCH, COMPANY REPORTS, JAWAHARLAL NEHRU PORT TRUST

Iron ore (6% of total port cargo in FY24F): We estimate a decline by 2.8% CAGR over FY24-26F vs. 5.4% CAGR over FY20-24F ➤

Iron-ore cargo at ports grew at 5.4% CAGR over FY20-24F. While it declined at a 0.9% CAGR over FY20-22, it rose at 12.1% CAGR over FY22-24F. In FY24F, MPs handled 78% of overall coal cargo.

India's iron ore exports stood at 48mt in FY24F (vs. 25MT in FY20). We believe the balance 30mt iron ore cargo at ports in FY24F was mainly coastal cargo. We expect iron ore volume at ports at 74mt in FY26F.

Figure 20: Break-up of iron-ore cargo handled by ports

(mt)	FY20	FY21	FY22	FY23	FY24F	CAGR %		
						FY20-24F	FY20-22	FY22-24F
Total - Major Ports	55	71	51	46	61	2.6	(3.8)	9.5
Paradip	23	29	20	19	26	3.0	(6.5)	13.4
Vizag	14	19	15	14	16	2.0	0.6	3.5
Mumbai	7	7	7	6	5	(5.9)	(1.9)	(9.8)
New Mangalore	5	5	4	3	4	(2.6)	(7.1)	2.1
Mormugao	2	7	4	2	5	30.9	44.5	18.5
Other major ports	4	4	2	2	5	3.9	(34.6)	65.1
JSW Infra - Dharamtar	9	9	11	16	17	19.3	15.8	23.0
Grand Total	64	80	62	62	78	5.4	(0.9)	12.1

SOURCE: INCRED RESEARCH, COMPANY REPORTS, INDIA PORTS ASSOCIATION

Figure 21: Break-up of iron ore cargo handled by government-owned major ports and the main privately-owned ports

(mt)	FY20	FY21	FY22	FY23	FY24F	CAGR %		
						FY20-24F	FY20-22	FY22-24F
Total - Major Ports	55	71	51	46	61	2.6	(3.8)	9.5
Major Ports - East	41	51	36	34	44	2.1	(6.3)	11.2
Major Ports - West	15	20	15	12	17	4.0	2.8	5.2
JSW Infra - Dharamtar	9	9	11	16	17	19.3	15.8	23.0
Grand Total	64	80	62	62	78	5.4	(0.9)	12.1

SOURCE: INCRED RESEARCH, COMPANY REPORTS, INDIA PORTS ASSOCIATION

Fertilizer & others (15% of total port cargo in FY24F): We expect 5% CAGR over FY24-26F (vs. 4.3% CAGR over FY20-24F) ▶

Fertilizer and other cargo at ports grew at 4.3% CAGR over FY20-24F (5.7% CAGR over FY20-22 and 2.9% CAGR over FY22-24F).

Figure 22: Break-up of fertilizer and other cargo handled by ports

(mt)	FY20	FY21	FY22	FY23	FY24F	CAGR %		
						FY20-24F	FY20-22	FY22-24F
Total - Major Ports	116	119	132	146	139	4.5	6.8	2.3
Kandla	34	36	38	46	39	4.0	7.0	1.0
Kolkata	18	17	19	20	19	2.4	3.5	1.4
Paradip	13	15	16	16	17	6.8	11.0	2.7
Vizag	13	15	17	17	18	8.9	14.9	3.3
Mumbai	9	7	11	13	14	11.0	9.0	13.1
Chennai	7	7	6	6	5	(5.1)	(6.4)	(3.8)
Other major ports	23	22	26	27	26	2.5	4.4	0.5
Total - main private ports	52	50	55	50	60	3.8	3.1	4.4
Mundra	12	9	11	10	9	(7.8)	(6.2)	(9.4)
Dhamra	12	12	11	8	16	7.0	(4.8)	20.2
Hazira	4	3	5	4	3	(2.9)	16.8	(19.3)
Dahej	2	1	3	2	3	17.6	22.0	13.4
Katupalli	0	1	1	1	2	147.5	410.4	20.0
Gujarat Pipavav	2	2	3	3	2	2.4	32.0	(20.5)
Krishnapatnam	7	6	9	10	11	15.1	20.9	9.6
Gangavaram	14	15	12	11	14	0.5	(6.1)	7.7
Grand Total	168	169	188	196	199	4.3	5.7	2.9

SOURCE: INCRED RESEARCH, COMPANY REPORTS, INDIA PORTS ASSOCIATION

Figure 23: Break-up of fertilizer and other cargo handled by government-owned major ports and the main privately-owned ports

(mt)	FY20	FY21	FY22	FY23	FY24F	CAGR %		
						FY20-24F	FY20-22	FY22-24F
Total - Major Ports	116	119	132	146	139	4.5	6.8	2.3
Major Ports - East	60	61	67	71	70	4.2	5.8	2.5
Major Ports - West	56	58	65	75	68	4.9	7.8	2.1
Total - Main private ports	52	50	55	50	60	3.8	3.1	4.4
Main private ports - East	32	34	33	31	43	7.2	1.9	12.8
Main private ports - West	20	16	22	19	18	(2.7)	5.1	(10.0)
Grand Total	168	169	188	196	199	4.3	5.7	2.9
East Coast	92	95	101	102	113	5.3	4.5	6.1
West Coast	76	73	87	95	86	3.1	7.1	(0.8)

SOURCE: INCRED RESEARCH, COMPANY REPORTS, INDIA PORTS ASSOCIATION

We estimate 4.7% volume CAGR over FY24-26F vs. 4.3% CAGR over FY20-24F but lower than 8% CAGR over FY22-24F ▶

The main difference of growth over FY24-26F vs. FY22-24F is in our estimate for coal cargo (6.1% volume CAGR over FY24-26F vs. 16.3% over FY22-24F). We expect FY24-26F CAGR of private ports to outpace MPs by 234bp vs. 111bp outperformance by private ports (vs. MPs) over FY20-24F.

Figure 24: Break-up of our estimates for port volume by commodity

(mt)	FY20	FY21	FY22	FY23	FY24F	CAGR %			CAGR % FY24-26F
						FY20-24F	FY20-22	FY22-24F	
POL	391	353	378	391	415	1.5	(1.8)	4.9	3.0
Coal	267	238	248	310	336	5.9	(3.6)	16.3	6.2
Container	259	260	289	302	330	6.3	5.7	6.9	7.0
Iron Ore	64	80	62	62	78	5.4	(0.9)	12.1	(2.8)
Fertiliser and others	168	169	188	196	199	4.3	5.7	2.9	5.0
Total	1,149	1,099	1,165	1,261	1,359	4.3	0.7	8.0	4.7

SOURCE: INCRED RESEARCH, COMPANY REPORTS, INDIA PORTS ASSOCIATION

Figure 25: Expected cargo growth at MPs and private ports

(mt)	FY20	FY21	FY22	FY23	FY24F	CAGR %			CAGR % FY24-26F
						FY20-24F	FY20-22	FY22-24F	
Major Ports	704	673	720	784	819	3.8	1.1	6.6	3.8
Main Private ports	444	427	445	477	539	5.0	0.0	10.1	6.1
Total	1,149	1,099	1,165	1,261	1,359	4.3	0.7	8.0	4.7

SOURCE: INCRED RESEARCH, COMPANY REPORTS, INDIA PORTS ASSOCIATION

India

HOLD (no change)

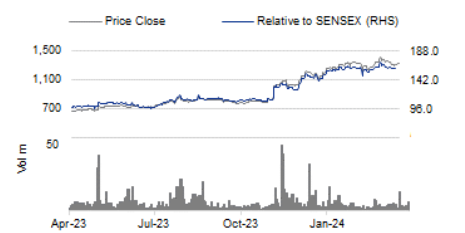
Consensus ratings*: Buy 19 Hold 2 Sell 0

Current price:	Rs1,321
Target price: ▲	Rs1,329
Previous target:	Rs1,218
Up/downside:	0.6%
InCred Research / Consensus:	-8.4%
Reuters:	APSE.NS
Bloomberg:	ADSEZ IN
Market cap:	US\$34,230m
	Rs2,853,760m
Average daily turnover:	US\$79.0m
	Rs6588.2m
Current shares o/s:	2,031.8m
Free float:	6,413.0%

*Source: Bloomberg

Key changes in this note

- Raise FY24F/ 25F/ 26F EBITDA by 7%/ 5%/ 3%, respectively.

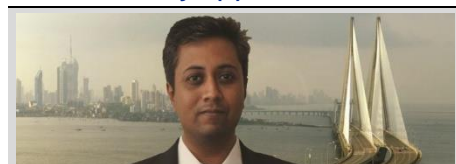


Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	3.1	16.2	99.7
Relative (%)	1.9	11.0	61.7

Major shareholders	% held
Promoter and Promoter Group	6,513.0
Life Insurance Corporation of India	9.1
Camas Investments Pvt. Ltd.	1.2

Research Analyst(s)



Rajarshi MAITRA

T (91) 22 4161 1546

E rajarshi.maitra@incredresearch.com

Shivam AGARWAL

T (91) 22 4161 1500

E shivam.agarwal@incredresearch.com

Adani Ports & Special Economic Zone Ltd

8% volume CAGR likely over FY24-26F

- Our growth estimate may seem at odds with the growth over FY20-24F (17.2% CAGR). However, organic volume growth (FY20-24F) was just at 7.8% CAGR.
- We maintain HOLD rating on the stock with a higher target price of Rs1,329.

FY20-24F commodity-wise performance (ex-Haifa, MPs and Karaikal)

Total cargo grew at 6.1% CAGR vs. 3.6% CAGR at major ports or MPs. Growth over FY20-22 was muted (0.4% CAGR), similar to MPs. Growth picked up in FY22-24F (12.2% CAGR) higher than at MPs (6.2% CAGR). Coal cargo grew at 4.5% CAGR vs. 6.3% CAGR at MPs. The decline over FY20-22 (-9.1% CAGR) vs. -0.4% CAGR at MPs was followed by growth in FY22-24F (20% CAGR) vs. 13.5% CAGR at MPs. The decline in FY20-22 was due to lower cargo at Tata Power/ Adani Power plants at Mundra (28mt in FY20 to 10mt in FY22). Container cargo grew at 8.3% CAGR vs. 5.3% CAGR at MPs. Over FY20-22, cargo for both APSEZ and MPs grew at 6.7% CAGR. Over FY22-24F, cargo for APSEZ rose at 9.9% CAGR while that for MPs rose at 4% CAGR.

We expect APSEZ's cargo to grow at 8.1% CAGR (FY24-26F)

Our growth estimate for APSEZ may seem at odds with the strong growth over FY20-24F (17.2% CAGR) or over FY22-24F (22.2% CAGR). However, we note that excluding acquisitions over FY21-24F (Krishnapatnam, Gangavaram, Karaikal and Haifa), the volume CAGR was 11.5% over FY22-24F. Over FY20-24F, the growth was even lower (7.8% CAGR). **Coal (37% of APSEZ 9MFY24 cargo):** We estimate 12-13% CAGR (39mt) over FY24-26F from 155mt in FY24F, ahead of our estimated growth for the sector (6.2% CAGR) partly driven by further ramp-up of Adani Power and Tata Power plants (19mt in FY24F to 28mt in FY26F). **Container (38% of APSEZ 9MFY24 cargo):** We estimate 10% CAGR, above our estimate for the sector at 7% CAGR. **Mundra port (44% of FY24F APSEZ cargo):** Over FY24-26F, we expect 8.8% CAGR, above 7.4% CAGR (FY20-24F), due to ramp-up at Tata Power and Adani Power plants at Mundra. **Dhamra, Krishnapatnam and Gangavaram (32% of FY24F APSEZ cargo):** We factor in 8-9% volume CAGR (FY24-26F). 65% of the cargo at these ports comprises coal. Our estimated slowdown in coal cargo for the ports sector from 16.3% CAGR (FY22-24F) to 6.2% CAGR (FY24-26F) could negatively impact growth.

Maintain HOLD rating with a higher target price of Rs1,329

We raise our EBITDA estimate for FY24F by 7% due to the strong performance in 9MFY24. We raise our EBITDA estimates for FY25F/26F by 5%/3%, respectively. We factor in an EBITDA CAGR of 14% over FY24-26F. APSEZ is trading at 16.2x EV/EBITDA FY25F vs. six-year average one-year forward EV/EBITDA of 14x. Thus, we believe that the near-term upside is limited. Our target price implies an EV/EBITDA of 14.2x FY26F. Downside risk: Geopolitical tensions impacting volume. Upside risk: Higher growth vs. our estimate.

Financial Summary

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue (Rsm)	151,390	208,519	271,680	310,913	354,445
Operating EBITDA (Rsm)	95,640	128,335	166,799	188,905	214,852
Net Profit (Rsm)	47,281	53,103	90,479	112,371	138,754
Core EPS (Rs)	26.5	38.1	41.9	52.0	64.2
Core EPS Growth	18.8%	43.8%	9.9%	24.2%	23.5%
FD Core P/E (x)	49.85	34.67	31.54	25.40	20.57
DPS (Rs)	5.0	5.0	2.0	3.3	5.1
Dividend Yield	0.46%	0.46%	0.19%	0.30%	0.47%
EV/EBITDA (x)	32.39	25.80	19.46	16.59	13.95
P/FCFE (x)	85.35	(27.85)	43.84	39.24	28.39
Net Gearing	92.2%	101.4%	70.6%	41.7%	17.4%
P/BV (x)	7.30	6.26	5.28	4.43	3.71
ROE	15.9%	19.4%	18.2%	19.0%	19.6%
% Change In Core EPS Estimates			(4.12%)	(8.09%)	(11.58%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

8% volume CAGR likely in FY24-26F

Figure 26: Volume at major ports or MPs and Adani Ports

	FY20	FY21	FY22	FY23	FY24F	CAGR %		
						FY20-24F	FY20-22	FY22-24F
Major Ports	704	673	720	777	812	3.6	1.1	6.2
POL	237	207	222	235	244	0.7	(3.3)	4.8
Coal	149	132	148	186	191	6.3	(0.4)	13.5
Container	147	144	167	169	181	5.3	6.7	4.0
Others	171	190	183	187	197	3.6	3.5	3.7
Adani Ports ex Haifa, MPs and Karaikal	292	286	294	316	370	6.1	0.4	12.2
POL	29	32	36	35	41	8.5	10.1	6.9
Coal	113	101	93	113	135	4.5	(9.1)	20.0
Container	99	106	113	120	137	8.3	6.7	9.9
Others	50	47	52	48	58	3.8	1.9	5.8

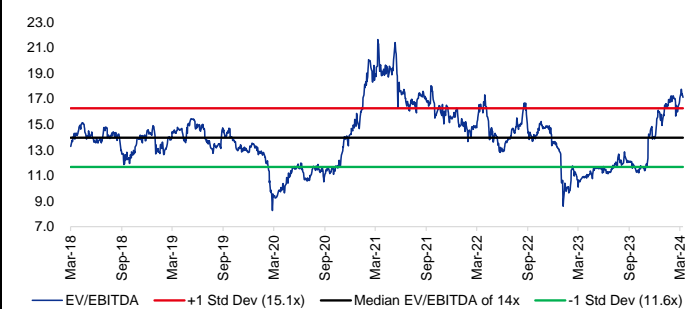
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 27: Detailed volume break-up of APSEZ over FY20-24F

	Volumes (MT)							CAGR %			
	FY20	FY21	FY22	FY23	FY24F	FY25F	FY26F	FY20-24F	FY20-22	FY22-24F	FY24-26F
Total	223	247	282	337	421	460	493	17.2	12.5	22.2	8.1
Total ex-KPCL, GPL, Karaikal & Haifa	223	227	242	256	301	330	352	7.8	4.2	11.5	8.1
Mundra	139	144	150	155	185	206	219	7.4	3.9	11.1	8.8
Container	70	83	95	100	111	120	128	12.2	16.4	8.3	7.2
LNG & LPG	1	3	3	3	7	7	7	77.8	107.0	52.8	-
Adani Power	17	14	6	6	11	17	17	(10.1)	(40.3)	35.3	23.8
Tata Power	11	10	4	5	8	11	11	(7.8)	(37.1)	35.4	17.5
Crude Oil	22	21	23	23	26	27	28	5.0	3.4	6.6	3.5
Others	19	14	18	19	21	24	28	3.7	(0.3)	7.8	14.2
Katupalli	11	9	7	11	11	12	12	1.4	(17.5)	24.7	3.0
Dhamra	30	32	33	31	40	43	47	7.7	6.1	9.4	8.0
Hazira	22	22	25	25	27	28	30	5.5	7.2	3.8	6.0
Dahej	6	6	8	11	12	13	14	16.5	12.5	20.7	8.0
Krishnapatnam	-	20	40	48	58	63	69	na	na	20.1	9.0
Gangavaram	-	-	-	32	37	40	43	na	na	na	8.0
Others	15	14	18	21	26	28	30	13.9	9.4	18.6	8.0
Karaikal	-	-	-	-	13	14	15	na	na	na	8.0
Haifa	-	-	-	-	13	13	14	na	na	na	5.0

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 28: Last six years' median EV/EBITDA at 14x



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 29: Our revised earnings estimates

(Rs m)	FY24F		FY25F		FY26F	
	Old	New	Old	New	Old	New
Sales	2,55,525	2,71,680	2,98,445	3,10,913	3,45,813	3,54,445
% change		6		4		2
EBITDA	1,55,765	1,66,799	1,80,375	1,88,905	2,08,844	2,14,852
% change		7		5		3
PAT	94,371	90,479	1,22,260	1,12,371	1,56,932	1,38,754
% change		(4)		(8)		(12)

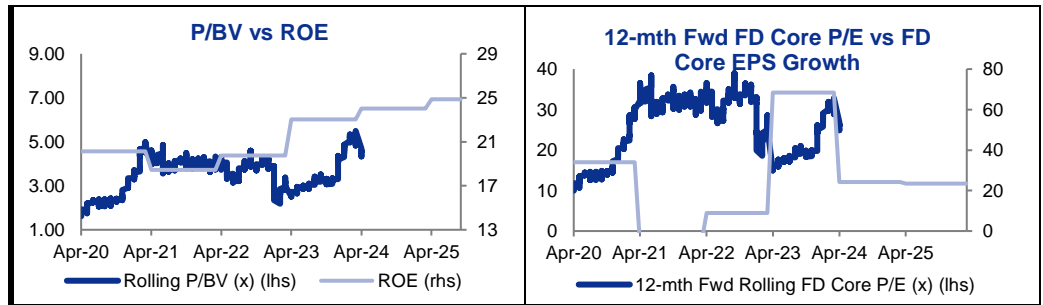
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 30: Sum-of-the-parts or SOTP-based valuation

	(Rs/ share)	(Rs bn)	Basis
EV APSEZ's stake			
Mundra Port	376	795	DCF @ WACC of 11% implying EV/E of 12.8x FY26F
SEZ	14	29	DCF @ WACC of 11%
Dahej	28	59	@ 14x EV/E FY26F
Hazira	96	203	@ 14x EV/E FY26F
Dhamra	109	231	@ 14x EV/E FY26F
Katupalli	15	31	@ 13x EV/EBITDA FY26F; implied 1.1x acquisition EV
Adani Logistics	87	183	@ 20x EV/EBITDA FY26F; implied 2.8x EV/Assets FY23
Marine Business	230	485	@ 14x EV/E FY26F
Krishnapatnam	181	383	@ EV/E of 14x FY26F; implied 2.8x acquisition EV
Vizhinjam	20	41	@ Capex
Gangavaram	91	193	@ 14x EV/EBITDA FY26F; implied 3.2x acquisition EV
Sarguja	28	60	@ acquisition price; implying EV/E of 10.8x FY26F
Karaikal	37	77	@ 14x EV/EBITDA FY26F
Other assets	110	232	@ Capex
NPV of NWC change	1	1	
Total EV	1,422	3,004	
Less: Net debt less other investments	(93)	(196)	
Target Price	1,329	2,807	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Net Revenues	151,390	208,519	271,680	310,913	354,445
Gross Profit	111,174	151,974	206,653	236,132	268,447
Operating EBITDA	95,640	128,335	166,799	188,905	214,852
Depreciation And Amortisation	(27,396)	(34,232)	(38,391)	(39,931)	(41,251)
Operating EBIT	68,244	94,103	128,407	148,973	173,601
Financial Income/(Expense)	(4,015)	(10,401)	(12,832)	(5,686)	3,082
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	64,229	83,701	115,575	143,287	176,683
Exceptional Items	(8,817)	(28,809)			
Pre-tax Profit	55,412	54,892	115,575	143,287	176,683
Taxation	(7,459)	(964)	(24,271)	(30,090)	(37,104)
Exceptional Income - post-tax					
Profit After Tax	47,952	53,928	91,304	113,197	139,580
Minority Interests	(672)	(826)	(826)	(826)	(826)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	47,281	53,103	90,479	112,371	138,754
Recurring Net Profit	54,911	81,406	90,479	112,371	138,754
Fully Diluted Recurring Net Profit	54,911	81,406	90,479	112,371	138,754

Cash Flow

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
EBITDA	95,640	128,335	166,799	188,905	214,852
Cash Flow from Invt. & Assoc.					
Change In Working Capital	7,520	12,049	13,388	(399)	(323)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(8,817)	(28,809)			
Other Operating Cashflow					
Net Interest (Paid)/Received	(4,015)	(10,401)	(12,832)	(5,686)	3,082
Tax Paid	(7,513)	(12,661)	(12,253)	(30,090)	(37,104)
Cashflow From Operations	82,815	88,513	155,102	152,729	180,509
Capex	(130,882)	(230,622)	(40,000)	(30,000)	(30,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(37,250)	(16,254)			
Cash Flow From Investing	(168,132)	(246,876)	(40,000)	(30,000)	(30,000)
Debt Raised/(repaid)	117,387	57,034	(50,000)	(50,000)	(50,000)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(12,394)	(12,885)	(18,527)	(8,571)	(13,426)
Preferred Dividends					
Other Financing Cashflow	38,236	51,781	(6,972)	(165)	34
Cash Flow From Financing	143,230	95,930	(75,499)	(58,736)	(63,392)
Total Cash Generated	57,914	(62,433)	39,602	63,993	87,117
Free Cashflow To Equity	32,071	(101,329)	65,102	72,729	100,509
Free Cashflow To Firm	(59,754)	(132,427)	144,707	149,335	174,115

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Cash And Equivalents	104,921	42,488	82,090	146,083	233,199
Total Debtors	24,697	32,417	43,469	49,746	56,711
Inventories	3,812	4,520	5,434	6,218	7,089
Total Other Current Assets	108,415	125,835	141,914	156,829	173,258
Total Current Assets	241,845	205,259	272,906	358,876	470,258
Fixed Assets	575,146	761,080	762,688	752,757	741,505
Total Investments	59,611	75,865	75,865	75,865	75,865
Intangible Assets	59,179	69,634	69,634	69,634	69,634
Total Other Non-Current Assets					
Total Non-current Assets	693,936	906,579	908,188	898,256	887,005
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	49,351	73,374	149,424	171,002	194,944
Other Current Liabilities	7,537	9,422			
Total Current Liabilities	56,888	82,796	149,424	171,002	194,944
Total Long-term Debt	461,397	518,431	468,431	418,431	368,431
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	5,732	6,331	5,831	5,331	4,831
Total Non-current Liabilities	467,129	524,762	474,262	423,762	373,262
Total Provisions	25,335	35,059	9,865	9,865	9,865
Total Liabilities	549,353	642,617	633,550	604,629	578,071
Shareholders Equity	382,500	455,836	540,964	644,764	770,092
Minority Interests	3,928	13,385	6,579	7,740	9,099
Total Equity	386,428	469,221	547,544	652,504	779,191

Key Ratios

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue Growth	20.6%	37.7%	30.3%	14.4%	14.0%
Operating EBITDA Growth	19.8%	34.2%	30.0%	13.3%	13.7%
Operating EBITDA Margin	63.2%	61.5%	61.4%	60.8%	60.6%
Net Cash Per Share (Rs)	(168.76)	(220.33)	(178.85)	(126.08)	(62.60)
BVPS (Rs)	181.08	211.02	250.43	298.48	356.50
Gross Interest Cover	2.67	3.63	4.34	5.60	7.35
Effective Tax Rate	13.5%	1.8%	21.0%	21.0%	21.0%
Net Dividend Payout Ratio	16.2%	12.7%	3.7%	4.8%	6.1%
Accounts Receivables Days	65.04	49.99	50.98	54.72	54.81
Inventory Days	62.31	26.89	27.93	28.44	28.24
Accounts Payables Days	450.97	396.10	625.29	781.99	776.59
ROIC (%)	11.0%	13.2%	14.1%	17.1%	20.1%
ROCE (%)	11.8%	11.8%	14.4%	16.1%	17.9%
Return On Average Assets	8.1%	9.2%	11.2%	12.2%	13.3%

Key Drivers


	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Mundra Port volume growth (% chg)	4.1	3.3	19.5	11.3	6.4
Adani Ports volume growth (% chg)	14.3	19.2	25.2	9.2	7.1

SOURCE: INCRED RESEARCH, COMPANY REPORTS

India

REDUCE (no change)

Consensus ratings*: Buy 4 Hold 1 Sell 2

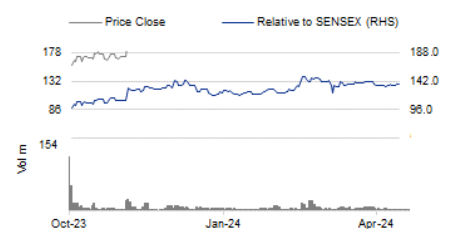
Current price: Rs242
 Target price:  Rs145
 Previous target: Rs145
 Up/downside: -40.1%
 InCred Research / Consensus: -42.2%

Reuters:
 Bloomberg: JSWINFRA IN
 Market cap: US\$6,096m
 Rs508,200m
 Average daily turnover: US\$16.8m
 Rs1397.6m
 Current shares o/s: 2,100.0m
 Free float: 14.4%

*Source: Bloomberg

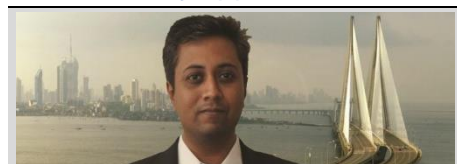
Key changes in this note

- Raise FY24F EBITDA by 3%.
- Raise FY25F/26F EBITDA by 1% each.



Price performance	1M	3M	12M
Absolute (%)	1.2	17.4	0.0
Relative (%)	0.1	12.2	0.0

Major shareholders	% held
Promoter and Promoter group	85.6
SBI Funds Management Ltd	1.3
HDFC Asset Management Co Ltd	0.4

Research Analyst(s)**Rajarshi MAITRA**

T (91) 22 4161 1546

E rajarshi.maitra@incredresearch.com

Shivam AGARWAL

T (91) 22 4161 1500

E shivam.agarwal@incredresearch.com

JSW Infrastructure Ltd**FY23-26F growth at odds with rich valuation**

- We expect a 7.6% volume CAGR (FY24-26F) vs. a 34% CAGR over FY21-24F. We expect ~4% tariff CAGR (FY24-26F).
- Maintain REDUCE rating on the stock with a target price of Rs145.

Jaigarh, South West ports & Paradip coal jetty are near-term drivers

JSW Infrastructure (JSWI) has nine assets in India of 160mt capacity (Dec 2023) & 63% capacity utilization (9MFY24). Jaigarh, South West (SW) ports & Paradip coal jetty are near-term drivers (58% of 1QFY24 revenue). We expect muted growth at (a) the Paradip iron ore & Ennore coal terminals (18% of 1QFY24 sales) as capacity utilization stands at 108%, and (b) at Dharamtar port (14% of 1QFY24 sales) in the absence of capacity ramp-up at JSW Steel's Dolvi plant.

We expect 7.6% volume CAGR (FY24-26F), lower than in FY21-24

Over FY21-24F, cargo traffic grew by 139% (a 58mt rise) driven by (a) a 125% growth (28mt rise) at Jaigarh and Dharamtar ports due to doubling JSW Steel's Dolvi capacity, and (b) ramp-up of new assets (Paradip coal jetty by 15mt & Ennore coal terminal by 6mt). We expect muted growth (over FY24-26F) because (a) while JSW Steel plans to add 8.8mt capacity by FY25F, we expect only a 5.6% CAGR in anchor cargo volume for JSWI (FY24-26F) and (b) newer ports have more than seven quarters' track record and so supernormal growth is unlikely.

Maintain REDUCE rating with a target price of Rs145

JSWI has 13% of Adani Ports' (APSEZ) EBITDA, its RoCE is higher, and the remaining life of its assets is similar. We raise our FY24F EBITDA by 3% and FY25F/26F EBITDA by 1% each. We expect its EBITDA to rise by 14% CAGR (FY24-26F), similar to APSEZ. JSWI trades at 22.3x FY25F EV/EBITDA, at a 30% premium to APSEZ. We value JSWI at 12x FY26F EV/EBITDA, at a 15% discount to APSEZ's six-year median (14x). We believe the discount is warranted as 45% of JSWI's 1QFY24 sales came from a single client. On a relative basis, we prefer APSEZ at its current valuation. The key upside risk for JSWI is a sharper volume growth than our estimate.

Financial Summary

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue (Rsm)	22,731	31,947	36,922	40,542	46,137
Operating EBITDA (Rsm)	11,094	16,202	19,384	21,487	24,684
Net Profit (Rsm)	3,279	7,398	11,905	11,913	14,406
Core EPS (Rs)	2.1	5.5	5.3	5.7	6.9
Core EPS Growth	40.1%	168.6%	(4.0%)	6.5%	20.9%
FD Core P/E (x)	137.04	60.75	42.69	42.66	35.28
DPS (Rs)	0.0	0.0	0.0	2.8	3.4
Dividend Yield	0.00%	0.00%	0.00%	1.31%	1.59%
EV/EBITDA (x)	44.03	29.42	26.98	24.35	21.17
P/FCFE (x)	57.51	38.92	(14.51)	77.40	58.19
Net Gearing	106.6%	64.4%	17.4%	16.5%	14.7%
P/BV (x)	13.73	11.25	6.36	5.97	5.56
ROE	12.4%	28.4%	18.7%	14.4%	16.3%
% Change In Core EPS Estimates			3.99%	1.87%	0.97%
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

FY23-26F growth at odds with rich valuation

Jaigarh, South West ports & Paradip coal terminal are near-term growth drivers ➤

Figure 31: Port details – Jaigarh, South West (SW) ports & Paradip coal jetties are near-term drivers (58% of 1QFY24 revenue); we expect muted growth at (a) Paradip iron ore & Ennore coal terminals (18% of 1QFY24 sales) as capacity utilization is 108%, and (b) at Dharamtar (14% of 1QFY24 sales)

	Capacity (mt)	State	Balance life (yrs)	Volume 9MFY24 mt	1QFY24 Tariff Rs/t	NMP/MP	Draft (m)	Revenue share %	Tariff	Capacity Util. % 9MFY24	% of overall Capacity	% of overall 1QFY24 Revenue	% of overall 9MFY24 Volume
West	108			46.5	384					57	68	70	62
Jaigarh	55.0	Maharashtra	34	16.7	581	NMP	17.5	~6-7	Commercial	40	34	39	22
Dharamtar	34.0	Maharashtra	20	19.0	188	NMP	5	~10	Commercial	75	21	14	25
SW port	8.5	Goa	5	5.3	440	at MP	14	18	WPI linked	83	5	9	7
New Mangalore coal	6.7	Karnataka	23	3.6	397	at MP #	14	31	Fixed & WPI linked	72	4	5	5
New Mangalore container	4.2	Karnataka	26	1.9	401	at MP	14	Rs951/TEU	WPI linked	60	3	3	3
East	52			28.5	296					74	32	30	38
Paradip Iron ore - exports	10	Odisha	21	9.0	361	at MP	16	21	Fixed & WPI linked	120	6	9	12
Ennore Coal	10	Tamil Nadu	14	6.8	359	at MP #	16	53	Fixed	94	6	9	9
Ennore Bulk	2	Tamil Nadu	21	1.1	224	at MP #	15	36	Fixed	73	1	1	1
Paradip coal exports	30	Odisha	23	11.6	229	at MP	15	32	Fixed & WPI linked	52	19	10	15
Total	160		25	75.0	353					63	100	100	100

acquired in 2020 from Chettinad grp for Rs10bn, implying Rs600m/mt of capacity

SOURCE: INCRED RESEARCH, COMPANY REPORTS.

Jaigarh: 85% of FY23 cargo (20.2mt) is to anchor clients (JSW Steel: 13.8mt, JSW Energy: 3.4mt): Anchor clients are JSW Steel (10mt Dolvi steel plant) and JSW Energy (1.2GW Ratnagiri coal power). Cargo for JSW Dolvi steel plant is taken by mini bulk carriers from Jaigarh to Dharamtar. We believe that Ratnagiri power plant needs 3-4mtpa of coal. Cargo grew by 95% (FY20-23), driven by doubling of JSW Steel's Dolvi capacity (10mtpa). 9MFY24 cargo grew by 14% yoy.

Dharamtar (95% of FY23 cargo of 24mt is to anchor clients) is a riverine port with 5 metres draft. Key client is JSW Steel (10mt Dolvi steel plant). Almost the entire cargo is evacuated via a conveyor. Cargo grew 87% (FY20-23), driven by doubling of JSW Steel's Dolvi capacity to 10mtpa. 9MFY24 cargo grew by 10 yoy.

We await clarity on capacity addition at JSW Dolvi steel plant before building in a rise in anchor cargo at Jaigarh and Dharamtar ports. This is a key driver – the 10mt Dolvi steel plant contributed 36.6mt cargo for JSWI in FY23.

Paradip coal exports / coastal caters to thermal coal from Mahanadi Coalfields. Its cargo is insulated from the risk of reduction in thermal coal imports and stands to benefit if imported coal is replaced by domestic coal using the coastal route.

SW port primarily caters to coking-coal imports. The capacity is being raised from 8.5mtpa to 12.5mtpa. It has a remaining concession period of around six years. The port can handle Handymax and Panamax vessels up to 100,000DWT.

Over FY24-26F, we expect 7.6% volume CAGR ➤

JSW Steel's 9MFY24 India output was 19mt (90% utilization; up 10% yoy). JSW Steel's 9MFY24 consolidated output was at 19.6mt vs. FY24F guidance of 26.3mt. JSW Steel plans to raise its capacity by 31% (8.8mt) by FY25F, of which 7mt capacity addition is at Vijayanagar. **We expect 5mt incremental cargo for JSWI in FY26F from JSW Steel's capex over FY24F-25F.**

- Iron ore required for Vijayanagar steel plant is sourced from the mines nearby. Coking coal for Vijayanagar steel plant is sourced via Krishnapatnam (Adani Ports) and JSWI Ennore coal terminal (94% capacity utilization in 9MFY24).
- Assuming a 90% capacity utilization of the incremental 7mt steel capacity in FY26F, we estimate incremental coking-coal requirement of 5mt in FY26F.

JSWI intends to source it via SW Port. We believe the increased capacity of SW port (12.5mtpa) would suffice to handle the incremental cargo.

Figure 32: Port-wise cargo (ex-standalone volume)

Volume mt	FY21	FY22	FY23	FY21-23			yoy growth %			FY24F	FY25F	FY26F	FY24-26F CAGR %	
				CAGR %	1QFY24	2QFY24	3QFY24	1QFY24	2QFY24					3QFY24
West	30.0	42.0	58.0	39	16.1	14.1	16.3	7	22	7	63.4	66.8	75.6	9.3
Jaigarh	9.2	14.0	20.2	48	5.9	5.1	5.7	4	34	10	23.1	26.0	29.4	12.8
Dharamtar	12.9	17.2	24.0	37	6.6	6.1	6.3	14	33	(7)	26.7	26.7	26.7	-
SW port	6.8	6.9	7.1	2	1.8	1.6	1.9	-	(11)	19	7.1	7.1	11.9	29.1
New Mangalore coal	1.0	3.8	4.5	109	1.2	0.6	1.8	-	(25)	50	3.8	3.9	4.1	4.5
New Mangalore container	-	-	2.2	na	0.6	0.7	0.6	20	17	20	2.7	3.1	3.5	15.0
East	12.0	17.0	32.1	64	8.8	9.0	10.7	14	36	35	37.0	38.7	40.5	4.7
Paradip Iron ore exports	8.4	7.5	9.5	6	2.2	2.9	3.9	(19)	123	86	10.7	10.7	10.7	-
Ennore Coal	3.1	8.0	8.7	66	2.3	2.2	2.3	(8)	16	5	9.5	9.5	9.5	-
Ennore Bulk	0.4	1.2	1.9	120	0.4	0.3	0.4	(20)	(50)	-	1.4	1.6	1.7	10.0
Paradip coal exports	-	0.3	12.0	na	3.9	3.6	4.1	95	29	28	15.4	16.9	18.6	10.0
Total	42.0	58.9	90.1	47	24.9	23.1	27.0	10	27	16	100.3	105.5	116.1	7.6

SOURCE: INCRED RESEARCH, COMPANY REPORTS.

JSW Energy's coal power capacity is planned to rise by just 700MW (Ind Barath, Jharsuguda, Odisha) from 3.2GW now. This would require ~3mtpa of coal. We believe that no port will be used for the same as the power plant is located away from the coast and is close to domestic coal mines.

JSWI's newer port assets have a track record of more than seven quarters. Thus, the company is unlikely to report supernormal growth going ahead.

Figure 33: Cargo breakdown into anchor cargo and third-party cargo (ex-standalone volume)

Volume (mt)	FY21	FY22	FY23	FY21-23		1QFY24 yoy		2QFY24 yoy		3QFY24 yoy		FY24F	FY25F	FY26F	FY24-26F CAGR %
				CAGR %	1QFY24	growth %	2QFY24	growth %	3QFY24	growth %					
	42.0	58.9	90.1	47	24.9	10	23.1	27	27.0	16	100.3	105.5	116.1	7.6	
Anchor	34.3	46.2	61.9	34	16.1	(2)	15.1	25	17.2	4	64.0	65.2	71.3	5.6	
3rd party	7.7	12.8	28.3	91	8.8	40	8.0	31	9.8	48	36.4	40.2	44.8	11.0	
Anchor as % of total	82	78	69		65		65		64		64	62	61		

SOURCE: INCRED RESEARCH, COMPANY REPORTS.

Maintain our REDUCE rating and target price of Rs145 ➤

JSWI has ~25% of APSEZ capacity/ volume but 13% of its EBITDA. Its RoCE and RoE are higher than that of APSEZ. Blended remaining life is similar. We expect JSWI's EBITDA to rise at a 14% CAGR (FY24-26F), similar to Adani Ports.

Figure 34: Target price

	Rs bn	Rs/ share	Rationale
EBITDA FY26F	25		
Target EV	291	139	@12x EV/EBITDA FY26F
Less Net Debt FY25F	(14)	(7)	
Target Equity value	305	145	
Add: Recent acquisitions and CWIP FY25F	28	13	Valued at book value

SOURCE: INCRED RESEARCH, COMPANY REPORTS

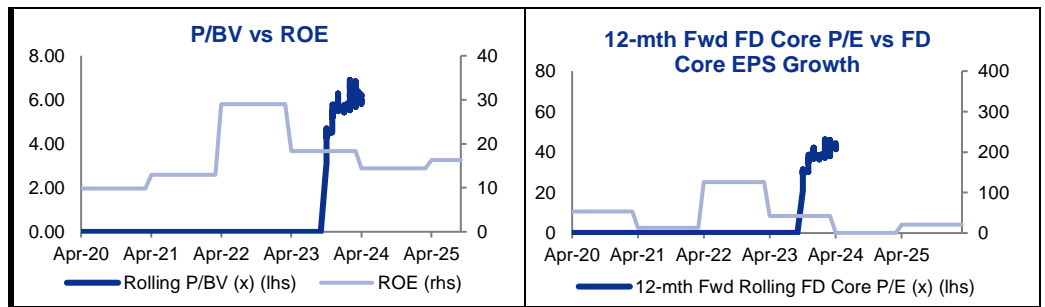
Figure 35: Our revised earnings estimates

	FY24F		FY25F		FY26F	
	Old	New	Old	New	Old	New
Sales	35,875	36,922	40,012	40,542	45,807	46,137
% Change		3		1		1
EBITDA	18,834	19,384	21,207	21,487	24,507	24,684
% Change		3		1		1
PAT	11,476	11,044	11,694	11,969	14,268	14,462
% Change		(4)		2		1

SOURCE: INCRED RESEARCH, COMPANY REPORTS

We raise our FY24F EBITDA by 3% and FY25F/26F EBITDA by 1% each. JSWI trades at 22.3 FY25F EV/EBITDA, which is at a 30% premium to Adani Ports' valuation. We value JSWI at 12x EV/EBITDA - 15% discount to Adani Ports' six-year median (14.1x). We believe the discount is warranted as 45% of JSWI's 1QFY24 sales was from a single client (JSW Steel). Key upside risk to our thesis is a sharper volume growth for JSWI.

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Net Revenues	22,731	31,947	36,922	40,542	46,137
Gross Profit	14,149	19,882	23,261	25,947	29,989
Operating EBITDA	11,094	16,202	19,384	21,487	24,684
Depreciation And Amortisation	(3,695)	(3,912)	(4,266)	(5,493)	(5,493)
Operating EBIT	7,399	12,290	15,118	15,995	19,191
Financial Income/(Expense)	(3,480)	(2,819)	(2,400)	(1,900)	(1,900)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,057	1,781	1,700	1,250	1,250
Profit Before Tax (pre-EI)	4,976	11,252	14,418	15,345	18,541
Exceptional Items	(716)	(3,142)	917		
Pre-tax Profit	4,260	8,110	15,335	15,345	18,541
Taxation	(955)	(615)	(3,374)	(3,376)	(4,079)
Exceptional Income - post-tax					
Profit After Tax	3,304	7,495	11,961	11,969	14,462
Minority Interests	(25)	(97)	(56)	(56)	(56)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	3,279	7,398	11,905	11,913	14,406
Recurring Net Profit	3,835	10,302	11,190	11,913	14,406
Fully Diluted Recurring Net Profit	3,835	10,302	11,190	11,913	14,406

Cash Flow

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
EBITDA	11,094	16,202	19,384	21,487	24,684
Cash Flow from Invt. & Assoc.					
Change In Working Capital	164	951	(2,241)	(595)	(920)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(716)	(3,142)	917		
Other Operating Cashflow					
Net Interest (Paid)/Received	(2,423)	(1,038)	(700)	(650)	(650)
Tax Paid	(955)	(615)	(3,374)	(3,376)	(4,079)
Cashflow From Operations	7,163	12,359	13,987	16,866	19,034
Capex	(4,730)	(738)	(29,495)	(10,300)	(10,300)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(83)	1,653	3		
Cash Flow From Investing	(4,812)	915	(29,492)	(10,300)	(10,300)
Debt Raised/(repaid)	5,464	(1,726)	(17,489)		
Proceeds From Issue Of Shares			28,000		
Shares Repurchased					
Dividends Paid				(6,671)	(8,067)
Preferred Dividends					
Other Financing Cashflow	(81)	(2,569)	(216)	(56)	(56)
Cash Flow From Financing	5,383	(4,295)	10,294	(6,727)	(8,123)
Total Cash Generated	7,734	8,979	(5,211)	(161)	611
Free Cashflow To Equity	7,815	11,548	(32,994)	6,566	8,734
Free Cashflow To Firm	5,831	16,093	(13,105)	8,466	10,634

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Cash And Equivalents	10,382	19,361	14,151	13,990	14,601
Total Debtors	6,013	4,024	5,169	5,676	6,459
Inventories	854	1,022	1,022	1,022	1,022
Total Other Current Assets	8,590	6,363	7,722	8,479	9,649
Total Current Assets	25,840	30,770	28,063	29,166	31,731
Fixed Assets	39,413	38,901	65,340	71,347	77,355
Total Investments	2,830	25			
Intangible Assets	22,723	21,304	20,095	18,895	17,695
Total Other Non-Current Assets					
Total Non-current Assets	64,966	60,231	85,434	90,242	95,049
Short-term Debt	3,140	1,483			
Current Portion of Long-Term Debt					
Total Creditors	2,748	3,016	6,820	7,489	8,522
Other Current Liabilities	6,817	3,462			
Total Current Liabilities	12,705	7,960	6,820	7,489	8,522
Total Long-term Debt	40,947	40,954	25,000	25,000	25,000
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	3,315	3,239	3,187	3,187	3,187
Total Non-current Liabilities	44,262	44,194	28,187	28,187	28,187
Total Provisions	(880)	(2,042)	(2,143)	(2,143)	(2,143)
Total Liabilities	56,087	50,112	32,864	33,533	34,566
Shareholders Equity	32,721	39,946	79,851	85,093	91,432
Minority Interests	1,998	942	782	782	782
Total Equity	34,719	40,889	80,633	85,875	92,214

Key Ratios

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue Growth	41.7%	40.5%	15.6%	9.8%	13.8%
Operating EBITDA Growth	35.9%	46.0%	19.6%	10.8%	14.9%
Operating EBITDA Margin	48.8%	50.7%	52.5%	53.0%	53.5%
Net Cash Per Share (Rs)	(19.93)	(14.17)	(6.68)	(6.76)	(6.47)
BVPS (Rs)	17.62	21.51	38.02	40.52	43.54
Gross Interest Cover	2.13	4.36	6.30	8.42	10.10
Effective Tax Rate	22.4%	7.6%	22.0%	22.0%	22.0%
Net Dividend Payout Ratio					
Accounts Receivables Days	86.96	57.34	45.44	48.82	48.00
Inventory Days	39.25	28.37	27.30	25.55	23.09
Accounts Payables Days	104.19	87.18	131.40	178.92	180.95
ROIC (%)	11.1%	18.1%	23.2%	17.3%	19.6%
ROCE (%)	9.7%	14.8%	15.8%	14.6%	16.7%
Return On Average Assets	8.8%	14.8%	13.1%	11.9%	13.3%

Key Drivers

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Volume growth (%)	40.5%	52.9%	11.3%	5.1%	10.1%
Anchor volume growth (%)	34.8%	34.0%	3.4%	2.0%	9.3%
Non-Anchor volume growth (%)	65.6%	121.3%	28.7%	10.6%	11.4%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

India

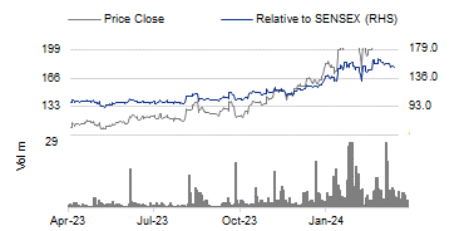
REDUCE (no change)

Consensus ratings*:	Buy 4	Hold 3	Sell 5
Current price:	Rs203		
Target price:	Rs156		
Previous target:	Rs156		
Up/downside:	-23.2%		
InCred Research / Consensus:	-8.2%		
Reuters:	GPPL.NS		
Bloomberg:	GPPV IN		
Market cap:	US\$1,179m	Rs98,259m	
Average daily turnover:	US\$12.8m	Rs1068.1m	
Current shares o/s:	483.4m		
Free float:	56.0%		

*Source: Bloomberg

Key changes in this note

- Reduce our FY25F/26F EBITDA estimates by 3% each.

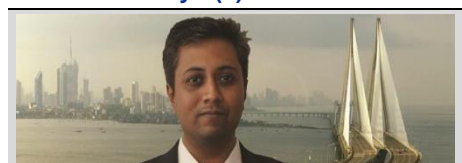


Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	2.7	27.6	85.5
Relative (%)	1.6	21.9	50.3

Major shareholders	% held
APM Terminals Mauritius Limited	44.0
ICICI Prudential	7.9
HDFC Trustee Company Ltd.	7.4

Research Analyst(s)



Rajarshi MAITRA
T (91) 22 4161 1546
E rajarshi.maitra@incredresearch.com
Shivam AGARWAL
T (91) 22 4161 1500
E shivam.agarwal@incredresearch.com

Gujarat Pipavav Port Ltd

Risk-reward ratio is not favourable

- GPPV's current advantage vs. JNPT (connectivity to the Dedicated Freight Corridor or DFC and lower capacity utilization) likely to fizzle out in FY26F.
- Factoring in an extension of the concession at ~25% revenue share would raise our target price (Rs156) to Rs172, still 15% below the CMP.
- We believe the risk-reward ratio is not favourable. We maintain our target price of Rs156 as well as the REDUCE rating.

GPPV's advantage against JNPT likely to fizzle out in FY26F

We believe that during FY23-24F Gujarat Pipavav Port or GPPV has the advantage of connectivity to the DFC while its main competitor JNPT did not register strong growth in EXIM container traffic. This is reflected in the 18% volume growth of GPPV's Inland Container Depot (ICD) volume over FY22-24F. However, JNPT is likely to be connected to the DFC at the beginning of FY26F. Further, JNPT is enhancing its capacity by ~30% by Apr 2025F. Thus, we expect ~7-8% volume growth per annum for GPPV post FY25F.

Container cargo is less sticky to a port than bulk cargo

Cargo on a bulk carrier belongs to a single client (hence, single location). In the case of container ships, the cargo belongs to multiple users and is destined for multiple locations. Thus, while bulk cargo is sticky to a particular port (minimizing logistics costs), container cargo is less sticky and, within a broad region, container shipping liners may switch ports.

Await clarity on extension of concession (expires in 2029)

A 20-year extension at a 25% revenue share (vs. 3% now) can add Rs17 to our target price (TP) while an extension at current revenue share (3%) can add Rs96 to our TP. In our TP, we factor in a 70% probability of concession extension with a 25% revenue share, in line with recent port agreements, and a 30% probability of depreciated replacement value.

Maintain our REDUCE rating and target price of Rs156

We marginally reduced our EBITDA estimates for FY25F/26F by 3% each. Over FY24F-26F, we factor in volume/ EBITDA CAGR of 10%/ 18%, respectively. GPPV trades at 12.5x FY25F EV/EBITDA, despite the expiry of the current concession period in 2029. Factoring in an extension of concession at ~25% revenue share would raise our target price to Rs172, which is still 15% below the CMP. Thus, we believe that the risk-reward ratio is not favourable. Upside risk: Renewal of the concession at a low revenue share.

Financial Summary

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue (Rsm)	7,435	9,170	9,753	11,603	12,877
Operating EBITDA (Rsm)	4,184	5,061	5,593	6,881	7,724
Net Profit (Rsm)	1,932	2,918	3,663	4,686	5,399
Core EPS (Rs)	4.1	6.7	7.6	9.7	11.2
Core EPS Growth	(10.2%)	61.3%	13.6%	27.9%	15.2%
FD Core P/E (x)	50.85	33.67	26.83	20.97	18.20
DPS (Rs)	4.0	6.1	7.0	5.9	6.7
Dividend Yield	2.37%	3.62%	4.12%	3.50%	3.99%
EV/EBITDA (x)	21.24	17.48	15.58	12.34	10.69
P/FCFE (x)	34.98	34.51	18.27	17.28	11.61
Net Gearing	(42.1%)	(43.1%)	(50.4%)	(57.9%)	(64.3%)
P/BV (x)	4.83	4.73	4.82	4.54	4.25
ROE	9.8%	15.7%	17.8%	22.3%	24.1%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Risk-reward ratio is not favourable

Figure 36: Volume break-up of Gujarat Pipavav Port

	FY20	FY21	FY22	FY23	FY24F	FY25F	FY26F
Container (KTEU)	873	749	628	764	810	931	997
Growth yoy %	(3)	(14)	(16)	22	6	15	7
ICD Volume (KTEU)	518	430	432	460	513		
Growth yoy %	(1)	(17)	0	6	12		
Dry Bulk (MT)	2.4	3.1	4.2	4.0	2.8	3.0	3.2
Growth yoy %	15	32	34	(6)	(29)	7	7
Liquid Bulk (MT)	0.8	0.7	0.8	1.0	1.3	1.4	1.5
Growth yoy %	29	(16)	17	28	23	7	7
Total - derived (MT)	15.9	14.8	14.2	16.1	15.9	18.0	19.2
Growth yoy %	0	(7)	(4)	14	(1)	13	7
Capacity utilization %	61	56	54	62	61	69	73

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 37: Revenue share at terminals set up over the past decade at major ports

Port	Terminal operator	Revenue share %
JNPT	Port of Singapore Authority	35.7
JNPT	APM terminals	35.5
JNPT	DP World (new terminal)	28.1
Ennore	Adani Ports	37.0
Mormugao	Adani Ports	20.0
Kandla	Adani Ports	25.0
Vizag	Adani Ports	40.0

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 38: Sum-of-the-parts or SOTP-based target price valuation with sensitivity

(Rs/ sh)	Target Price	No extension	Extension 50% cash flows continue *	Extension 100% cash flows continue
Port EV	46	48	48	48
Depreciated Replacement value/ Extension	77	36	91	171
Net cash	26	27	27	27
PRCL stake	6	6	6	6
Total	156	117	172	252

* implies ~25% revenue share post renewal

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 39: Container volume in main ports on the country's west coast

(kTEU)	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
JNPT	1,474	1,507	1,478	1,483	1,491	1,599	1,526	1,587	1,645
yoy growth (%)	14	4	8	11	1	6	3	7	10
Mundra	1,671	1,605	1,646	1,636	1,607	1,711	1,718	1,855	1,906
yoy growth (%)	5	(9)	2	1	(4)	7	4	13	19
GPPV	157	163	187	187	191	199	199	216	204
yoy growth (%)	(21)	(16)	24	19	22	22	7	16	6
Total	3,302	3,275	3,311	3,306	3,289	3,509	3,443	3,659	3,754
yoy growth (%)	7	(4)	6	6	(0)	7	4	11	14

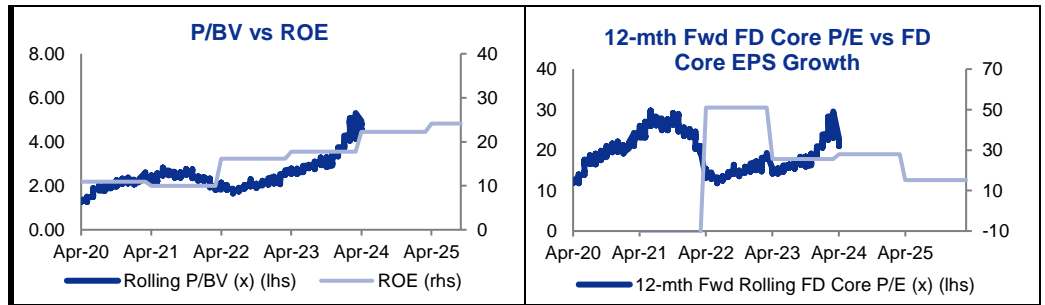
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 40: Our revised earnings estimates

(Rs m)	FY24F		FY25F		FY26F	
	Old	New	Old	New	Old	New
Sales	10,050	9,753	11,956	11,603	13,270	12,877
% change		(3)		(3)		(3)
EBITDA	5,793	5,593	7,123	6,881	7,996	7,724
% change		(3)		(3)		(3)
PAT	3,818	3,663	4,884	4,686	5,629	5,399
% change		(9)		(4)		(3)

SOURCE: INCRED RESEARCH, COMPANY REPORTS.

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Net Revenues	7,435	9,170	9,753	11,603	12,877
Gross Profit	6,204	7,522	8,117	9,792	10,927
Operating EBITDA	4,184	5,061	5,593	6,881	7,724
Depreciation And Amortisation	(1,293)	(1,162)	(1,207)	(1,237)	(1,267)
Operating EBIT	2,891	3,899	4,387	5,644	6,457
Financial Income/(Expense)	238	430	497	604	742
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	3,129	4,329	4,884	6,248	7,199
Exceptional Items	(104)	(410)			
Pre-tax Profit	3,025	3,919	4,884	6,248	7,199
Taxation	(1,093)	(1,001)	(1,221)	(1,562)	(1,800)
Exceptional Income - post-tax					
Profit After Tax	1,932	2,918	3,663	4,686	5,399
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	1,932	2,918	3,663	4,686	5,399
Recurring Net Profit	1,999	3,224	3,663	4,686	5,399
Fully Diluted Recurring Net Profit	1,999	3,224	3,663	4,686	5,399

Cash Flow

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
EBITDA	4,184	5,061	5,593	6,881	7,724
Cash Flow from Invt. & Assoc.					
Change In Working Capital	150	15	134	344	
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(104)	(410)			
Other Operating Cashflow					
Net Interest (Paid)/Received	238	430	497	604	742
Tax Paid	(994)	(1,083)	(997)	(1,391)	
Cashflow From Operations	3,474	4,014	5,227	6,437	8,466
Capex	(665)	(1,167)	152	(750)	
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow					
Cash Flow From Investing	(665)	(1,167)	152	(750)	
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(2,330)	(3,554)	(4,051)	(3,437)	
Preferred Dividends					
Other Financing Cashflow	825	(475)			
Cash Flow From Financing	(1,505)	(4,029)	(4,051)	(3,437)	
Total Cash Generated	1,304	(1,181)	1,328	2,250	8,466
Free Cashflow To Equity	2,809	2,847	5,379	5,687	8,466
Free Cashflow To Firm	2,857	2,927	5,459	5,767	8,546

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Cash And Equivalents	8,558	8,948	10,276	12,526	14,879
Total Debtors	520	856	732	871	966
Inventories	102	76	95	112	125
Total Other Current Assets	635	1,081	878	1,044	1,159
Total Current Assets	9,815	10,961	11,980	14,553	17,129
Fixed Assets	14,572	14,577	13,219	12,732	12,215
Total Investments	830	830	830	830	830
Intangible Assets					
Total Other Non-Current Assets					
Total Non-current Assets	15,402	15,407	14,049	13,562	13,045
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	2,919	3,691	3,515	4,182	4,641
Other Current Liabilities					
Total Current Liabilities	2,919	3,691	3,515	4,182	4,641
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities					
Total Provisions	1,974	1,894	2,118	2,289	2,408
Total Liabilities	4,893	5,585	5,634	6,471	7,049
Shareholders Equity	20,324	20,783	20,395	21,644	23,125
Minority Interests					
Total Equity	20,324	20,783	20,395	21,644	23,125

Key Ratios

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue Growth	1.4%	23.3%	6.4%	19.0%	11.0%
Operating EBITDA Growth	(3.2%)	21.0%	10.5%	23.0%	12.2%
Operating EBITDA Margin	56.3%	55.2%	57.4%	59.3%	60.0%
Net Cash Per Share (Rs)	17.70	18.51	21.26	25.91	30.78
BVPS (Rs)	42.04	42.99	42.19	44.77	47.83
Gross Interest Cover	60.66	48.74	54.84	70.55	80.71
Effective Tax Rate	36.1%	25.5%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	114.4%	106.8%	110.6%	73.3%	72.6%
Accounts Receivables Days	23.59	27.39	29.72	25.21	26.03
Inventory Days	30.65	19.69	19.02	20.86	22.21
Accounts Payables Days	825.42	732.08	804.03	775.60	825.95
ROIC (%)	21.1%	30.2%	34.0%	49.5%	61.0%
ROCE (%)	14.7%	20.0%	22.5%	28.1%	30.5%
Return On Average Assets	7.2%	11.2%	12.1%	15.1%	16.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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