

India

Neutral (no change)**Highlighted Companies****Adani Ports & Special Economic Zone Ltd****ADD, TP Rs823, Rs745 close**

Ex-acquisitions, we expect a 12% EBITDA CAGR over FY20-24F. Our target price implies a 11.6x FY25F EV/EBITDA (10% discount to five-year average).

Container Corp of India Ltd**ADD, TP Rs940, Rs670 close**

We expect a sharp volume growth for Concor over FY23-25F, driven by the shift of cargo from road to rail after the commissioning of the Dedicated Freight Corridor.

Gujarat Pipavav Port Ltd**ADD, TP Rs148, Rs111 close**

Going ahead, connectivity to the Dedicated Freight Corridor or DFC is likely to boost GPPV in FY24F-25F, while JNPT could be connected to the DFC in one-to-two years.

Summary Valuation Metrics

P/E (x)	Mar22A	Mar23A	Mar24-F
Adani Ports & Special Economic Zone Ltd	32.67	21.87	18.16
Container Corp of India Ltd	38.81	33.25	25.9
Gujarat Pipavav Port Ltd	27.73	16.46	13.38

P/BV (x)	Mar22A	Mar23A	Mar24-F
Adani Ports & Special Economic Zone Ltd	4.12	3.53	2.97
Container Corp of India Ltd	3.79	3.51	3.21
Gujarat Pipavav Port Ltd	2.64	2.56	2.45

Dividend Yield	Mar22A	Mar23A	Mar24-F
Adani Ports & Special Economic Zone Ltd	0.82%	0.57%	0.14%
Container Corp of India Ltd	1.34%	0.9%	1.16%
Gujarat Pipavav Port Ltd	4.35%	4.96%	5.65%

Transport Infra - Overall

Sector pulse: Railways & Ports – May 2023

- Rail cargo (tonne km or tkm) declined by 2.1% yoy but EXIM container cargo (TKM) rose by 7% yoy vs. the last four quarters' average yoy growth (5.7%).
- Major ports (MPs) + Adani Ports (APSEZ) cargo grew 8% yoy (vs. 5% yoy growth in 3QFY23) due to the rise in coal cargo.

Railways (May 2023): 2.1% yoy dip in overall cargo, 7% yoy growth in EXIM container cargo

- Rail cargo (tkm) declined by 2.1% yoy (vs. 5%/4% yoy growth in 4Q/3QFY23, respectively) and container cargo (tkm) rose by 6% yoy (vs. 7%/ 8% yoy growth in 4Q/ 3QFY23, respectively). The 2.1% yoy dip in rail cargo was on a high base as May 2022 cargo rose by 21% yoy.
- Due to the Covid-19 pandemic, passenger traffic in FY21/22 stood at 84%/60%, respectively, below FY20 (pre-Covid) levels. The sudden spare capacity on the rail network boosted rail cargo – FY22 rail cargo was 17% higher than in FY20. However, rail cargo in May 2023 was 34% higher than the 4QFY20 run rate, despite normalization in passenger trains.
- EXIM (export-import) container cargo grew 7% yoy (vs. 9%/6% yoy growth in 4Q/ 3QFY23, respectively).
- Container Corporation of India or Concor's 4QFY23 originating EXIM/ domestic cargo (TEU km) fell by 9%/ rose by 9% yoy, respectively. This was the third consecutive quarter of a sharply divergent EXIM volume growth rates of Concor & Indian Railways.

Ports (May 2023): Coal cargo drives growth; APSEZ cargo grew 19% yoy while major ports' volume grew 4% yoy

- Note: Major ports' data for Mar 2023 is not available. Hence, we have not presented the data for 4QFY23.
- May 2023 cargo at major ports (MPs) + Adani Ports or APSEZ (ex-Gangavaram) grew 8% yoy (vs. 5% yoy rise in 3QFY23). 3QFY23 cargo at MP+ APSEZ was driven by coal (26% of total cargo; up 22% yoy).
- May 2023 MP cargo grew 3.6% yoy (vs. 6% yoy rise in 3QFY23). At MPs, coal cargo grew 25% yoy as thermal coal rose by 14% yoy and coking coal rose by 59% yoy. This was in line with our thesis (link to the report: [Port sector report 11 Jun 2022](#)). Container cargo grew 7% yoy and petroleum, oil and lubricants cargo declined by 3% yoy. Among ports, JNPT grew 7% yoy (vs. 7% yoy in 3QFY23).
- APSEZ's May 2023 volume stood at 36mt (including Gangavaram). Its May 2023 volume rose by 19% yoy and was 34% higher than the run rate in 2HFY23 (26.9mt).

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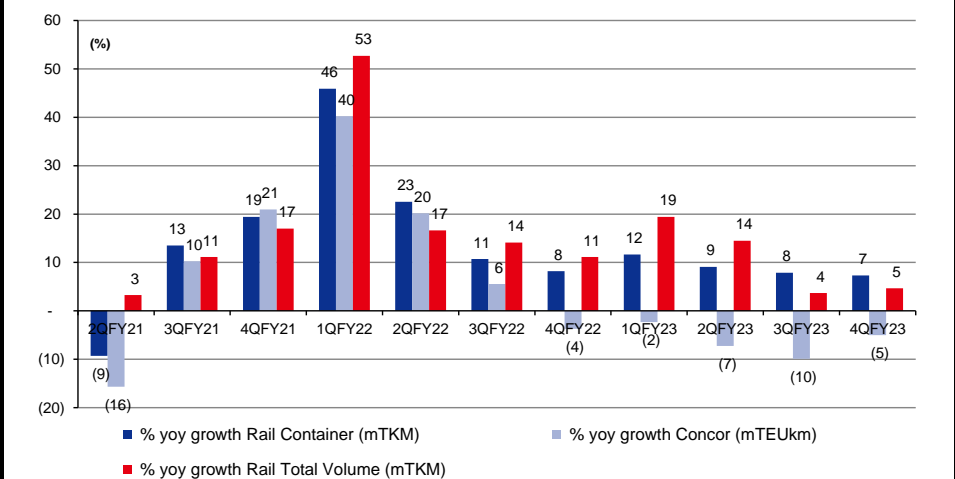
Sector pulse: Railways and Ports – May 2023

Figure 1: Railway cargo volume – May 2023

	4QFY23	qoq growth %	May 23	May 23 mom growth %
Total Rail Cargo (mt)	403	8.0	134	6.1
yoy growth %	3.8		1.9	
Total Rail Cargo (mtkm)	2,35,955	6.6	77,414	5.6
yoy growth %	4.7		(2.1)	
Rail Container (mt)	21	8.0	6.8	0.9
yoy growth %	6.1		4.7	
Rail Container - EXIM (mt)	16	8.1	5.2	(1.3)
yoy growth %	7.4		4.7	
Rail Container (mtkm)	18,407	8.4	5,843	3.7
yoy growth %	7.3		5.9	
Rail Container - EXIM (mtkm)	11,674	8.7	3,780	(1.0)
yoy growth %	8.9		7.0	
Concor (m TEU) originating	0.61	5.9		
YoY growth %	(6.1)			
Concor EXIM (m TEU) originating	0.5	4.2		
YoY growth %	(9.3)			

SOURCE: MINISTRY OF RAILWAYS, INCRED RESEARCH, COMPANY REPORTS

Figure 2: Comparison of Concor's volume performance vs. that of Indian Railways



SOURCE: MINISTRY OF RAILWAYS, INCRED RESEARCH, COMPANY REPORTS

Figure 3: Volume of major ports and Adani Ports – May 2023

	Volume (mt)		Growth %			
	3QFY23	May 23	3QFY23		May 23	
			(yoy)	(qoq)	(yoy)	(mom)
Major Ports	192	68	6	3	4	4
POL	58	20	(1)	2	(3)	0
Iron Ore	10	5	4	33	12	3
Fertilizer	5	2	14	11	54	34
Coal-Thermal	31	12	32	(10)	14	0
Coal-Coking	15	6	17	4	59	21
Container	42	15	(2)	2	7	4
Others	31	9	2	9	(23)	1
Adani Ports (ex-GPL)	69	33	2	(12)	19	13
Container	31		8	(1)		
Crude	8		(7)	-		
Coal	21		12	(30)		
Others	9		(25)	(3)		
Major Ports + Adani Ports	261	101	5	(2)	8	6
Container	73		2	1		
Crude	66		(1)	2		
Coal	67		22	(15)		
Others	55		(3)	11		

SOURCE: INDIAN PORTS ASSOCIATION, INCRED RESEARCH, COMPANY REPORTS

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