

India

Overweight (no change)

Highlighted Companies
Container Corp of India Ltd
ADD, TP Rs600, Rs446 close

We expect the commissioning of the dedicated freight corridor (DFC) between Jan 2021 and Jun 2022F to drive Concor's volume growth 105% over FY20-23F.

Gujarat Pipavav Port Ltd
ADD, TP Rs120, Rs93 close

Gujarat Pipavav Port (GPPV) was connected to the DFC in Jan 2021, but its main competitor JNPT is expected by Indian Railways to be connected to the DFC in Jun 2022, aiding strong volume growth for GPPV in FY22F, in our view.

Summary Valuation Metrics

P/E (x)	Mar21-F	Mar22-F	Mar23-F
Container Corp of India Ltd	44.1	19.5	11.9
Gujarat Pipavav Port Ltd	20.5	13.7	12.6

P/BV (x)	Mar21-F	Mar22-F	Mar23-F
Container Corp of India Ltd	2.6	2.4	2.2
Gujarat Pipavav Port Ltd	2.3	2.4	2.6

Dividend Yield	Mar21-F	Mar22-F	Mar23-F
Container Corp of India Ltd	0.0%	3.1%	5.1%
Gujarat Pipavav Port Ltd	6.9%	7.8%	8.9%

Transport Infra - Overall

3QFY21F results preview

- Logistics and Ports: In 3QFY21, we expect ~5% yoy EBITDA growth for Concor (our top pick) and 33% yoy EBITDA growth for Adani Ports (ADSEZ).
- Going forward, we expect the commissioning of the Dedicated Freight Corridor (DFC) to boost Concor's volume and benefit Gujarat Pipavav (GPPV).
- We expect a weak financial performance from aviation companies (IndiGo and SpiceJet) due to a 62% yoy decline in Indian aviation traffic in Oct 2020.

DFC commissioning in Jan 2021 to boost rail logistics

During 3QFY21/ Dec 20, rail container cargo (MTKM) grew 14%/ 20% yoy respectively, according to the Ministry of Railways. Concor reported 6% yoy growth in handled volumes in 3QFY21. We expect 5% yoy/ 10% qoq growth in Concor's EBITDA, in line with volume growth. We believe the DFC's commissioning in Jan 2021 should boost railway volumes and facilitate a shift from road haulage. Mundra/Pipavav were connected to the DFC in Jan 2021 and the Indian Railways expects Jawaharlal Nehru Port Trust (JNPT) to be connected by Jun 2022.

Ports: Strong volume growth witnessed in Dec 2020

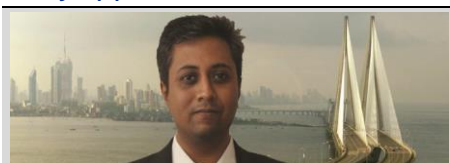
In 3QFY21/ Dec 2020, major ports and ADSEZ cargo (excluding Krishnapatnam port [KPCL]) together grew 6%/10% yoy. ADSEZ reported 39% yoy volume growth in 3QFY21. We expect ADSEZ's EBITDA (excluding SEZ income) to grow a tad lower than volumes yoy in 3QFY21F. We believe the strong EBITDA performance of ADSEZ is factored into the current market price to a large extent. ADSEZ's (excluding KPCL) volume growth was 21% yoy. We expect GPPV's sales to grow 15% qoq, driven by 9% qoq volume growth and 5% tariff hike in Oct 2020. GPPV and Mundra were connected to the DFC in Jan 2021, while their main competitor JNPT could be connected in Jun 2022F. We believe this should aid strong volume growth for GPPV in FY22F. Of the three main ports on the west coast (JNPT, Mundra and GPPV), GPPV has the highest proportion of cargo using rail evacuation (~50%) vs. 13% at JNPT and ~30% at Mundra.

Aviation: Weak financial performance likely in 3QFY21F

We expect aviation companies to perform weakly in 3QFY21 as in Oct 2020 (a) International air travel from / to India declined 85% yoy, and (b) domestic air travel declined 57% yoy. We expect IndiGo's revenue to decline 46% yoy in 3QFY21 due to (a) 35% yoy decline in available seat kilometre (ASK), (b) 70% passenger load factor (PLF) vs. 87% yoy, and (c) 3% yoy rise in tariff. We expect a 46% yoy decline in revenue for SpiceJet in 3QFY21 due to (a) a 49% yoy decline in ASK, (b) 75% PLF vs. 90% yoy, and (c) flat tariff yoy. A 26% yoy decline in fuel cost should partially cushion the impact of a sales decline.

Stock picks and key risks

Our top pick is Concor due to the likely boost to its volumes post the commissioning of the DFC. We are positive on GPPV as it is likely to benefit from connectivity to the DFC and is trading at reasonable valuations. A sharp economic downturn is the key risk, as it could negatively impact volumes for ports, logistics and aviation companies.

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Figure 1: 3QFY21 estimates for companies under our coverage

(Rs m)	Revenue	yoy %	qoq %	EBITDA	yoy %	qoq %	Adj. PAT	yoy %	qoq %
Adani Ports	38,381	32	32	24,646	33	33	12,940	14	18
Gujarat Pipavav	2,099	7	15	1,227	5	19	702	(42)	34
Concor	16,250	6	8	3,427	5	10	2,088	40	11
VRL Logistics	5,069	(9)	15	963	21	11	358	39	16
IndiGo	53,097	(47)	94	9,106	(49)	na	(5,368)	na	na
SpiceJet	19,403	(47)	84	3,247	(32)	805	(432)	na	na

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

3QFY21F results preview

Figure 2: 3QFY21 estimates for companies under our coverage

Company	3QFY21F	3QFY20	yoy %	2QFY21	qoq %	Comments
Adani Ports (Consolidated)						
Sales (Rs m)	38,381	29,020	32.3	29,025	32.2	We expect EBITDA ex SEZ to grow a tad lower than volumes on a yoy basis. Volume growth excluding Krishnapatnam port (acquired in Oct 20) was 21% yoy (highest in the last 7 quarters)
SEZ Income (Rs m)	500	497		210		
EBITDA (Rs m)	24,646	18,529	33.0	18,506	33.2	
EBITDA excluding SEZ (Rs m)	24,146	18,032	33.9	18,296	32.0	
EBITDA margin %	64.2	63.8		63.8		
Cargo volume (Mn Tonne)	77	55	39.1	56	36.0	
Adj. PAT (Rs m)	12,940	11,328	14.2	10,953	18.1	
Concor (Standalone)						
Sales (Rs m)	16,250	15,276	6.4	15,027	8.1	We expect 5% yoy/ 10% qoq growth in EBITDA in line with volume growth
EBITDA (Rs m)	3,427	3,267	4.9	3,130	9.5	
EBITDA margin %	21.1	21.4		21.4		
Volume handled (KTEU)	966	910	6.1	886	9.1	
Adj. PAT (Rs m)	2,088	1,494	39.8	1,876	11.3	
Gujarat Pipavav (Standalone)						
Sales (Rs m)	2,099	1,966	6.8	1,827	14.9	We expect 15% qoq growth in sales driven by 9% qoq volume growth and 5% tariff hike in Oct 20
EBITDA (Rs m)	1,227	1,171	4.8	1,030	19.1	
EBITDA margin %	58.5	59.5		56.4		
Cargo volume (Mn Tonne)	3.8	4.3	(10.7)	3.5	9.4	
Adj. PAT (Rs m)	702	1,204	(41.7)	526	33.6	
VRL Logistics (Standalone)						
Sales (Rs m)	5,069	5,573	(9.0)	4,393	15.4	We estimate 20% yoy growth in EBITDA driven by 10% rise in tariff and 5 % yoy volume decline in goods transport business
EBITDA (Rs m)	963	797	20.9	869	10.8	
EBITDA margin %	19.0	14.3		19.8		
Adj. PAT (Rs m)	358	258	38.6	309	15.8	
IndiGo (Standalone)						
Sales (Rs m)	53,097	99,317	(46.5)	27,410	93.7	We expect 46% yoy decline in Revenue due to (a) 35% yoy decline in Available Seat kilometer, (b) 70% Passenger Load factor vs. 87% yoy and (c) 3% yoy rise in Tariff. 26% Lower fuel cost yoy should cushion the impact of Sales decline.
EBITDAR (Rs m)	18,989	35,623	(46.7)	6,091	211.8	
EBITDAR margin %	36	36		22		
EBITDA (Rs m)	9,106	17,949.0	(49.3)	(3,073.8)	na	
Adj. PAT (Rs m)	(5,368)	4,905	na	(11,948)	na	
SpiceJet (Standalone)						
Sales (Rs m)	19,403	36,471	(46.8)	10,550	83.9	We expect 46% yoy decline in Revenue due to (a) 49% yoy decline in Available Seat kilometer, (b) 75% Passenger Load factor vs. 90% yoy and (c) flat tariff yoy. 26% Lower fuel cost yoy and higher cargo revenue should cushion the impact of Sales decline.
EBITDAR (Rs m)	4,093	5,798	(29.4)	695	489.1	
EBITDAR margin %	21	16		7		
EBITDA (Rs m)	3,247	4,774	(32.0)	359	805.0	
Adj. PAT (Rs m)	(432)	732	na	(1,126)	na	

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2019, Anti-Corruption 2019

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BPCG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, n/a, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** – Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** – Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TNR** – Very Good, Certified, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TIPIP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI)

Recommendation Framework

Stock Ratings

Definition:

Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.