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INDIA | PORTS AND LOGISTICS | THEMATIC RESEARCH

JM FINANCIAL

Ports and Logistics

Cargo to cash: Unlocking value in ports logistics

Indian ports operationally at par with regional ports but with superior pricing

Deep dive on DFC highlights limited road to rail shift

We like ADSEZ and JSWINFRA; cautious on GPPV; CCRI strong contender for earnings misses

JM Financial Institutional Securities Limited

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Adani Ports and SEZ

[BUY, Target Price – INR 1,783]

Cash/EBITDA generation will outpace volume-led growth as ADSEZ increasingly transitions into an integrated logistics play. The extent of EBITDA growth appears underestimated. Further, a combination of moderating group leverage and near-absence of promoter pledges can drive further re-rating. We maintain BUY with a TP of INR 1,783.

JSW Infrastructure

[BUY, Target Price – INR 395]

JSWI is a play on growing India steel production sans the commodity price risk. It is supported by coastal coal and liquids as well. The strategy to leverage on the Group (JSW Steel) for base volume and then build on it with third party cargo, leading to a strong RoCE profile. JSWI is also focused on addressing Group logistics needs and transforming into an integrated logistics play. We maintain BUY with a TP of INR 395.

Container Corporation

[REDUCE, Target Price – INR 500]

CCRI is expected to be the key beneficiary of the modal shift from road to rail with full commissioning of the WDFC. However, we think WDFC-implied modal shifts are exaggerated as EXIM containers at JNPT are increasingly being transported along non-WDFC corridors (East and South aligned). Further, pricing aggression by well-funded peers is likely to weigh on near-term pricing, EXIM margin and market share. We downgrade to REDUCE on the stock with a TP of INR 500.

Gujarat Pipavav

[ADD, Target Price – INR 168]

Core container growth has been weak for nearly a decade, and there are no signs of recovery. However, we still expect EBITDA margin expansion and EPS accretion driven by high-margin liquid cargo. Liquid cargo growth is facilitated by Aegis Logistics' thrust into LPG, ammonia and chemicals. Valuation is reasonable but trigger can materialise only with developments on concession extension. We upgrade to Add with a target price of INR 168.

Ports and Logistics

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Ports are a play on India's economic growth without taking an inherent pricing risk. We deep-dive into the ports sector including benchmarking with regional peers, detailed forecast of cargo volume and sustainability initiatives. We also analyse the upcoming WDFC with a detailed container volume estimate and hinterland analysis for key ports. We are positive on JSWINFRA, and ADSEZ among ports while we are negative on CCRI. Separately, we like the liquid logistics space, especially Aegis Logistics and AVTL.

- **Port sector offers strong growth potential; we like ADSEZ, JSWINFRA but are cautious on GPPV:** Our analysis suggests a marked improvement in Indian port infrastructure vs. peers in terms of connectivity and operational efficiency. Our detailed estimation of port volumes by cargo types yields 5% volume CAGR over FY25-30 driven by strong growth in container traffic, coastal coal movement and LPG volumes. We like ADSEZ led by organic growth in both ports and logistics as well as turnaround of acquisitions. We like JSWINFRA as a play on rising Indian steel demand without commodity price risk as well as a play on coastal coal movement. We are cautious on GPPV despite reasonable valuations as uncertainty on royalty rates and concession extension outweighs the benefits of liquids-led EBITDA margin expansion.
- **WDFC benefits accrue to CCRI but benefits are over-stated:** Inefficient inland logistics, due to a low modal share of railways, is a key bottleneck in logistics efficiency. We think the WDFC can turnaround rail operations. Our unique WDFC model suggests 14% container volume CAGR over FY25-30. The benefits to ADSEZ and GPPV from WDFC linkages have been relatively muted despite existing double stack train operations. We find the consensus expectation of JNPT's rail modal share rising above 40% in a steady state (from 16% in FY25) to be too optimistic. Our analysis of JNPT hinterland shows that this will not exceed 24%. Even though it is a key beneficiary of the WDFC, we have a REDUCE rating on the stock due to market share losses to other CTOs and tariff risks offset by relatively weak valuations in the stock.
- **Aegis/AVTL benefit from strong growth in gas and liquid logistics:** Aegis Logistics and its listed subsidiary AVTL (Aegis Vopak Terminals Ltd) are key beneficiaries of rising LPG/propane demand without associated commodity pricing risk. With long-term capex pipeline expanded from USD 1.2bn to USD 5.0bn over FY24-30E for AVTL, we expect significant growth opportunities well beyond FY30E. In our view, growth opportunities are not only in LPG and liquids storage but also in sunrise areas like green ammonia, potentially ethane and large-scale industrial terminals. Despite aggressive growth, Aegis has a strong OCF generation track record, resulting in net cash balance sheet. Even its asset owning subsidiary AVTL is almost net cash despite INR 55bn of capex incurred so far. (Gateway to Liquids and Gas Logistics: Initiating on Aegis Logistics and AVTL)
- **Near-term tariff headwinds do not impact names oriented to domestic economy (JSWINFRA, Aegis/AVTL):** Investors are concerned over US tariffs on Indian exports and its impact on EXIM trade. This can potentially impact performance of ADSEZ, GPPV and CCRI in the near term. However, we do not expect any material impact on JSWINFRA as steel logistics is largely linked to coal imports from Australia/Indonesia. Aegis/AVTL is also less impacted as LPG/propane demand is a factor entirely of domestic consumption.
- **Valuations are generally compelling:** ADSEZ, GPPV and Aegis Logistics are trading at reasonable valuations currently, highlighting relatively modest downside risks. JSWINFRA EV/EBITDA appears elevated at FY27E but adjusted for the strong growth surge expected over FY28-30E (FY30E EBITDA at INR80bn-90bn) supported by a low debt balance sheet we believe the stock is fundamentally inexpensive (our TP implies13.5x EV/EBITDA at FY30E discounted back to Sep'26). AVTL appears relatively expensive at ~25x FY27E P/E but that misses the strong EBITDA uptick from growth capex as assets commissioned in its initial USD 1.2bn capex plan matures. Our estimates do not yet incorporate potential upside from higher capex plan of USD 5.0bn.

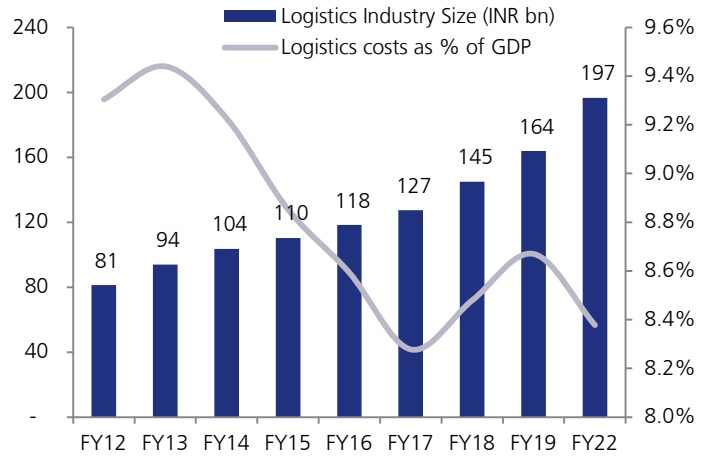
JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Story in charts: Key themes in the report

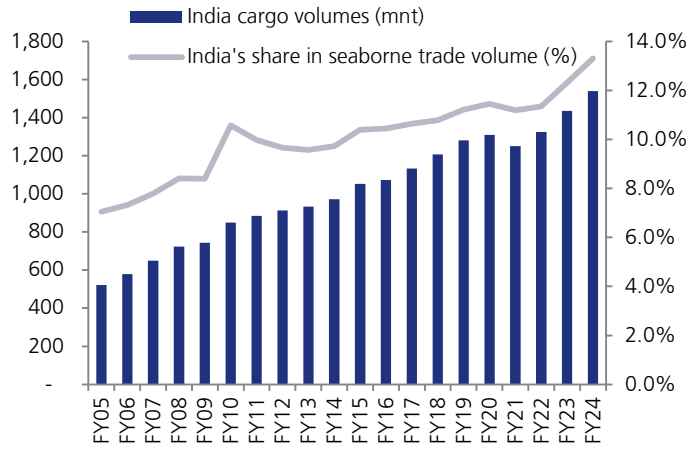
Indian seaborne trade witnessed strong growth over the last decade

Exhibit 1. Indian logistics industry grew at 9.2% CAGR in FY12-22; with rising efficiency, logistics cost as % of GDP has fallen



Source: Company, JM Financial

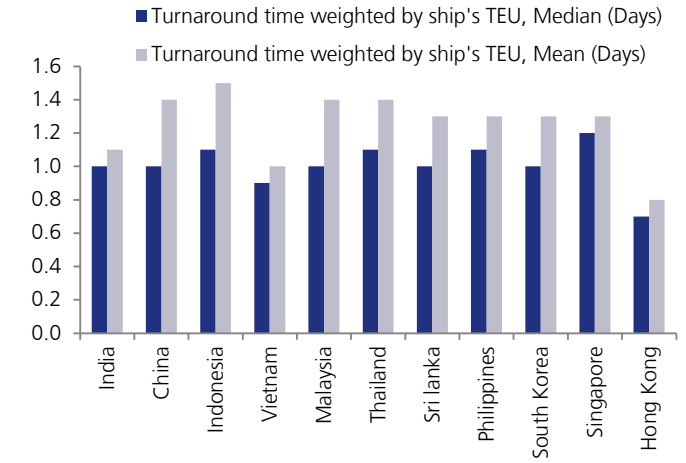
Exhibit 2. India's seaborne trade has grown, now accounts for 13% of global cargo vs. ~10% in FY14



Source: Company, JM Financial

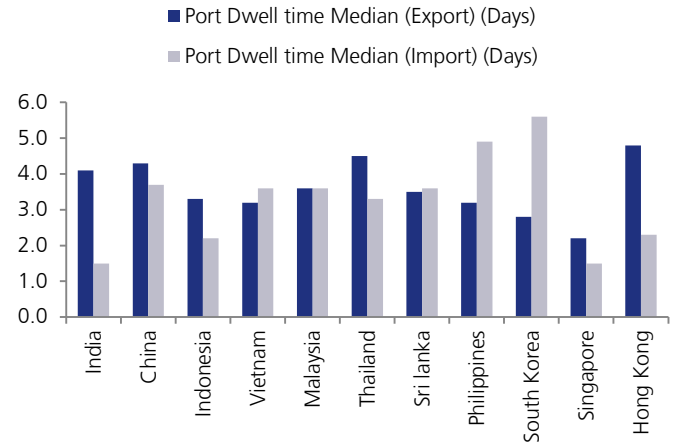
Efficiency of Indian ports is at par with its peers

Exhibit 3. Turnaround time is at par with that of peers (days)



Source: World Bank

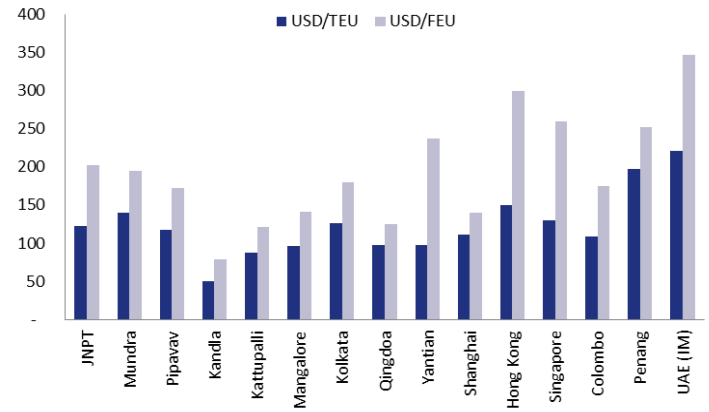
Exhibit 4. Port dwell time (days) better than at peer ports



Source: World Bank

Tariifs levied by Indian ports are higher than peers

Exhibit 5. Tariffs at Indian ports are generally higher



Source: World Bank

Exhibit 6. Transshipment charges are materially higher

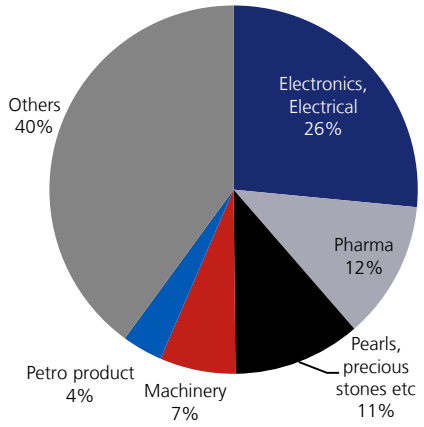
Port call costs	USD (per 24 hours stay)	Per USD/TE
JNPT, India	1,08,437	11.
Old JNPT, India	64,592	6.
Port Klang, Malaysia	12,043	1.
Jebel Ali, Dubai	16,158	1.
Singapore, Singapore	17,235	1.
Colombo, Sri Lanka	19,308	

Source: World Bank

Trade wars and tariffs: Limited impact on port cargo volume

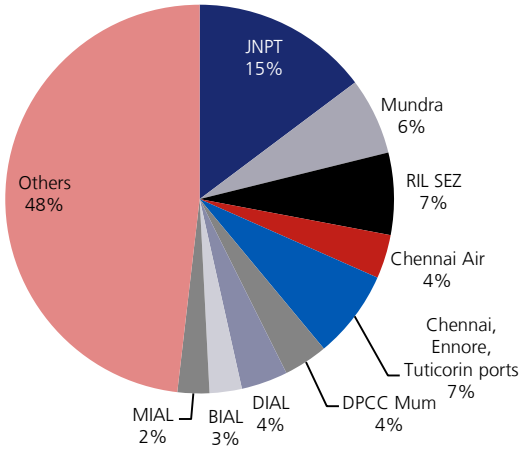
Exports to US impact air cargo more than ports cargo

Exhibit 7. Exports to US impact air cargo more than ports cargo: pharma and petroleum products likely to remain tariff-exempt



Source: Company, JM Financial

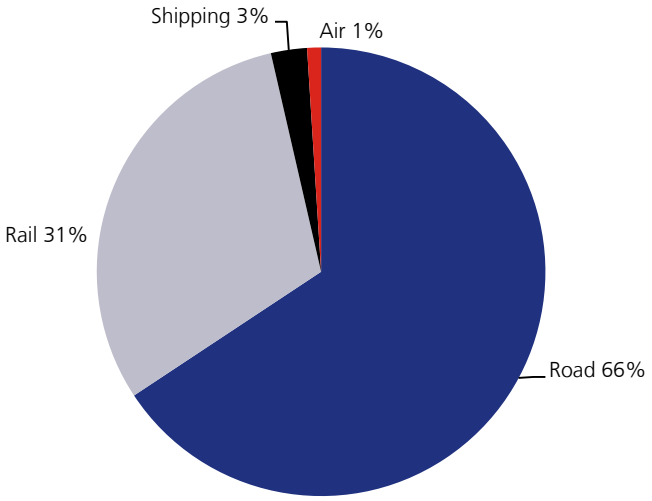
Exhibit 8. Exhibit 21. Exports share by ports sea and air in FY25 in USD bn



Source: Company, JM Financial

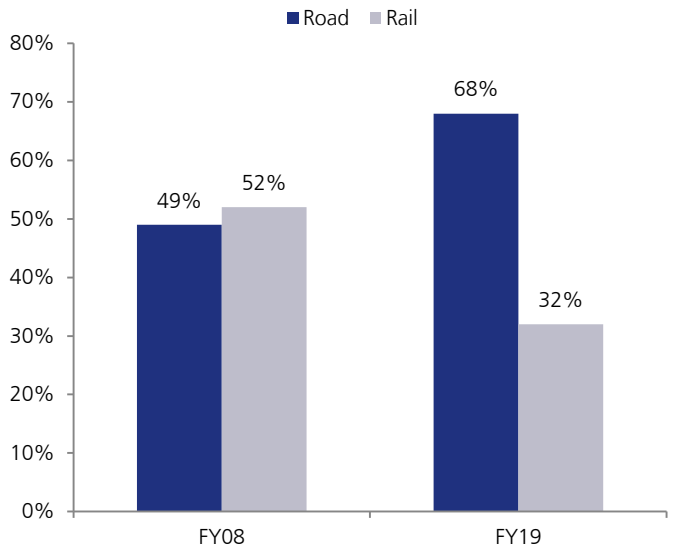
Inland infrastructure inefficient with roads still the dominant mode of inland transport

Exhibit 9. Road accounts for 66% of inland modal share



Source: National Rail plan 2030

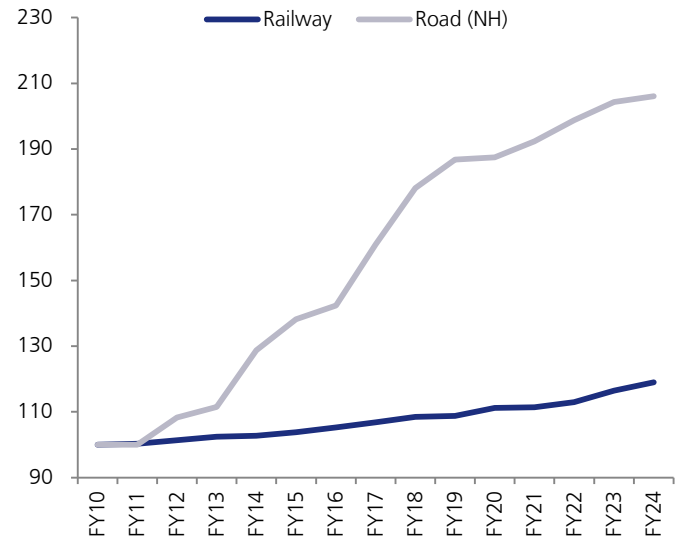
Exhibit 10. % share in long lead freight movement



Source: National Rail plan 2030

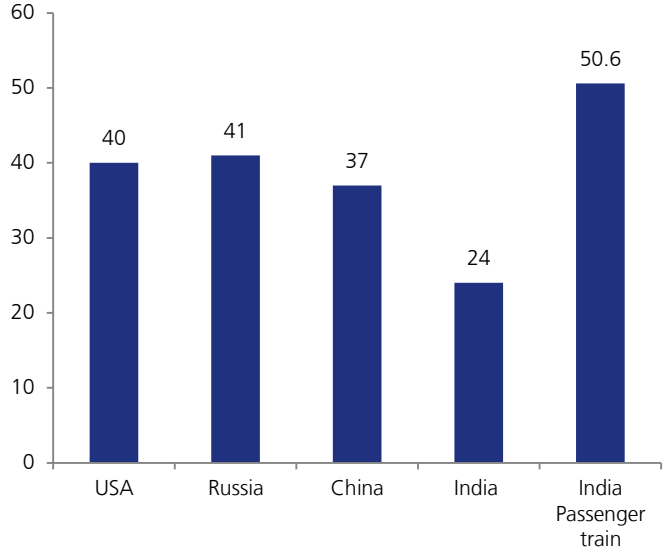
Lack of capex on railway network led to network congestion, leading to lower speed for freight trains

Exhibit 11. Rail network expansion has lagged roads



Source: National Rail Plan, Ministry of Road Transport and Highways

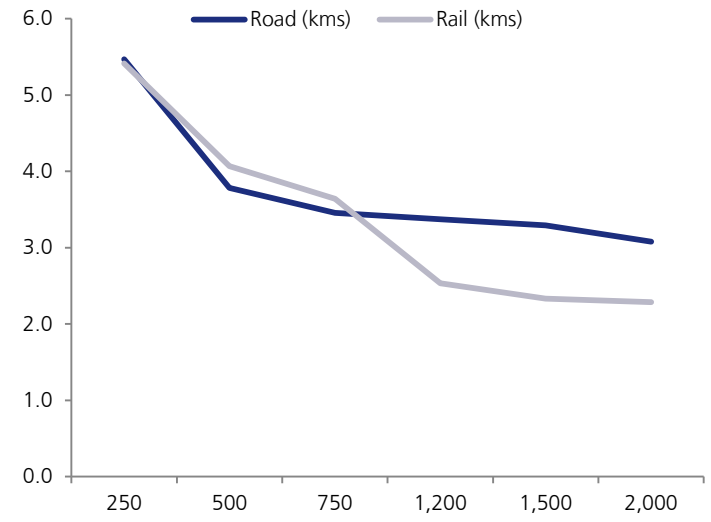
Exhibit 12. Average speed of freight trains lower vs peers



Source: National Rail Plan

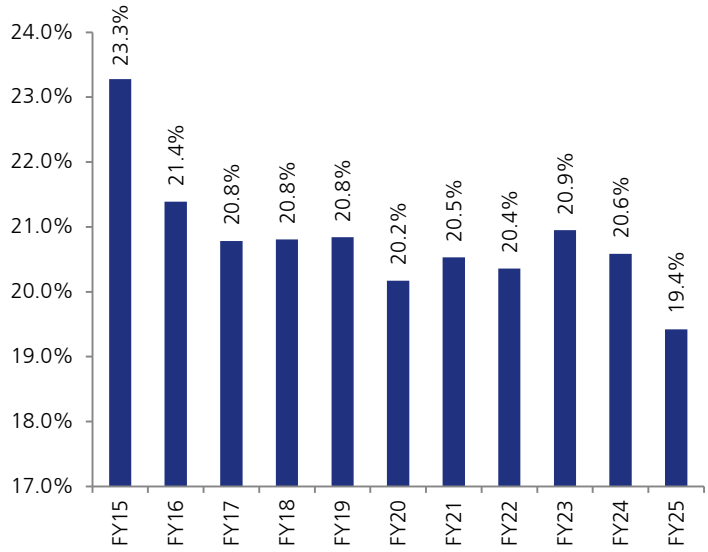
Railway is cheaper than roadways only for long distances; tariff uncertainty, FMLM challenges have kept railway share subdued

Exhibit 13. Railways is cheaper than roadways only for long distances



Source: Company, JM Financial. Note: Units are INR/NTKM for Y axis and km for axis.

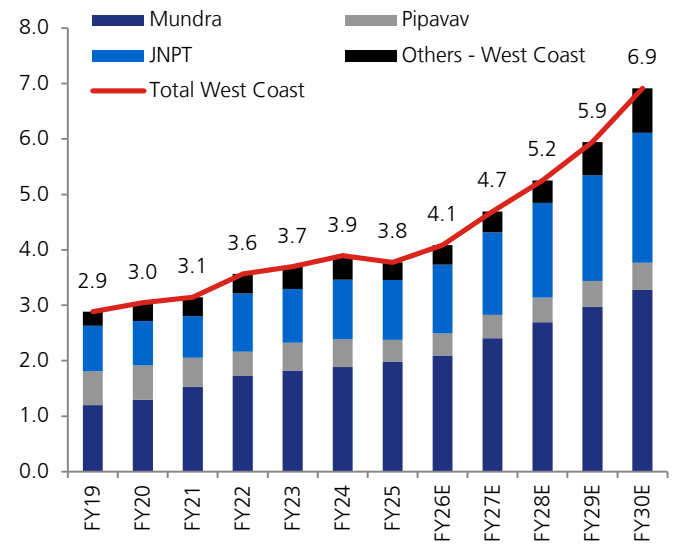
Exhibit 14. Railway share in port container volume



Source: Company, JM Financial

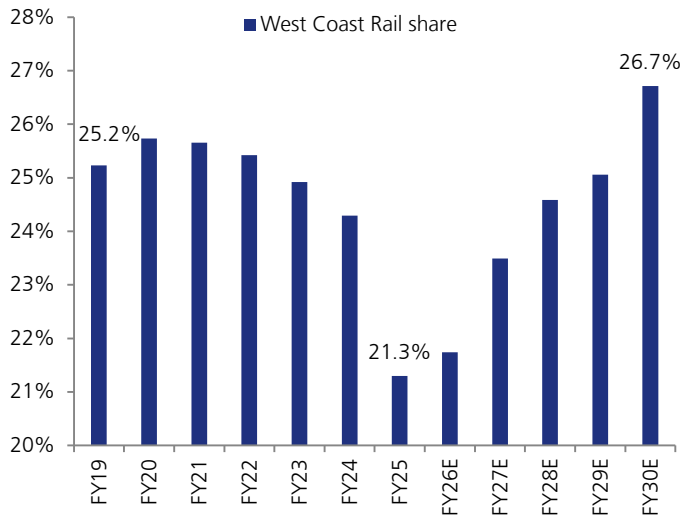
Deep-dive model of WDFC traffic suggests rail share to rise to ~27% by FY30

Exhibit 15. Port-wise rail evacuated container volume (mnTEUs)



Source: Company, JM Financial estimates

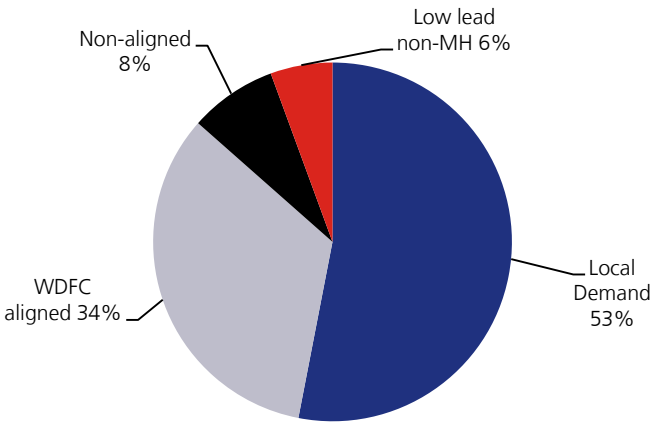
Exhibit 16. West coast rail container share to revive to pre-Covid levels with JNPT connection



Source: Company, JM Financial estimates

We don't expect rail coefficient at JNPT more than 25-30% due to hinterland issues

Exhibit 17. Hinterland distribution of JNPT's container volume



Source: Company, JM Financial

Exhibit 18. We estimate steady state rail coefficient of 24% post DFC

For JNPT	Pre-DFC	Post-DFC
Overall rail coefficient	16%	24%
Of which, WDFC share	77%	65%
WDFC share in JNPT volumes	12%	20%
Of JNPT's hinterland traffic flowing along the WDFC route (long lead)	33%	33%
Share of railways in traffic moving along the WDFC route	37%	60%

Source: Company, JM Financial

Executive summary

Operational efficiency of Indian ports at par with peers, constraints of weak inland logistics abating

Indian ports have one of the leading operational parameters in the region, along with favourable tariffs and profitability dynamics (See Exhibit 25 to Exhibit 31). However, despite having a world-class port infrastructure, Indian ports lag regional peers in terms of shipping liner connectivity due to a) policy inefficiencies; and b) weak inland logistics. The weakness of inland logistics, along with weakness in processes (e.g., customs) are preventing a full-fledged transition to manufacturing-led economic growth for India, in our view. (See Exhibit 75).

However, we expect the government's recent thrust on infrastructure investments, including network expansion of highways, dedicated rail freight corridors (DFC) and investment in coastal shipping, to alleviate the constraints by FY30.

Containers, coastal coal movement and iron ore exports are key growth drivers

Based on our detailed analysis of cargo traffic and underlying industry parameters, we find that strong growth in container traffic is led by consumption and investment demand. Further, we expect an uptick in coastal movement of thermal coal, as the government promotes more economical and eco-friendly coastal shipping to circumvent rail-rake shortages. We also expect a strong pick-up in iron ore movement (exports in the form of pellets) and coking coal imports (driven by expansion plans of steel production capacity as steel demand remains robust). Our view is that LNG logistics is unlikely to grow as rapidly as authorities expect due to affordability issues.

Strong access to hinterland is key for ports; ADSEZ/JSWINFRA have an advantage

The key to port profitability is volumes due to significant operating and financial leverage. (See Exhibit 34 to Exhibit 36). The ability to secure large volumes and maintain growth is largely a function of location, along with access to strong demand hinterland, coupled with efficient and low-cost operations. In this regard, ADSEZ is the market leader with access to the key growth hinterland in the western part of the country, coupled with access to a raw-material-rich hinterland on the east coast. ADSEZ's network of ports with a total capacity of over 600mtpa places it favourably to benefit from economic growth. A multi-cargo approach also de-risks the portfolio, in our view. ADSEZ also has global ambitions and has taken the first steps by expanding into Israel, Sri Lanka, and Tanzania. If the IMEC (India Middle East and Europe Economic corridor) materialises, we think ADSEZ could be a big winner, with marine operations in the Persian Gulf and a port at Haifa at one end of the IMEC.

Similarly, JSWINFRA benefits from a strong anchor customer, JSW Steel, whose expansion plans provide visibility on growth. This, coupled with expansion of third-party cargo volume and rising coastal movement of coal at its key ports, places it in a sweet spot. Further, its low level of leverage allows it to follow a growth-oriented approach.

The GPPV port is a single asset on the Gujarat coast with disproportionate reliance on containers followed by LPG. However, the port's excellent rail evacuation infrastructure and location in the growing western parts places it favourably. Its key partner, AVTL, has a demonstrated track record of market share gains in liquids/LPG logistics, and this bodes well for GPPV from a long-term perspective. We expect GPPV's near-term growth to be liquids driven rather than container driven.

Rail infrastructure improvements can bolster the competitiveness of Indian logistics; WDFC to drive modal shift to rail

The main challenge for India's inland logistics is often congested rail evacuation, which made time-bound consignment deliveries of cargo into the hinterland difficult. However, the Western Dedicated Freight Corridor (WDFC) is in advanced stages of completion and ports like Mundra, Pipavav and Kandla in Gujarat are already connected to it. We expect the WDFC to ease rail network congestion for long-lead traffic, which, in turn, should support increased modal share of rail over roads. Our unique WDFC model suggests 15% container volume CAGR over FY25-30.

As India's largest Container Train Operator (CTO), we expect CCRI to be the principal beneficiary of the completion of WDFC. However, the company faces mounting pricing and market-share challenges from peers like Adani Logistics (subsidiary of ADSEZ) as well as other competitors like DP World and Pristine Logistics. The recent foray into rail logistics by JSWINFRA further worsens the competitive landscape for CCRI.

We see three megatrends emerging in India's port logistics sector

Megatrend #1: Preference for integrated logistics solutions

Our interactions with port logistics stakeholders suggest that customers are increasingly opting for players providing end-to-end (integrated) logistics solutions. This has led to port companies integrating backwards into rail (container and bulk), ICDs (Inland Container Depots), warehouses and First-mile Last-mile (FMLM) logistics. This partly explains the increased thrust for backward integration by traditional port companies like ADSEZ and DP World and, APM Terminals via Pipavav Railways (PRCL), a subsidiary of GPPV. **In our coverage, we expect ADSEZ to be best positioned to gain from this megatrend.**

Megatrend #2: Emission reduction across the entire supply chain

Customers are focusing on reducing carbon emissions across the supply chain. International companies focus on emission reduction as part of global mandates, and we expect the trend to strengthen, driven by environmentally progressive measures like the Carbon Border Adjustment Mechanism (CBAM) in Europe. This trend is driving port operators to invest in improving energy efficiency, increasing electrification, using more green power, and favouring rail transport to roads as a greener option. **From our coverage, we believe CCRI is the best positioned to gain from this megatrend.**

Megatrend #3: Continued privatisation of major port terminals

At the domestic level, we expect increased thrust on terminal privatisation of major ports (i.e., ports owned by the central government). At present, handing over terminal operatorship to private players has yielded results with loss of market share by major ports largely being arrested. Currently, more than 50% (as of FY25) of major port cargo volume is handled by private terminals and these have resulted in significant operational gains. The government intends to further privatise terminals to boost productivity. **From our coverage, we expect JSWINFRA to be best positioned to gain from this megatrend.**

Aegis/AVTL: Our top pick in LPG logistics – growth momentum to continue

We also focus on a niche segment of gas and liquids logistics or, more specifically, LPG logistics. In this space, we have Aegis Logistics (AEGISLOG IN) as our key investment idea. While LPG demand continues to rise in India owing to a rise in household consumption, domestic LPG production remains stagnant. This is supportive of LPG imports. Further, with several industrial clusters now curbing the use of polluting diesel as a fuel (e.g., the ceramics cluster at Morbi, Gujarat), the use of LPG/propane and PNG (piped natural gas) has increased. However, imported gas (LNG) is quite costly and is less economical to use than LPG.

Aegis/AVTL is the leader in private LPG terminals (peers are either captives of OMCs or smaller private players) with its dominance underpinned by location at key import ports and strong low-cost evacuation to major hinterlands. The company has a track record of good FCF generation (even in capex-intense phases), strong volume growth and solid technological knowhow due to tie-up with Dutch major Vopak (VPK NA), which can potentially lead to entry into new energy areas (green ammonia), in our view.

Further, given we expect strong volume growth and a strong RoE profile (ex-CWIP), we think Aegis and AVTL are structurally positive stories on the liquids logistics theme. We have discussed Aegis/AVTL in detail in our liquids logistics thematic.

Exhibit 19. Snapshot of Port Logistics coverage

Name	Port capacity (mtpa)	Key operations
Adani Ports and Special Economic Zones	633	India's largest private port operator with multi-cargo multi-asset port operations focusing on container and coal. An integrated logistics player with inland logistics capabilities as well. A key play on WDFC and the growth in integrated logistics industry
Gujarat Pipavav	22	Single port asset focusing on container and liquids. A key play on the WDFC theme and liquids driven growth
JSW Infrastructure	177	India's second largest port operator with multi-asset port operations focusing on bulk volumes particularly coal and iron ore. A play on India's steel demand growth without the risk of steel prices.
Container Corporation of India	NA	India's largest container train operator (CTO) with ~50%+ market share. A key play on the WDFC theme.
Aegis Logistics/AVTL	NA	Market leader among private LPG import terminal operators. Also handled liquid logistics. A key play on rising LPG import demand in India.

Source: Company, JM Financial

Exhibit 20. Peer comparison for ports

	Mkt Cap	EV EBITDA			PE			ROE		
Name	USD mn	FY26/CY25	FY27/CY26	FY28/CY27	FY26/CY25	FY27/CY26	FY28/CY27	FY26/CY25	FY27/CY26	FY28/CY27
Adani Ports and SEZ	35,186	16.4	14.4	12.6	24.4	21.1	17.9	18.6	18.5	18.5
JSW Infrastructure	8,149	28.9	24.7	17.7	46.6	43.1	31.7	14.2	13.7	14.4
Aegis Logistics	3,036	23.1	18.6	14.7	37.0	31.2	26.4	15.8	17.4	21.0
Concor	4,588	18.3	15.7	13.2	28.8	24.5	20.9	10.8	12.4	19.6
Gujarat Pipavav Port	838	10.4	9.4	8.5	17.4	16.0	14.7	19.6	20.6	22.2
Port of Taurange Ltd	2,935	21.0	18.8	17.5	33.8	29.5	27.6	6.5	7.2	7.7
International Container Terminal	17,580	10.6	9.8	9.2	18.4	16.5	14.8	57.6	53.8	51.0
Vopak NV	5,222	7.6	7.9	7.5	11.4	10.5	9.4	11.9	12.2	12.9
China Merchants	8,098	13.6	13.3	12.7	9.0	8.7	8.2	6.6	6.8	6.9
Qingdao Port International	7,513	5.9	5.7	5.7	8.0	7.7	7.3	12.0	11.7	11.4
Westport Holdings	4,374	12.0	10.6	9.9	19.3	16.9	15.9	24.0	25.2	25.4

Source: Bloomberg, JM Financial

Summary of our views

Exhibit 21. We are positive on JSWINFRA, ADSEZ and negative on CCRI

Company Name	M.Cap (USD bn)	Rating	Target Price	% Upside/Downside	FY28E EV/EBITDA	EBITDA CAGR (FY25-28)
Adani Ports and SEZ	35.3	BUY	1,783	23.5%	11.1	16%
JSW Infrastructure	8.1	BUY	395	16.7%	16.7	30%
Container Corporation	4.7	REDUCE	500	-9.1%	14.9	9%
Gujarat Pipavav	0.9	ADD	168	6.6%	8.2	13%

Source: JM Financial, Bloomberg

Exhibit 22. Summary of investment thesis: Top pick JSWINFRA; Key Reduce: CCRI

	CAGR (FY25-28)	Investment Thesis	Key risks
Adani Ports and SEZ (Buy, TP INR1,783)			
		EBITDA growth will outpace volume growth as ADSEZ transitions into an integrated logistics play. The extent of EBITDA growth appears underestimated. Further, a combination of moderating group leverage and near-absence of promoter pledges can drive re-rating	Volume weakness, and weakening of Group leverage metrics, leading to increased promoter share pledges or related-party loans
Volumes (mnt)	8%		
Revenue (INR bn)	14%		
EBITDA (INR bn)	16%		
JSW Infrastructure (Buy, TP INR395)			
		JSWI is a play on growing India steel production sans the commodity price risk supported by coastal coal and liquids. The strategy to leverage on the Group (JSTL) for base volume and build on it with third party cargo, leading to strong RoCE. JSWI is also focused on addressing Group logistics needs and transforming into an integrated logistics play.	Delay in group's capex timelines, rise in steel dumping can reduce production at JSTL's plants, delay in port privatisation plans
Volumes (mnt)	14%		
Revenue (INR bn)	38%		
EBITDA (INR bn)	30%		
Container Corporation (Reduce, TP INR500)			
		CCRI is expected to be the key beneficiary of the shift from road to rail with WDFC. However, we think WDFC-implied modal shifts are exaggerated as EXIM containers at JNPT are increasingly being transported along non-WDFC corridors. Pricing aggression by well-funded peers is likely to weigh on pricing, EXIM margin and market share.	Market-share gains in the near term and volume benefits from the full commissioning of the WDFC. Railway tariff rationalisation and predictability supporting modal shift from road to rail. Lower-than-estimated LLF levels in the event more terminals are surrendered with minimal impact on cargo volumes
EXIM Handling Volumes (mTEUs)	11%		
Domestic Handling Volumes (mTEUs)	7%		
Revenue (INR bn)	9%		
EBITDA (INR bn)	9%		
Gujarat Pipavav (Add, TP INR168)			
Container volumes (mTEUs)	4%	Core container growth has been weak for nearly a decade, and there are no signs of recovery. However, we still expect EBITDA margin expansion and EPS accretion driven by high-margin liquid cargo. Liquid cargo growth is facilitated by Aegis Logistics' thrust into LPG, ammonia and chemicals. Valuation is reasonable but trigger can materialise only with developments on concession extension.	Key risks include non-extension of concession, higher than expected royalty at concession and aggressive competition from other ports like Mundra, Kandla.
Bulk volumes (mnt)	0%		
Liquid volumes (mnt)	31%		
RoRo volumes ('000 No.s)	26%		
Revenue (INR bn)	11%		
EBITDA (INR bn)	13%		

Source: JM Financial, Company

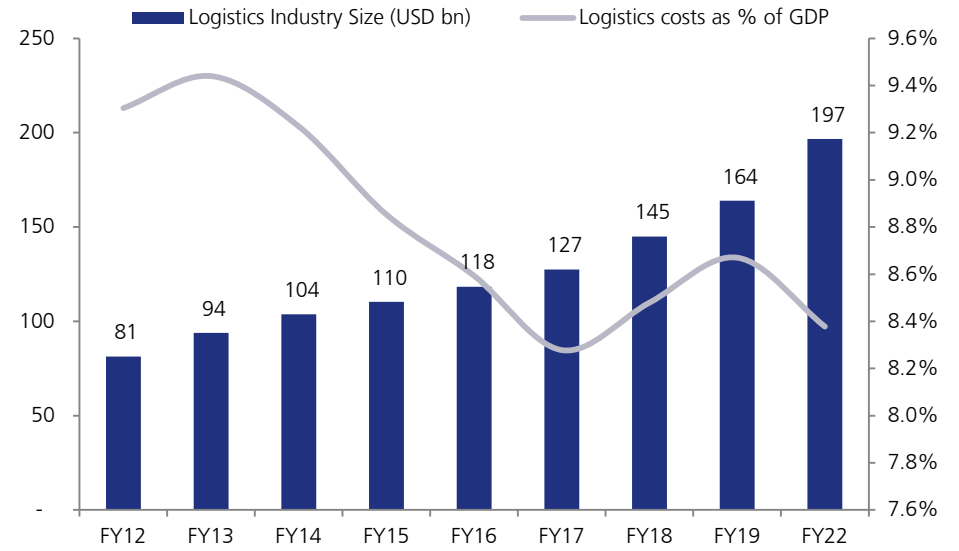
Industry overview

Indian logistics industry – an overview

The National Council for Applied Economic Research (NCAER) estimated the size of the Indian logistics industry at INR 20trln (USD 240bn), equivalent to c8.5% of GDP – estimates by other agencies such as Armstrong & Associates and the Confederation of Indian Industries (CII) are even higher at 11-13%. According to NCAER, the industry recorded 9.2% CAGR in size over FY12-22 and should continue to grow with rising economic growth.

Logistics is a crucial auxiliary service for all economic activities, and hence, there is significant policy thrust on increasing efficiency in logistics services to reduce the overall cost of doing business. Therefore, logistics cost as a proportion of India's GDP has declined, which reflects improved logistics competitiveness, in our view.

Exhibit 23. Indian logistics industry has grown at a CAGR of 9.2% over the last decade

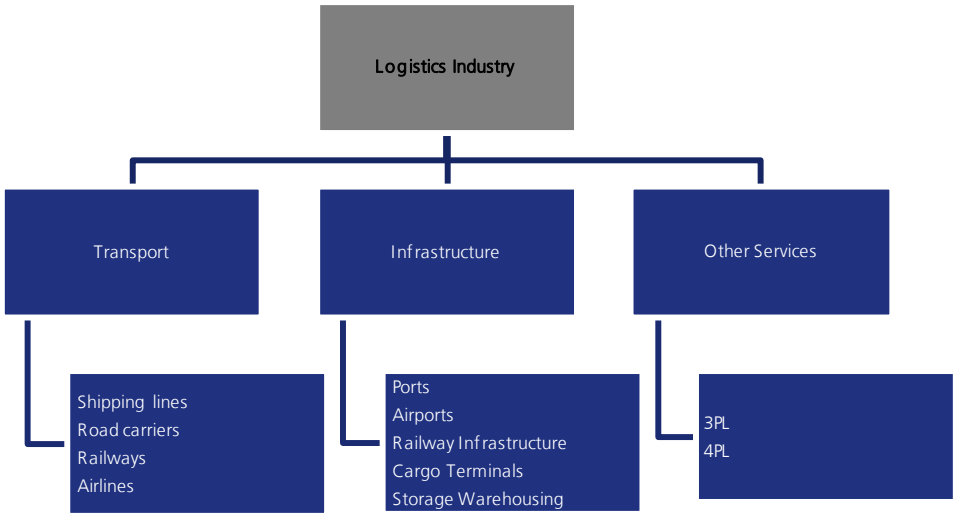


Source: NCAER

The Indian logistics ecosystem comprises transport infrastructure (including shippers, road carriers, railways and airlines), supporting infrastructure (including port infrastructure, cargo terminals, airports, and warehousing) and other services such as third-party logistics (3PL) and fourth-party logistics (4PL) providers (Exhibit 24). With the advent of e-commerce, we have witnessed explosive growth in this space, though profitability concerns are yet to be addressed.

In this report, we focus in detail on ports, rail transport, with particular focus on containers and touch upon storage and warehousing. **This report is intended to serve as a primer on Indian EXIM logistics as opposed to a study of the overall Indian logistics sector.**

Exhibit 24. Key components of Indian logistics industry



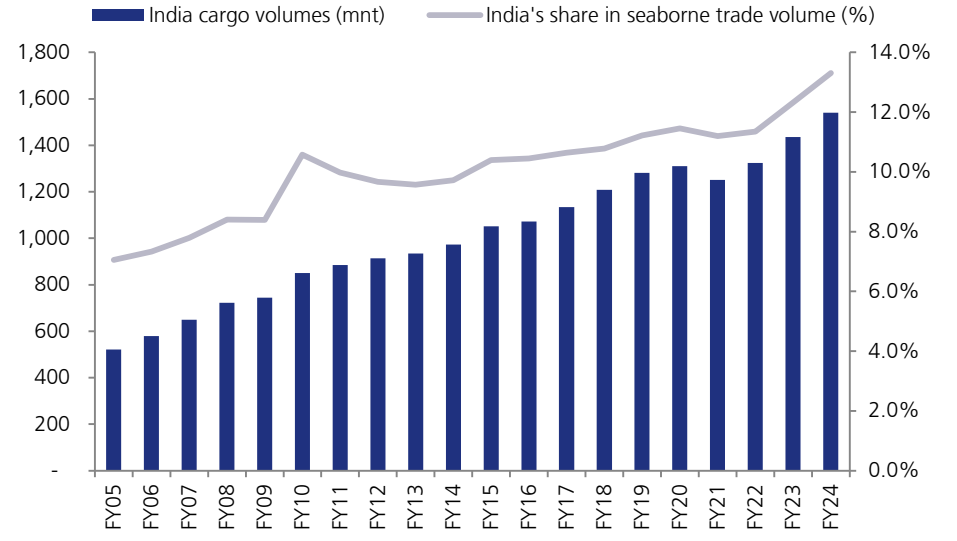
Source: Company, JM Financial

Indian ports (95% of India's trade) remain on a growth trajectory

India has a coastline of over 7,500km and has seen a substantial expansion in port capacity and volume. Currently, the country has 12 major (union-government owned) and 65 non-major (private or state-government owned) ports that handle cargo. The maritime sector accounted for 95% of India's overall trade by volume (tonnage) and 70% by value in FY23 (Source: Invest India).

Based on data from the Ministry of Shipping, Indian cargo volume grew at a CAGR of 4.7% during FY14-24. During this period, India's share of global seaborne trade by volume expanded from 9.7% in FY14 to 13.3% in FY24. The rise in India's share reflects India's higher-than-peers' GDP growth as well as a significant rise in export-import (EXIM) volume.

Exhibit 25. India's share in global seaborne trade grew to 13.3% in FY24 from 9.7% in FY14



Source: UNCTAD, Ministry of Shipping

India's ports lag peers on connectivity but are at par on operational metrics

Port connectivity has improved significantly but still lags that of regional peers

Based on UNCTAD's (United Nations Conference on Trade and Development) latest (2Q25) liner shipping connectivity index (LSCI), the score of Indian ports in the seaborne transport network has improved significantly over the last decade. From a mere 235 in 4QCY12, India's score has risen to 403, as of Jun'25 (Exhibit 26). This reflects greater integration of India into the global economy. As the Indian economy continues to grow, we expect further improvement in India's score over the coming decade.

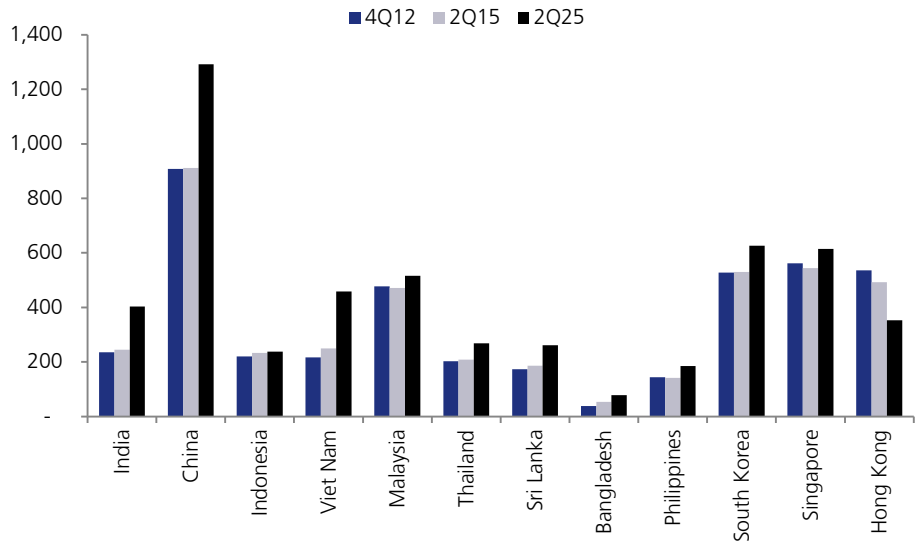
Currently, India's LSCI score (403) is inferior to Vietnam and Malaysia among key peers. However, it is closing the gap with regional leaders Singapore and Hong Kong, which were materially ahead as recently as CY25.

Improvement in port connectivity led by JNPT/Mundra (largely container ports)

We note that the improvement in India's port connectivity largely stems from the two key ports, i.e., Mundra Port (privately owned by Adani Ports) and JNPT (Jawaharlal Nehru Port Trust, owned by the government of India, though most terminals are privatised under a landlord model). LSCI scores of Mundra and JNPT ports have improved from c350-370 in CY15 to 700+ as of Jun'25. Other Indian ports continue to lag in terms of connectivity. Despite the improvement in their scores, Mundra and JNPT rank below their peers in China, Malaysia, and the UAE. (Exhibit 27 and Exhibit 28).

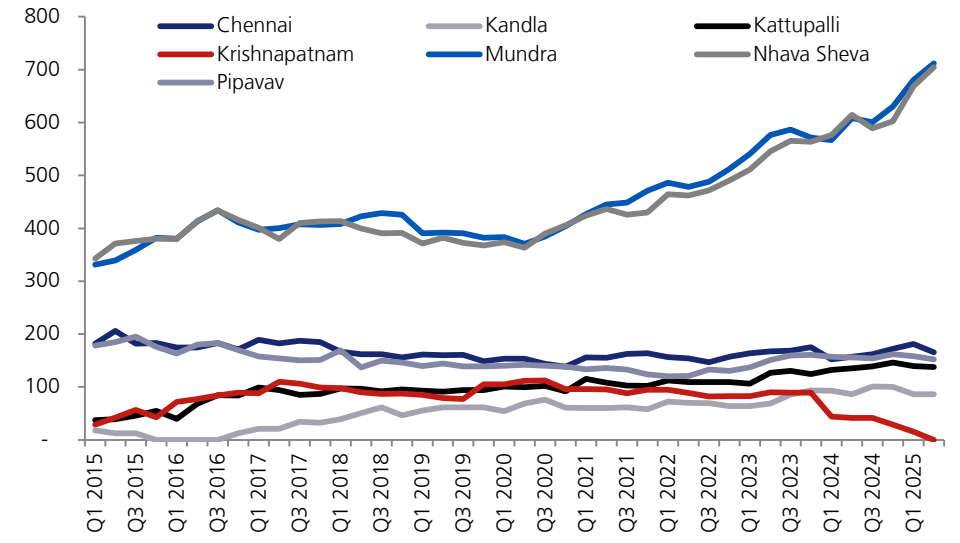
Despite Sri Lanka's smaller economy, the Colombo Port has a comparable LSCI score to Mundra/JNPT (Nhava Sheva), due to its location (on key international shipping lanes) as well as conducive port policies and tariff structures with respect to transshipment of containers.

Exhibit 26. Connectivity of Indian ports has improved but still lags that of its peers



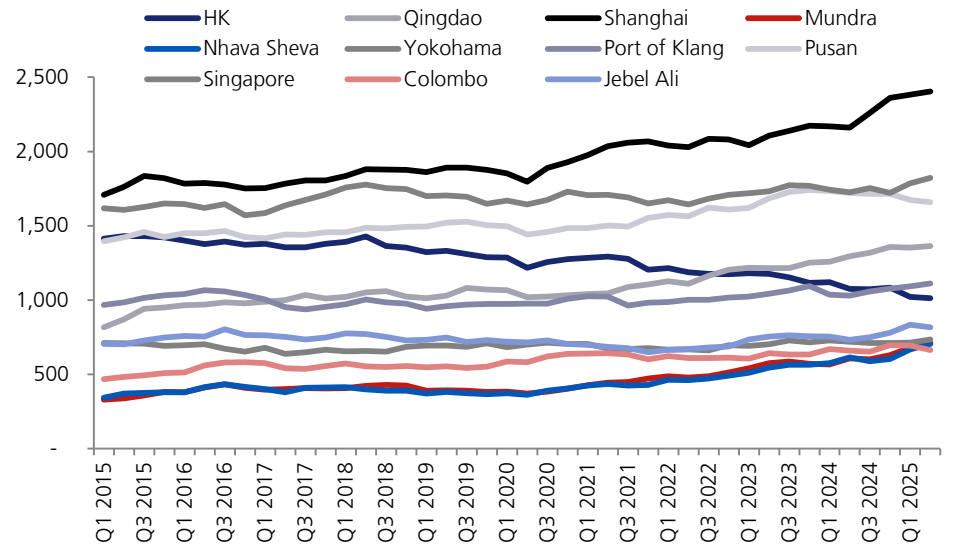
Source: UNCTAD

Exhibit 27. Port liner shipping connectivity index for Indian ports



Source: UNCTAD

Exhibit 28. Port liner shipping connectivity index for peer ports for India



Source: UNCTAD

Indian ports are superior to Asian peers in terms of efficiency of port operations

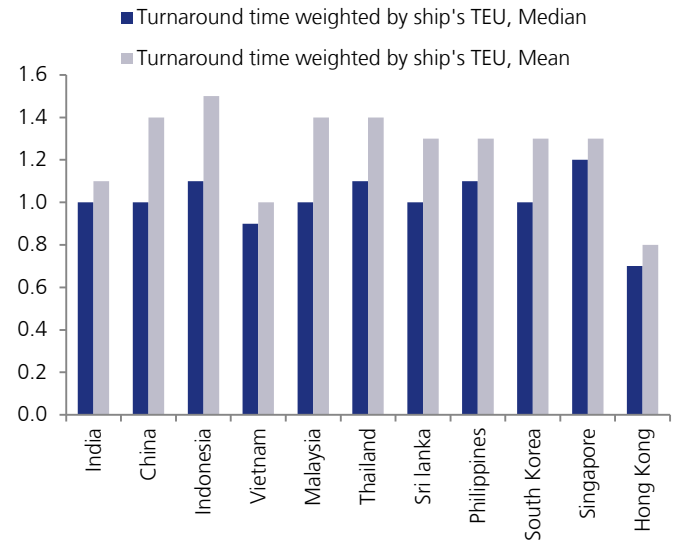
We have compared Indian ports with its key Asian peers on efficiency of operations, assessed using key efficiency parameters as set out by the World Bank:

1. **Turnaround time (for ships):** This is defined as the length of time for which a ship stays in a port, i.e., starting from the time a ship arrives at a port (including waiting time at nearby anchor) to its departure. This is influenced by the port's capacity available, volume and type of cargo, services available for loading/unloading and processing.
2. **Port dwell time (for containers):** This is defined as the duration for which a container remains in a port, starting from its arrival to processing to departure (exiting port premises). Along with the turnaround time, this is also affected by customs clearance processes, services for container handling and evacuation facilities available for containers in the hinterland.

India has adequate port capacity and equipment available for evacuation of cargo from ships at ports. This is reflected in turnaround times for ships at Indian ports, which are in line with those of its key Asian peers (only Vietnam is materially faster).

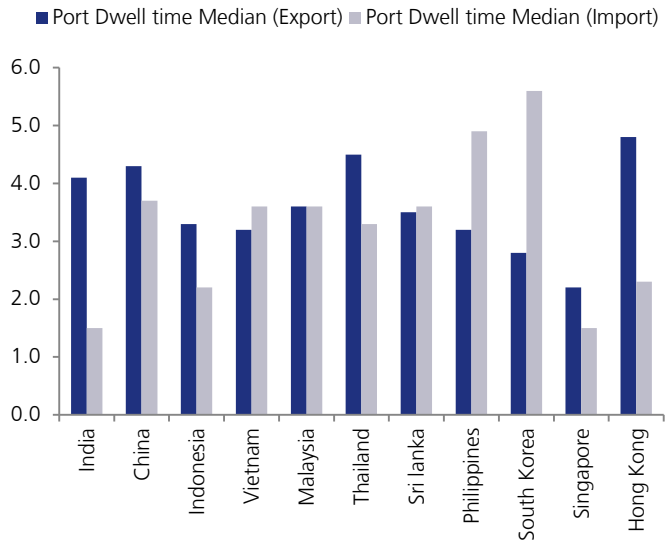
We also note that dwell times are lower for containers in Indian ports than in ports of key Asian peers. We focus more on dwell time for import cargo since India's cargo basket has a higher share of imports. This indicates higher efficiency of operations inside port premises, including unloading, processing, and evacuation from port premises.

Exhibit 29. Turnaround time at par with that of peers (days)



Source: World Bank

Exhibit 30. Port dwell time (days) better than at peer ports



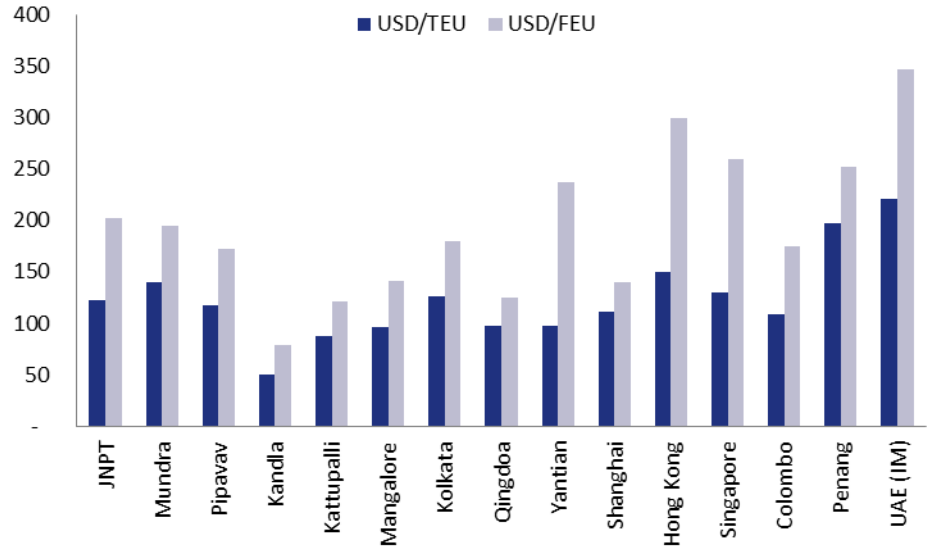
Source: World Bank

Indian port tariffs are higher than regional peers; transshipment tariffs are materially higher than Sri Lanka

We have compared Indian ports with their regional peers on price competitiveness. We note that aggregate tariffs faced by ships at Indian ports (including all charges) are higher than those at key ports of other emerging economies. Tariffs at Indian ports are only lower than those of ports in developed economies such as Hong Kong and Singapore. It reflects the higher pricing power of Indian ports on the west coast (JNPT and Mundra are key Indian ports on the west coast), in our view.

Interestingly, Indian ports on the west coast levy higher tariffs than Indian ports on the east coast due to stronger demand in the western-port hinterland, fewer ports with access to strong evacuation infrastructure and expensive inland transport.

Exhibit 31. Tariffs at Indian ports are generally higher than or at par with regional ports except for those levied by developed world ports



Source: CMA, CGM, JM Financial, Industry

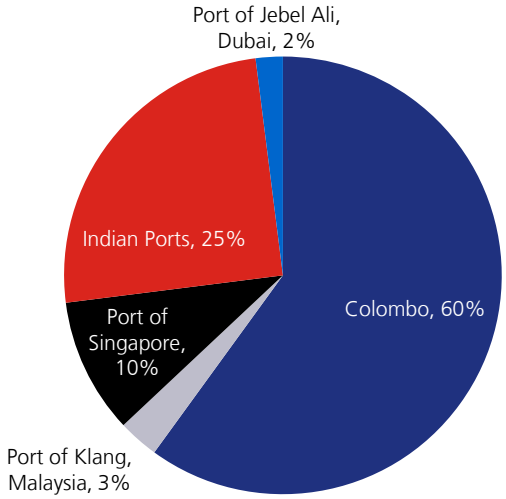
For transshipment volume, port call charges at JNPT are almost c5x those at the port of Colombo. We note that Colombo port handles c60% of Indian transshipment volume. Colombo is further advantaged by cabotage-linked restrictions prevailing in India, which prevent foreign-flagged ships from loading Indian cargo for domestic transport. While there have been discussions to remove cabotage restrictions, the progress have been slow as domestic shipping lines may be adversely impacted.

Exhibit 32. Port call dues for a mainline vessel of size 9,635 TEUs for 24-hour stay

Port call costs	USD (per 24 hours stay)	Volume (TEU)	Per USD/TEU	INR/TEU
JNPT, India	108,437	9,635	11.3	923
Old JNPT, India	64,592	9,635	6.7	550
Port Klang, Malaysia	12,043	9,635	1.2	102
Jebel Ali, Dubai	16,158	9,635	1.7	138
Singapore, Singapore	17,235	9,635	1.8	147
Colombo, Sri Lanka	19,308	9,635	2.0	164

Source: Rajya Sabha

Exhibit 33. Port of Colombo handles c.60% of Indian transhipment cargo aided by both geographical proximity and lower tariffs



Source: Maritime India Vision 2030

Business model of a port - volume growth is key to profitability

Key charges levied at the port

In this section, we describe the key components of port operations. A port's revenue stream consists of several charges levied by the ports on the shipping line, consignee/consignor. These charges can broadly be classified into three categories (Exhibit 34), i.e.:

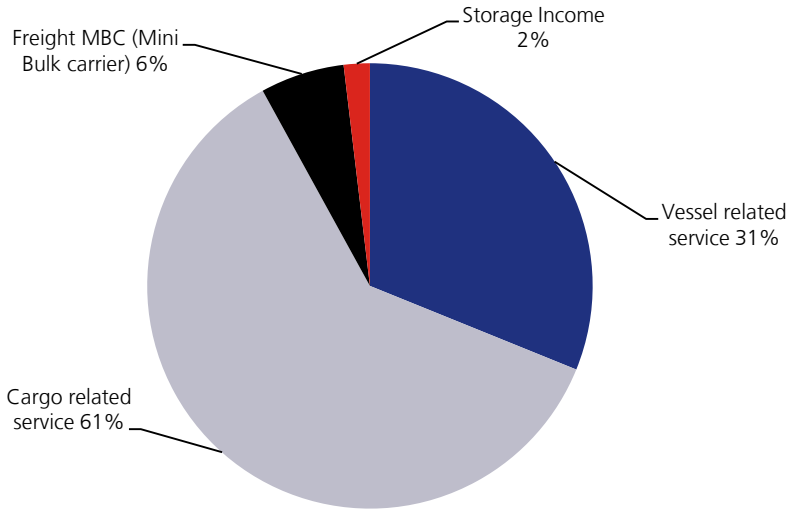
1. **Navigation charges:** When a ship calls, the port provides navigation assistance to the vessel for berthing it at an appropriate location at the port via tugboats (pilotage). For this, the port operator will levy various navigation or marine charges including pilotage, tug services and port dues (charges for the use of port premises). These are usually based on the size (gross registered tonnage or GRT) of the ship. We note that the largest private port operator in India, Adani Ports (ADSEZ), is the seventh largest marine services provider in the world, with operations spanning India and the Middle East (based in Oman).
2. **Berthing and Wharfage:** The port operator also levies charges for the use of the berth at the port, for the use of wharf for loading/unloading of cargo from the ship and for other ancillary services. These are usually based on the volume of cargo loaded or unloaded by the ship.
3. **Cargo operations:** These include a variety of charges for handling of cargo including loading, unloading, custom processes, storage, and other services on the port premises. These are usually based on the volume and complexity of cargo. For example, liquid cargo requires specific handling and storage facilities, and not all ports are capable of handling hazardous cargo.

Exhibit 34. Model port tariff structure

Key charge	Services include	Basis	Paid by	Received by
Navigation	Port dues, pilotage, tug services and others	Size of the ship and time involved in navigation operations	Shipping line	Port
Berth and wharfage	Berth hire, wharfage, and other ancillary services	Time involved in loading/unloading and volume of cargo	Shipping line and Consignee/ Consignor	Port
Cargo operations	Stevedorage, wharf handling, other cargo handling, storage, equipment/service/facility hire	Based on volume of cargo, complexity required in handling, time of use of storage facility/other equipment	Shipping line and Consignee/ Consignor	Service provider, equipment facility owner

Source: ESCAP/UNDP Model Port Tariff Structure

Exhibit 35. Revenue share structure of Jaigarh port (private port)



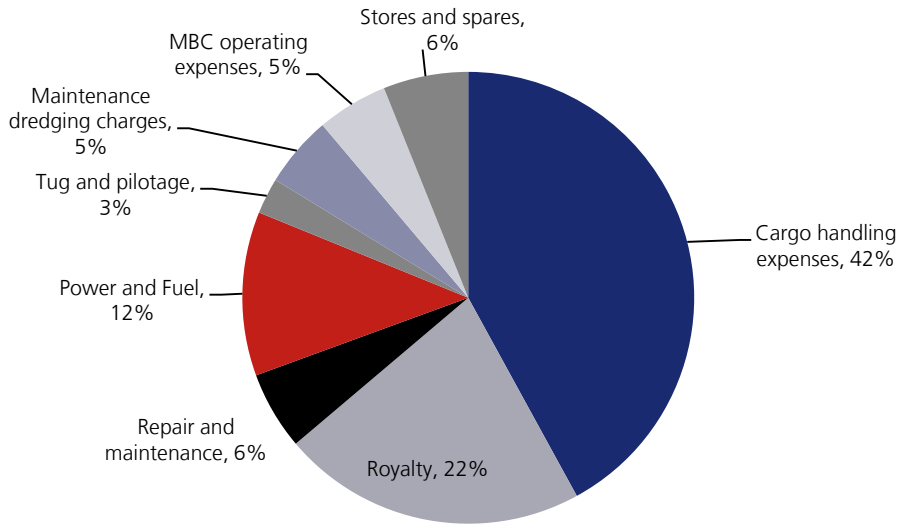
Source: JSW Infrastructure

Cost structure

Most ports in India have either leased berths or terminals of government-operated ports (e.g., DP World and PSA in JNPT) or secured land from the government on a long-term lease basis to construct port infrastructure. Therefore, the key costs a port operator incurs are: 1) royalty paid to the government for the use of land/port terminal; 2) handling expenses for equipment and/or labour charges for handling cargo; and 3) repair and maintenance to sustain efficient operations at the port. Ports that have implemented a high level of mechanisation have lower operating expenses and are more efficient than labour-intensive ports.

However, higher levels of mechanisation also mean higher investments or capex. The opex vs. capex trade-off (i.e., whether to opt for automation/mechanisation) is largely a function of port volume and ability to scale up in future.

Exhibit 36. Cost structure of Jaigarh Port (private port)



Source: JSW Infrastructure, JM Financial

Port industry - high entry barriers and low competitive intensity

Maritime infrastructure is a sector with high entry barriers and low competition for several reasons.

Firstly, building port infrastructure involves significant capex for dredging and building berths, terminals, equipment, storage and other facilities. We estimate INR 20bn-50bn of capex per mnTEU, the lower end for a brownfield expansion and the higher end for a greenfield container port (Exhibit 37). Optimal location of the port with respect to a demand-centric hinterland and allied infrastructure connecting the port to demand centres also serve as entry barriers, since there are only select such locations.

Secondly, port developers encounter significant regulatory requirements for securing land/berth from the government, concession agreements, permissions for handling different types of cargo and, most importantly, environmental clearances (proximity to eco-sensitive coastal zones). Obtaining permissions and acquiring land are cumbersome and time consuming. Therefore, they serve as entry barriers. Delays owing to these factors may also lead to significant capital cost escalations.

Due to these entry barriers, port operators face low competitive intensity and high capital requirements. **Due to the long-term nature of port concessions and relative long-term cash flow stability, ports are typically preferred by equity or debt investors with long-term investment horizons.**

Exhibit 37. We estimate INR 20bn-50bn of capex/TEU, lower end for brownfield expansion and the higher end for greenfield expansion

Port	State	Capacity	Cost (INR b)	Current status	Cost (INR bn/mnt)	Cost (INR bn/TEU)
Vadhavan	Maharashtra	15 M TEUs	760	Announced		50.67
Devbhumi Dwarka	Gujarat	100 MT	106	Announced	1.06	
Transshipment Port at South Bay	Andaman and Nicobar	16 M TEUs	105	Under Construction		6.56
Astaranga	Odisha	17.70 MT Phase 1 (70 MT in future)	74	Announced	4.18	
Rewas	Maharashtra	66 MT Phase 1 (457 MT in future)	52 (Phase 1)	Announced	0.79	
Machilipatnam	Andhra Pradesh	26.12 MT	52	Announced	1.99	
Mulapeta	Andhra Pradesh	23. 53MT	51	Notice to proceed	2.17	
Bhavanapadu	Andhra Pradesh	23.50 MT	44	Announced	1.87	
Deendayal (Container terminal)	Gujarat	2.19 M TEU	42	Under Construction		19.36
Ramayapatnam	Andhra Pradesh	34.01 MT	38	Under Construction	1.12	
Riverine Port On Mahanadi	Odisha	22.00 MT	26	Bidding	1.18	
Subarnarekha	Odisha	10mt - Phase 1	28	Under Construction	2.80	
Kakinada SEZ	Andhra Pradesh	16mt	21	Under Construction	1.31	
Azhikkal	Kerala	4.05mt	20	Announced	4.94	

Source: KPMG, JM Financial

High operating/financial leverage - volume growth is key for RoCE

Port infrastructure involves significant upfront capex (capital intensive). Therefore, volume growth driving asset utilisation is key to sector profitability. Port concessions are generally highly levered, both operationally and financially, with:

- **A high degree of operating leverage** (EBITDA margin on incremental cargo is over 70% for containers and even higher at 85-90% for liquids)
- **A high degree of financial leverage** (initial capital outlay can be 20-30% equity and 70-80% debt financing), with physical assets often collateralised with lenders. If net debt to EBITDA exceeds 3.5x, the premium to base lending rates demanded by lenders also rises. Normally, a ratio of 2.5-3.0x is considered as healthy, in our view.

Port location and its evacuation infrastructure (inland logistics) is crucial

While we have noted that Indian port operations are efficient and capacity expansion plans for Indian ports are already underway, the overall logistics supply chain is constrained by inefficient inland logistics infrastructure. Lack of efficient infrastructure for evacuation of cargo leads to congestion at ports, resulting in lower utilisable capacity of the port compared with the nameplate capacity. In subsequent sections, we have discussed the implementation and advantages of the Western Dedicated Freight rail corridor (WDFC), which helps debottleneck key ports on the western coast. The volume growth in ports is, thus, impacted by their connectivity to this rail corridor.

Trade wars and tariffs: Limited impact on port cargo volume

US tariffs have led to concerns on volume at ports; but impact is relatively limited

We assessed shipping data (country-wise) from DGCIS for vessels entering India with cargo and vessels exiting a port with cargo. We have excluded coastal movement or double dip movements by international vessels to simplify the calculations as well as remove any impact from local coastal movement of cargo. From FY24 data it **appears direct shipments from US to India and vice-versa ranged from 4.0-4.5% of overall import and export volume**. This is the volume that may potentially be impacted by 50% tariffs levied by the US from late Aug'25 (vs. existing tariff of 25%), though even within this some volume related to electronics shipments, pharma may be tariff-exempt. **Asia (includes Middle East, South Asia, ASEAN and APAC remains largest source of volume at ports).**

The direct shipment does not reflect total EXIM trade between US and India. There may be transshipments to key global hubs (UAE, Singapore, Panama, Sri Lanka, etc.) (Exhibit 38) of components and sub-assemblies to avoid tariff impacts. Thus, at least at port levels we can expect relatively modest impact on a total cargo (all commodities) basis. For high value container trade, we believe the effect will be higher.

Note the high level of exports to Sri Lanka (smaller economy) indicating transshipment. Similarly, large volumes at Singapore and Panama may indicate Chinese goods being transhipped into India or Indian goods transhipped to US or elsewhere.

Exhibit 38. Country-wise net registered tonnage (NRT) based vessels that entered or exited from foreign countries (FY24)

Countries	Origin	Destination	EXIM
UAE	11.8%	12.7%	12.1%
Oman	2.8%	7.5%	4.2%
Saudi	3.9%	2.3%	3.4%
Egypt	4.9%	4.8%	4.9%
Iraq	3.5%	0.8%	2.7%
Others	3.4%	4.4%	3.7%
MENA	**30.3%**	**32.4%**	**31.0%**
USA	4.1%	4.4%	4.2%
Panama	7.9%	0.8%	5.7%
Others	0.6%	0.4%	0.5%
North America	**12.6%**	**5.6%**	**10.5%**
Latam	**1.8%**	**4.1%**	**2.5%**
Sri Lanka	4.5%	10.6%	6.4%
Pakistan	5.4%	2.2%	4.4%
Others	0.7%	1.3%	0.9%
South Asia	**10.7%**	**14.2%**	**11.8%**
China	2.5%	5.5%	3.5%
Others	1.5%	2.3%	1.7%
APAC	**4.0%**	**7.8%**	**5.2%**
Singapore	8.1%	8.4%	8.2%
Indonesia	6.4%	2.2%	5.1%
Malaysia	4.4%	6.9%	5.2%
Others	0.5%	0.8%	0.6%
ASEAN	**19.3%**	**18.4%**	**19.0%**
Sub-Saharan Africa	**6.5%**	**8.6%**	**7.2%**
EU	**7.4%**	**7.8%**	**7.5%**
Russia	**5.5%**	**0.3%**	**3.9%**
Australia	1.6%	0.8%	1.3%
Others	**1.7%**	**0.8%**	**1.4%**

Source: Industry, JM Financial

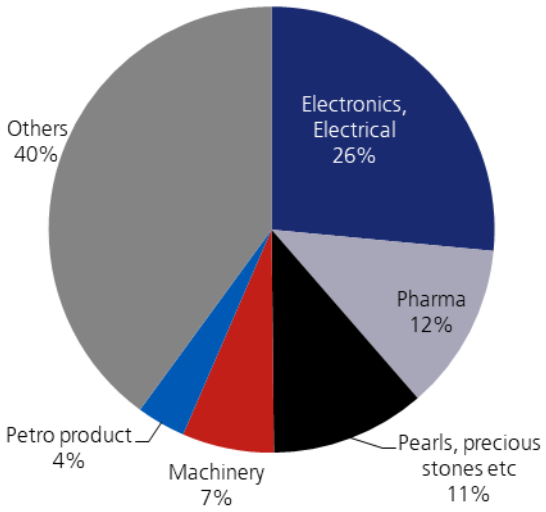
Exports to US impacts air cargo more than ports cargo

USA accounted for 26% of India's exports in 4QFY25 (latest data) with, potentially, volume being rushed in 1HFY26 to beat tariff deadlines. Currently, the export mix is dominated by electrical and electronics exports and pharmaceuticals, which are so far exempt from tariffs. Further, pearls, precious stones, etc., which are impacted, are transported largely by air. Also, electronics exports are largely via the air route (Chennai airport dominates followed by Delhi). Thus, even if electronics exports are tariffed the bigger impact is likely to be on air cargo and less so on ocean cargo. E.g.: 80%+ of exports from Chennai airport is electronics.

Even among sea ports Mundra appears less impacted due to low exposure to electronics or pharma in exports mix

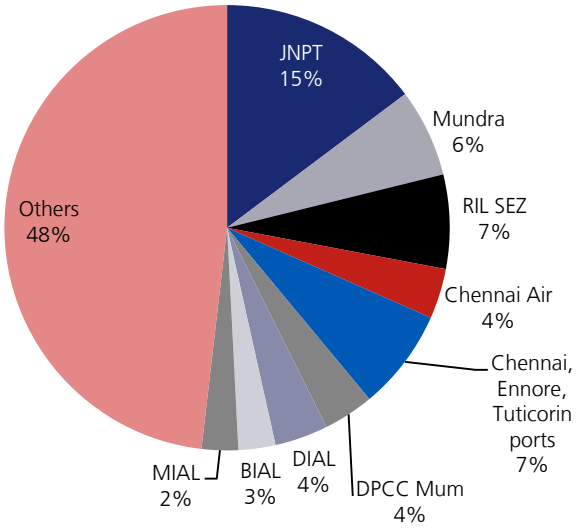
Mundra exports by value are oriented away from pharmaceuticals, electronics and textiles unlike JNPT. Further, the import commodity mix suggests weighing towards Middle East and Europe. For imports, Mundra is aligned towards petroleum products.

Exhibit 39. US export mix dominated by cargo transported by air; pharmaceuticals and petroleum products likely to remain tariff-exempt



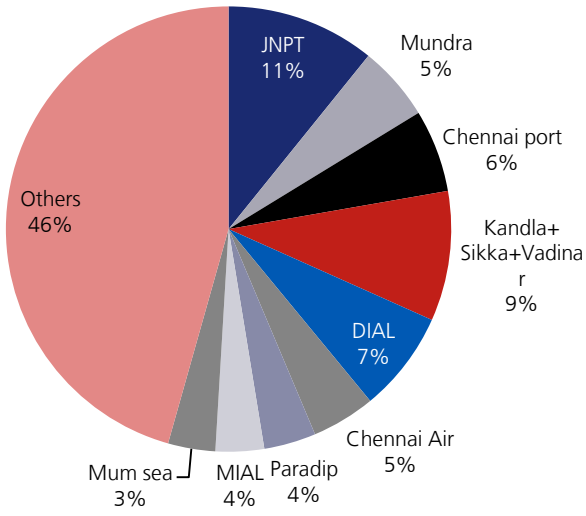
Source: DGCIS, JM Financial

Exhibit 40. Exports share by ports sea/air in FY25 (USD bn)



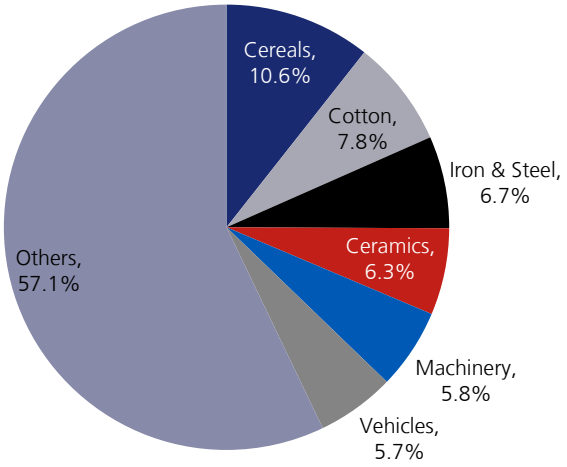
Source: DGCIS, JM Financial

Exhibit 41. Imports share by ports sea/air in FY25 (USD bn)



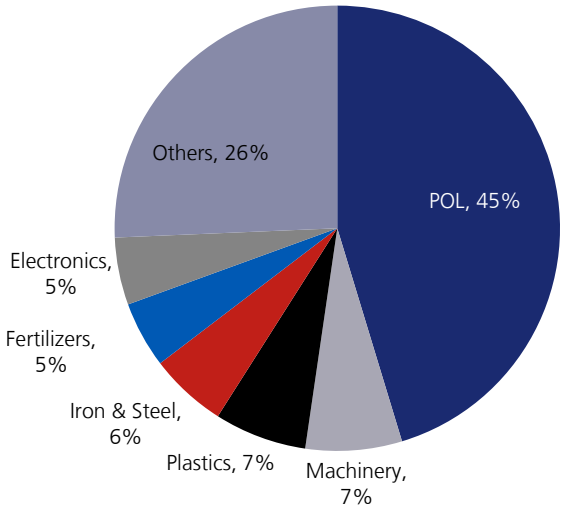
Source: DGCIS, JM Financial

Exhibit 42. Export mix at Mundra (value share)



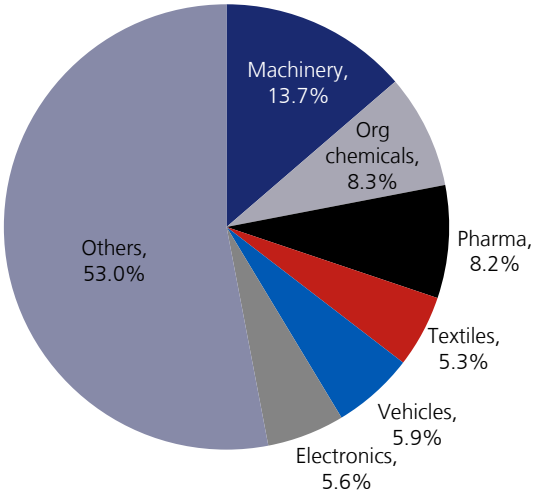
Source: DGCIS, JM Financial

Exhibit 43. Import mix at Mundra (value share)



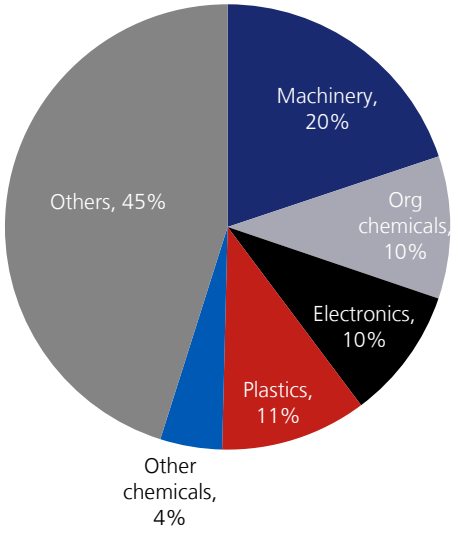
Source: DGCIS, JM Financial

Exhibit 44. Export mix at JNPT (value share)



Source: DGCIS, JM Financial

Exhibit 45. Import mix at JNPT (value share)



Source: DGCIS, JM Financial

Indian ports - detailed volume forecast

The government of India estimates 6% port cargo volume CAGR over FY25-30. We estimate 5% CAGR in port cargo volume growth over FY25-30. Our estimates are based on a cargo-type wise assessment of potential volume by FY30. We have elaborated key drivers of volume growth below.

Exhibit 46. We estimate 5% CAGR in port cargo volume growth over FY23-30

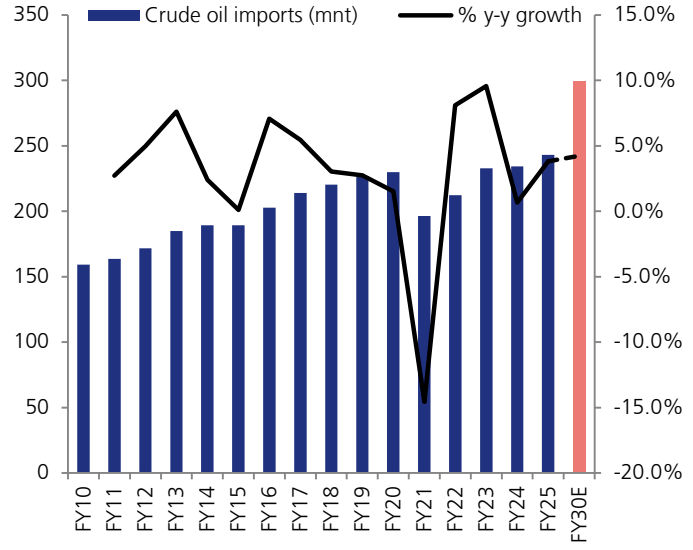
Cargo Type	FY25	Govt estimate	Govt estimate	JMFe	JMFe
mnt		FY30- Base case	CAGR (FY25-30)	FY30	CAGR (FY25-30)
POL	**454**	**610**	**6%**	**558**	**4.2%**
Crude Oil	267	325	4%	329	4.2%
Petroleum products ex LPG/LNG	139	230	11%	181	5.4%
LPG	21	24	3%	28	6.5%
LNG	27	55	15%	34	4.8%
Coal	**388**	**530**	**6%**	**477**	**2.5%**
Thermal	167	325	14%	170	0.4%
Coking	81	95	3%	113	6.8%
Coastal volumes	114	110	-1%	194	11.2%
Others	26	NA	NA	26	NA
Container	**351**	**505**	**8%**	**500**	**7.3%**
Iron ore	**113**	**130**	**3%**	**130**	**2.6%**
Others	**289**	**390**	**6%**	**390**	**7.5%**
Total	**1,595**	**2,165**	**6%**	**2,055**	**5.2%**

Source: Ministry of shipping, JM Financial

Cargo-type wise summary of estimates

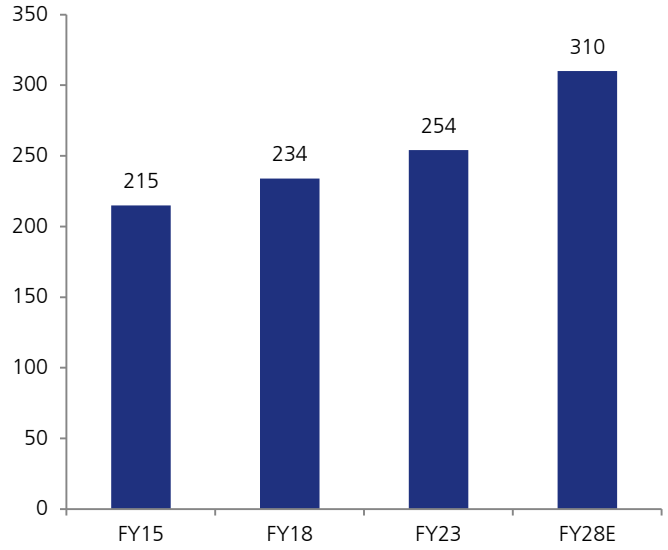
We estimate 4.2% CAGR over FY25-30 in crude oil import volume, in line with the post-pandemic 3-year CAGR (FY22-25). We expect refining capacity to increase given significant capacity addition plans by key oil PSUs for FY23-28. However, we expect domestic oil production to decline in the next decade, led by a natural production decline from aging oilfield reserves. This should drive import demand for crude oil. For other liquid products, excluding LPG and LNG, we estimate 4-5% CAGR over FY25-30 in trade volume (including exports and imports) led by a rise in refining capacity. Note that India is amongst the few nations witnessing refining capacity additions.

Exhibit 47. Crude oil imports CAGR at 4% (FY25-30E)



Source: PPAC, JM Financial estimates

Exhibit 48. Refining capacity in India to expand by 56mtpa by FY28E



Source: PPAC, MoPNG

India's LPG demand has risen by 6% CAGR over FY15-25 driven by rise in LPG penetration in households supported by policy push from the government via LPG subsidies under the PMUY (Pradhan Mantri Ujwala Yojana) scheme with focus on making available affordable clean burning fuel (LPG) to rural women that can displace polluting and health-wise harmful fuels like firewood, cow dung and kerosene.

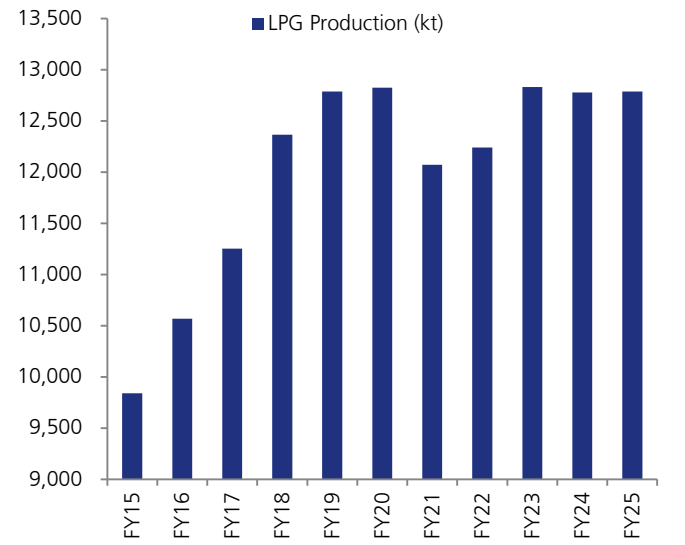
However, LPG production has been flat over the period (FY19-25) as refiners increasingly focused refinery configurations to consume internally generated LPG for manufacturing of petrochemicals. Thus, LPG imports have risen at an 8% CAGR over FY19-25. Import share of LPG consumption has risen from 53% in FY19 to 66% currently.

Exhibit 49. LPG imports have gone up led by rising demand but flat production levels

	CAGR		
LPG	FY15-25	FY19-25	1QFY26 y-y
Production	2.7%	0.0%	-2.9%
Consumption	5.7%	3.9%	8.5%
Imports	9.5%	7.7%	15.5%

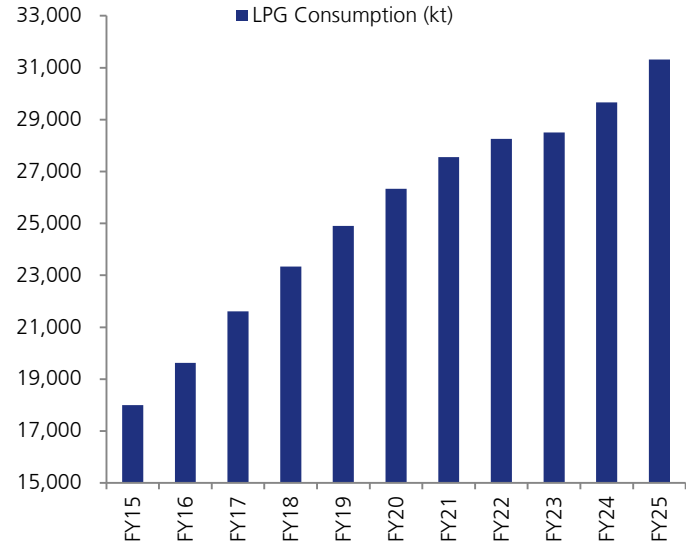
Source: JM Financial, Industry

Exhibit 50. LPG production has stayed flat since FY19



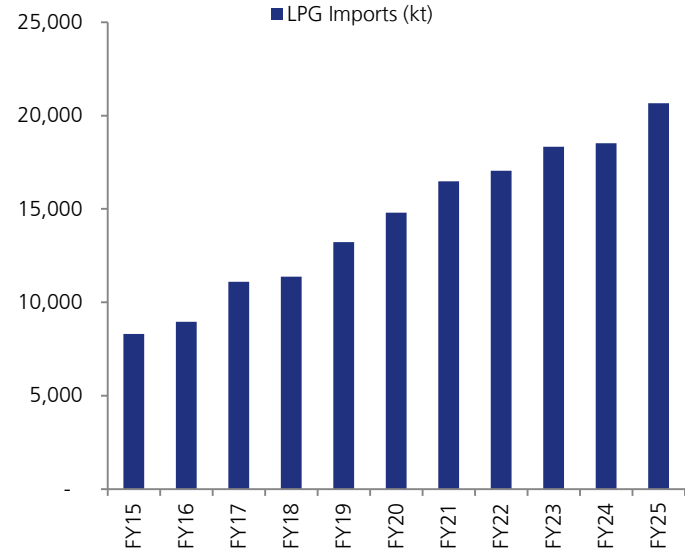
Source: Company, JM Financial

Exhibit 51. LPG consumption has risen at 4% CAGR over FY19-25



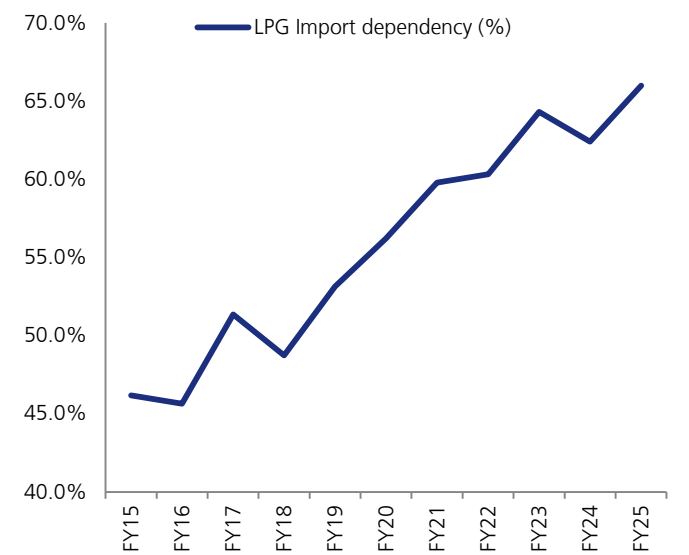
Source: Company, JM Financial

Exhibit 52. LPG imports have risen at 7.7% CAGR over FY19-25



Source: Company, JM Financial

Exhibit 53. Share of imports in demand has risen to 66% in FY25



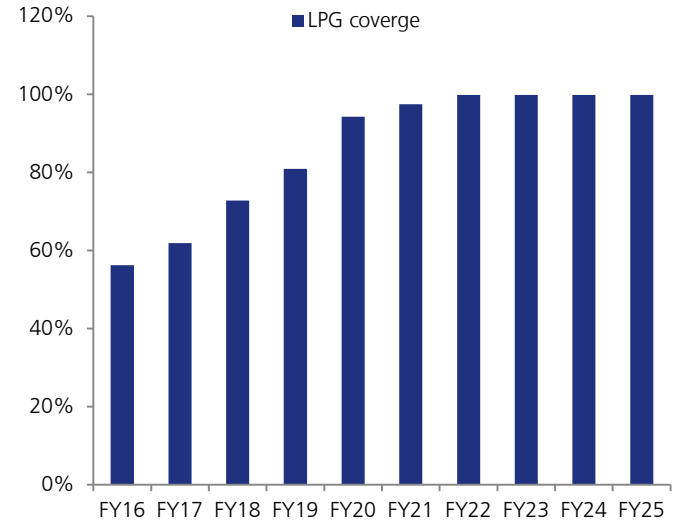
Source: Company, JM Financial

Despite near-100% LPG coverage, per capita consumption of LPG is low, indicating potential for continued demand growth

We note that LPG demand over FY15-20 was led by rise in LPG coverage from 55% in FY15 to 100% in FY20 wherein under the PMUY scheme the Government of India (GOI) provided LPG cylinder connections to 80mn low-income households. This expansion of LPG coverage drove a strong 8% CAGR in LPG demand in India (FY15-20).

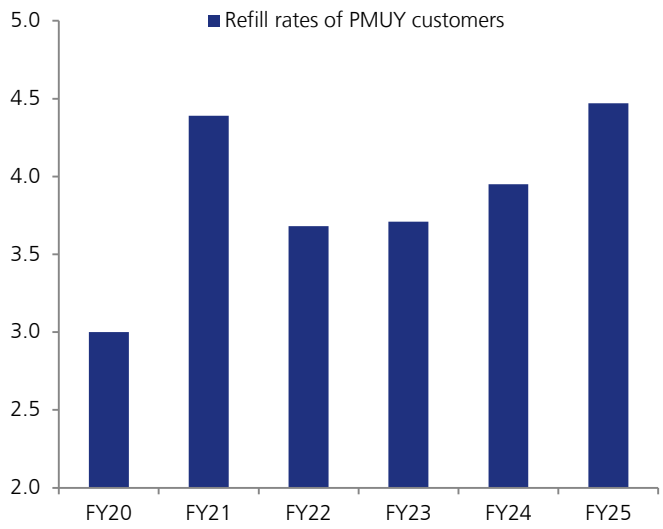
By FY20, India had achieved near-100% LPG coverage, that is, nearly all households had access to a LPG connection. However, per capita usage of LPG for low income households was low at ~3 cylinders (14.2kg) per annum in FY20. Per capita use by PMUY customers has now risen to ~4.5 cylinders per annum in FY25, driving ~4% CAGR in LPG domestic demand over FY25. (We note that in FY21 increased government LPG subsidies to cushion the economic impact on economically weaker households during Covid, including free cylinder refills, drove up demand).

Exhibit 54. LPG coverage rise drives rise in demand over FY15-20



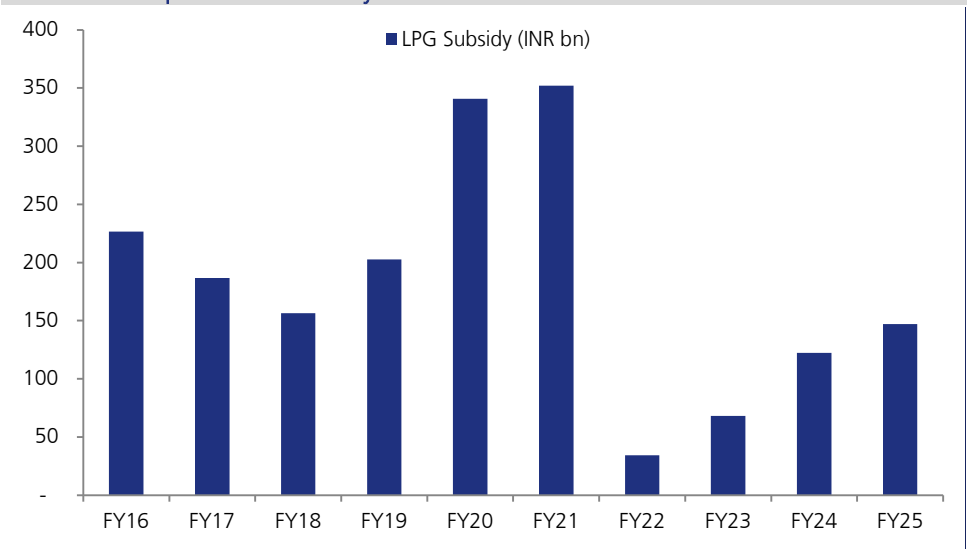
Source: JM Financial

Exhibit 55. Rise in per capita usage drove LPG demand over FY20-25



Source: JM Financial. Refill rates were high in FY21 due to elevated level of subsidies

Exhibit 56. Sharp rise in LPG subsidy in FY20 and 21 – led to a rise in refill rates



Source: Company, JM Financial

We estimate 4-5% CAGR in LPG demand over FY25-30 led by rise in per capita demand (rising refill rate of cylinders)

With rising income levels, improving affordability of LPG and enhanced distribution network, we expect the refill rate of PMUY customers (low-income households) to converge to that of non-PMUY customers, driving ~8% demand CAGR (FY25-30E for non-PMUY category). Furthermore, over FY20-25, active customers excluding PMUY have witnessed 3% CAGR. We expect this trend to continue, leading to an overall 4-5% CAGR in LPG consumption over FY25-30.

There can be further upside to LPG demand from rising industrial use of LPG/propane as an alternative to diesel and even natural gas in key industrial clusters. The Petroleum Planning & Analysis Cell's (PPAC) data on LPG consumption incorporates consumption by public sector oil marketing companies (OMCs) and Reliance Industries. However, this data does not reconcile with port data on LPG imports (since it includes private imports as well), making overall consumption harder to assess. We think this could be due to a new emerging trend, which is the use of propane as an alternate fuel to PNG and diesel in industrial clusters. **We note that over FY23-25 significant quantum of PNG usage in Morbi was displaced by propane (pricing and availability effect).**

Exhibit 57. We estimate 4.4% CAGR in LPG demand in India over FY25-30 led by rise in refill rates of PMUY customers

	FY25	FY30E	Share in population	CAGR FY25-30E	Comments
	Refill rate	Refill rate	% share in population (as of FY25)	%	
PMUY	4.47	6.67	31.3%	8.3%	Refill rate of low income households continues to rise to ~6-7 cylinders per annum
Non-PMUY	6.67	6.67	68.7%	2.7%	Based on historical rate of growth in non PMUY customers
Overall LPG demand				**4.4%**	

Source: JM Financial

Flat domestic production and rising consumption drive LPG imports

We estimate 6.5% CAGR in LPG import volume (~1.5mnt additional annual demand) over FY25-30, led by 4.4% CAGR in LPG demand while domestic LPG production remains flattish over the period. We note that the petrochemical sector is seeing growing demand for LPG/propane as a feedstock, with projects like GAIL's PDH (propane dehydrogenation plant) facility at Usar and Petronet's expansion at Dahej acting as long-term volume drivers. Thus, domestic LPG production may even decline over the period. We note that there are plans by refineries namely Bina (BPCL Oman), HMEL (Bhatinda) and Nayara to use LPG produced at the refinery to manufacture higher grade petchem products. This is likely to lead to even lower availability of domestic LPG availability and, thus, contribute to increase in imports. **Our base case assumptions do not factor in these potential production outages and, thus, our import growth assessment may be conservative.**

Exhibit 58. We estimate 6.5% CAGR in LPG imports over FY25-30

	CAGR			% y-y
LPG	FY15-25	FY19-25	FY25-30E	1QFY26
Production	2.7%	0.0%	0.0%	-2.9%
Consumption	5.7%	3.9%	4.4%	8.5%
Imports	**9.5%**	**7.7%**	**6.5%**	**15.5%**

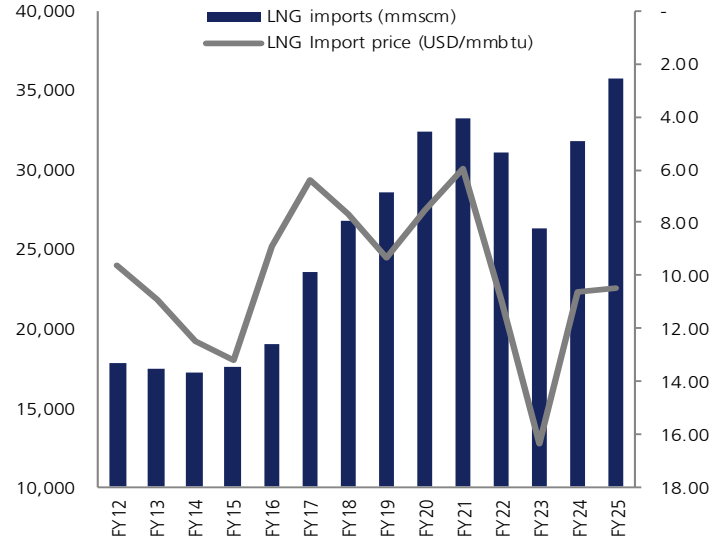
Source: JM Financial

Natural gas: LNG imports sensitive to prices, weak domestic production growth drives imports

We estimate 4% CAGR in natural gas demand over FY25-30, similar to the growth witnessed over FY22-25. We acknowledge the government's increased focus on increasing the share of gas in domestic consumption from 6% in 2019 to 15% in 2030. However, we note that LNG imports are highly price sensitive and that imports decline when global natural gas (LNG) prices rise, while India's natural gas production has been declining. We estimate 2.4% CAGR in production volumes over the period (similar to the growth witnessed over FY22-25). Thus, we estimate 4-5% rise in natural gas import volumes over FY25-30E.

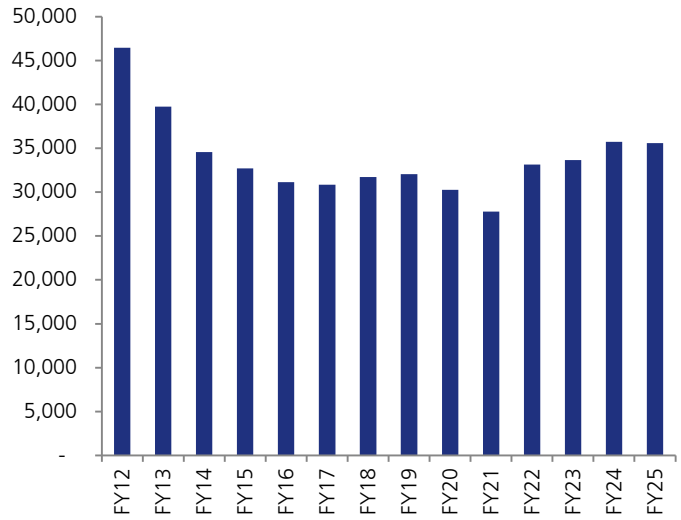
There is a general belief that with significant upcoming LNG liquefaction capacities in the US LNG prices will fall as export prices are linked to Henry Hub prices vs. oil-linked prices. However, even if HH linked prices are made available to India (and at similar terms as China) then also LNG prices are way in excess of APM (domestic) prices. Thus, an LNG-linked import surge is unsustainable in our view. (Exhibit 61).

Exhibit 59. LNG imports are sensitive to import prices



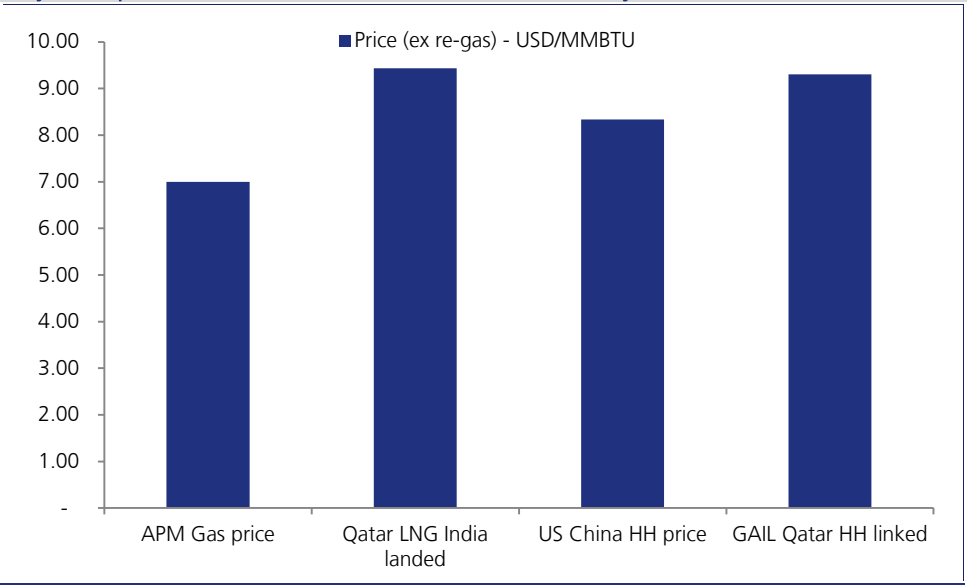
Source: PPAC, JM Financial. Note: LNG import price on the RHS and values in reverse order

Exhibit 60. Domestic gas production has been flat in the last decade



Source: PPAC

Exhibit 61. LNG prices imported are significantly higher than domestic (APM prices) even if they are imported from low cost North American hubs (Henry Hub)



Source: Industry, JM Financial

Exhibit 62. We estimate 4-5% CAGR in natural gas imports over FY25-30E

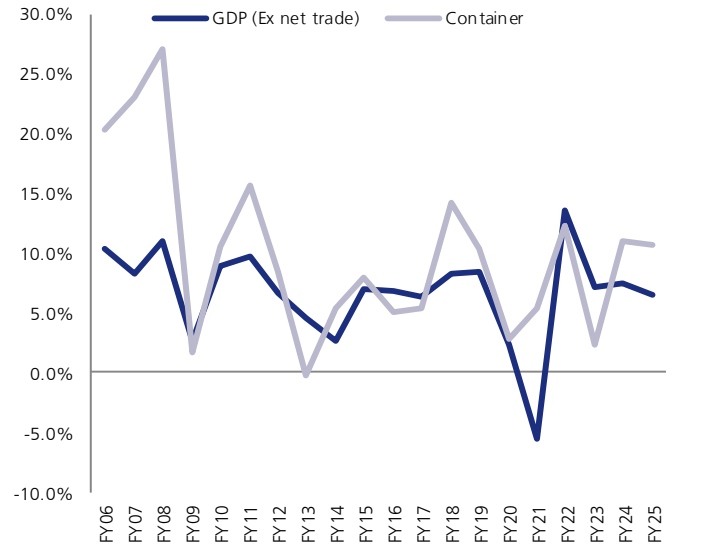
Natural Gas	FY14-19	FY22-25	FY25-30E
Production	-1.5%	2.4%	2.4%
Consumption	3.2%	3.6%	3.6%
Imports	10.6%	4.8%	4.8%

Source: JM Financial, Industry

Container volumes to rise ~1.2x domestic demand growth

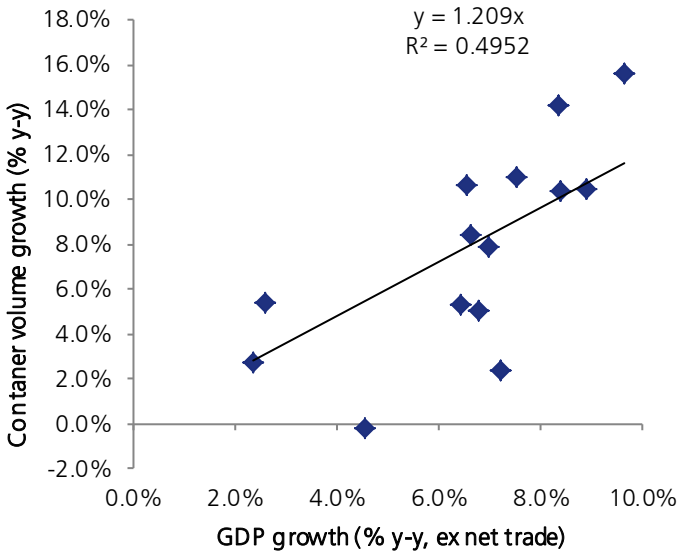
We estimate container volume CAGR of ~7% over FY25-30, at 1.2x India's economic growth (aggregate of consumption and investment demand). Historically, in India, container volume growth has a strong correlation with growth of aggregate consumption and investment demand. We estimate ~7% CAGR of port cargo volume of bulk commodities such as cement, fertilisers, food grains, etc. ADSEZ (with 40%+ share of container volume in overall cargo) and GPPV (with 65-70% share of container volume in overall cargo) are key plays on the containerisation theme.

Exhibit 63. Container volume growth in line with economic growth



Source: IPA, Ministry of Shipping, JM Financial

Exhibit 64. Container volume rises at 1.2x economic growth



Source: IPA, Ministry of Shipping, JM Financial

Coal: Imports driven by coking coal for steel and coastal movement of thermal coal

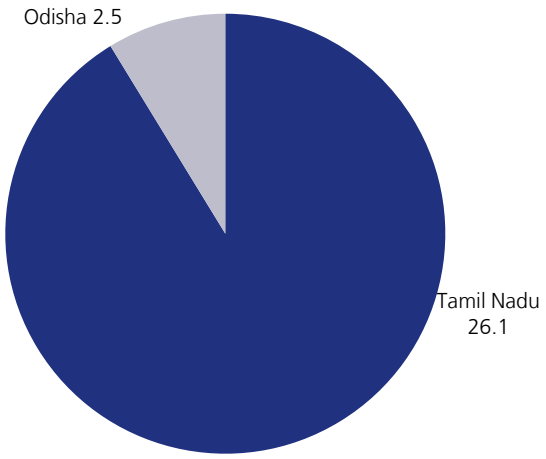
We estimate coal import volume CAGR of 2.5% over FY25-FY30.

We estimate incremental thermal coal demand of ~400mnt over FY25-30, based on a rise in installed capacity of coal-based power plants and steel plants. We estimate a ramp-up in domestic thermal coal production in India to meet the demand of thermal coal for both power and non-power sectors. We note that logistics constraints in evacuation of coal is a key bottleneck for coal supply in India, even as Coal India has ample coal reserves. With the commissioning of the Eastern Dedicated Freight Corridor (EDFC), we expect enhanced evacuation of coal volumes along the EDFC route to boost coal production in India. However, India does not have a domestic supply of coking coal and will continue to rely on imports for meeting coking coal demand arising from the rise in steel production capacity. We estimate incremental coking coal imports at 32mnt over FY25-30.

We expect a pick-up in coastal coal movement, led by a rise in coal demand from upcoming coastal thermal power plants in India, since the coastal route is the most economical for coal movement. Please note that since coastal movement involves moving coal from one Indian port to another, volumes handled are counted for both ports separately. We expect coastal coal volume movement to contribute incremental ~80mnt to Indian port volumes over FY25-30.(please note that coastal coal volumes are counted twice- once at the port of origin and then again at the port of destination).

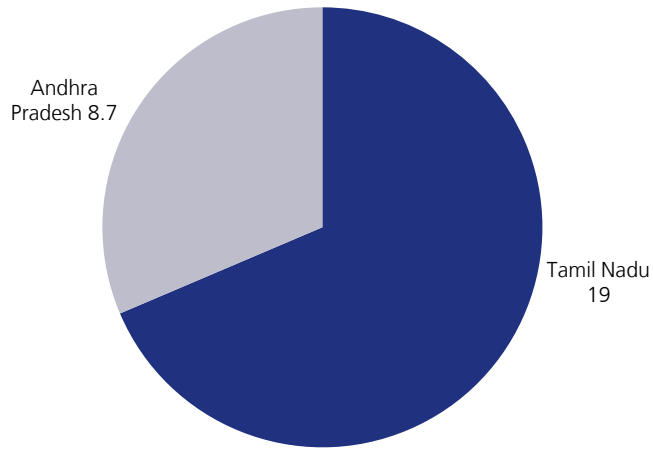
JSW Infra (with 50%+ share of coal volume in overall cargo mix and ADSEZ (with 33% share of coal volume in overall cargo mix for FY25) benefit from growth in coastal coal cargo.

Exhibit 65. Coal dispatch from Odisha and Tamil Nadu for FY22 (mnt)



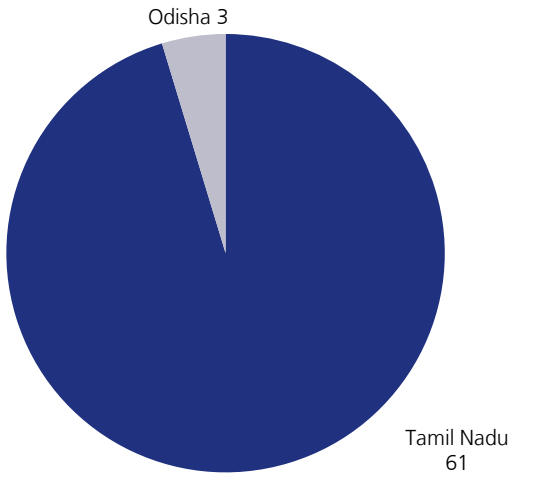
Source: Integrated coal logistics plan

Exhibit 66. Coal receipt at AP and Tamil Nadu for FY22 (mnt)



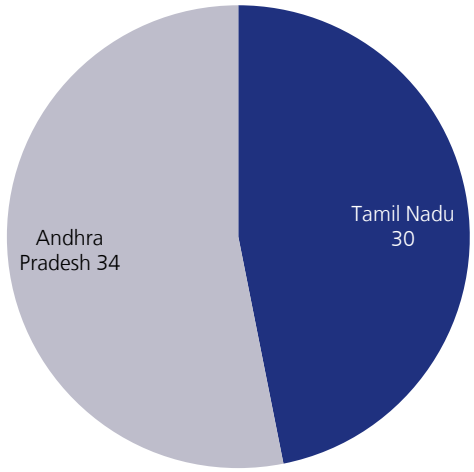
Source: Integrated coal logistics plan

Exhibit 67. Coal dispatch from Odisha and Tamil Nadu for FY30E (mnt)



Source: Integrated coal logistics plan

Exhibit 68. Coal receipt at AP and Tamil Nadu for FY30E (mnt)



Source: Integrated coal logistics plan

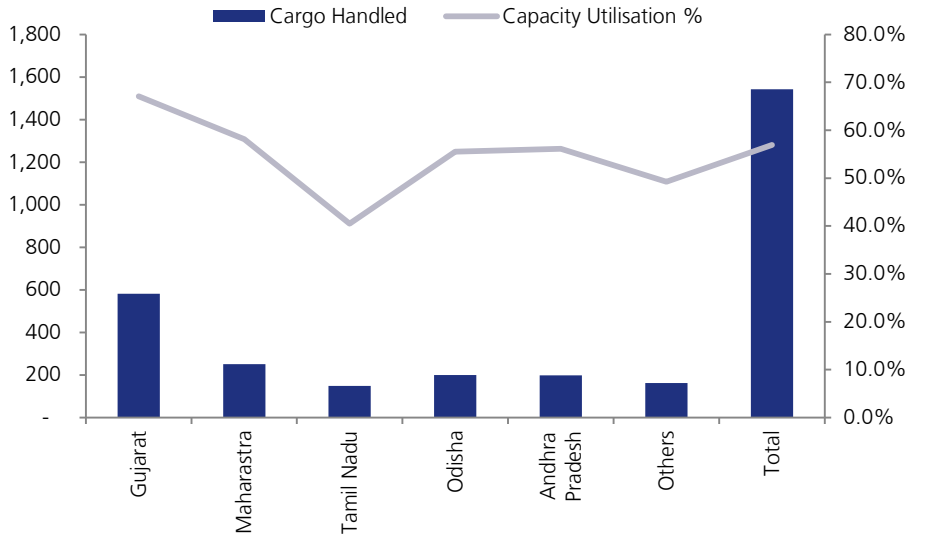
Indian ports to expand capacity and enhance operational efficiency

The overall Indian port capacity utilisation of 57% in FY24 may give the impression that there is adequate unutilised capacity. However, we note that there are wide regional disparities in utilisation levels. As an example, leading states like Gujarat have capacity utilisation of 67% with volumes still growing. Thus, there is a need for capacity expansion in this region.

Further, the name plate capacity may be impacted by evacuation bottlenecks due to weak inland logistics infrastructure that we discuss in subsequent sections. Thus, to boost capacity utilisation, investments in inland logistics are required as well. We note that debottlenecking projects like WDFC and EDFC are already taking place. A significant amount of industrial capacity is coming up near ports to reduce dependence on inland logistics. This factor should also support strong volume growth in the medium to long term, in our view.

Exhibit 69. Port utilisation at 57%; wide regional disparities with utilisation in key growth region (Gujarat) already at 67%

International standards suggest that ports should have at least 30% spare capacity for efficient operations



Source: Ministry of Shipping, UNCTAD

To cater to this rising cargo demand, as a part of the Maritime India Vision 2030, the Government of India has planned to expand port capacity from 1,285mtpa in FY19 to 2,100-2,240mtpa by FY30, with a broad-based expansion across regions. Of this expansion, c423mtpa of capacity is expected to be added to major ports largely under the public private partnership (PPP)/captive model, with an estimated investment of INR 334bn.

This highlights that there can be significant project award opportunities in the major ports' berth privatisation space. This is a space specifically targeted by JSW Infrastructure.

Exhibit 70. Significant port privatisation opportunities (PPP) till 2047

	FY21	2047
Kolkata	91	123
Paradip	259	600
Vishakhapatnam	134	179
Ennore	91	171
Chennai	135	135
V.O. Chidambaranar Port	111	249
Cochin	79	150
New Mangalore	105	108
Mormugao	63	63
Mumbai	84	96
JNPT	141	160
Kandla	267	500
Major port capacity	**1,560**	**2,534**
Vadhavan		300
Galathea Bay		240

Source: Ministry of Shipping, JM Financial

Government thrust on increasing efficiency: Indian ports face rising competition from ports in other South-East Asian countries. Therefore, in addition to capacity enhancement, the government has set targets across key performance indicators for major ports by 2030.

Making Indian ports capable of handling large ships: We note that the average ship size is likely to increase in the next decade. The average gross tonnage of ships handled by Indian

ports is currently ~16.5kt. Further, only five ports have 18m+ draft, which is required for larger ships to berth at the port. The government targets the average gross tonnage of ships handled at Indian ports at ~30kt by FY30. It also plans to add four more ports with drafts exceeding 18m, taking the total to nine.

Increasing port efficiency through mechanisation and digitalisation: Currently, no Indian ports feature in the global top 10, in terms of productivity. The government aims to get at least two ports into the global top 10 by 2030. This, in our view, requires significant investments in further berth mechanisation. At present, among the major ports in India, only the Mumbai port is fully digitalised (including a digital twin), while other major ports lag even in terms of having integrated port operating systems. The government has invested in a National Logistics Platform (NLP), which targets over 90% digitalisation of EXIM transactions as well as full-scale digitalisation at major ports. Some key terminal operators like DP World have already committed to implementing modern port control systems in the terminals they operate.

Thrust on sustainability: In subsequent sections, we highlight the emerging megatrend of sustainability, which, amongst other goals, include emission reduction across the logistics chain. Key ports are already undergoing significant electrification based on our interaction with Chinese equipment major Sany Heavy Industry. According to Sany, ports are replacing diesel trucks and cranes with electric ones. Ports are exploring options of using electric tractor trailers, though this is currently in a nascent stage. Besides electrification, they are focusing on obtaining green energy, for which they are signing PPAs for sourcing green power (ADSEZ and GPPV have been proactive in green power procurement).

Exhibit 71. Key KPI targets for Indian ports as listed in the Maritime India Vision 2030

KPI	2020	2030
Capacity		
Major ports with >300MTPA capacity	0	3
% of Indian cargo transshipment handled by Indian ports (%)	25	>75
% cargo handled at major ports by PPP/other operators (%)	51	>85
Port efficiency and digitalization		
Ports with 18m+ draft availability	5	9
Average ship daily output (gross tonnage)	16.5kt	>30kt
Vessel related charges multiple at major ports vs international ports (x)	2+	1
Average vessel turnaround time (hours)	25 hours	<20 hours
Average container dwell time (hours)	55 hours	<40 hours
% of EXIM transactions through NLP platform	Does not exist	>90%
Adoption of digital solutions at major ports (20 prioritized)	Limited	100%
% of e-registration of new vessels	-	100%
Indian ports in top 10 in terms of productivity	-	2
India's LPI ranking in international shipments and tracking & tracing	40-45	Top 10
Sustainability		
% share of renewable energy (%)	<10	>60

Source: Maritime India Vision 2030, Source: Maritime India Vision 2030, BNP Paribas Exane research

Exhibit 72. Potential for mega-port development

Port	Hinterland	Connectivity
Kandla	North and Central India	Rail and road
JNPT	North and Central India	DFC and Mahasamudhi Marg, gateway port for Tarapur Industrial area
Vadhavan	North and Central India, gateway port for Tarapur Industrial area	DFC and Mahasamudhi Marg
Paradip	North and Central India, gateway port for Tarapur Industrial area	DFC and Mahasamudhi Marg

Source: Maritime India Vision 2030

Inland infrastructure still inadequate but set to improve

Inadequate inland logistics leads to lower logistics score for India

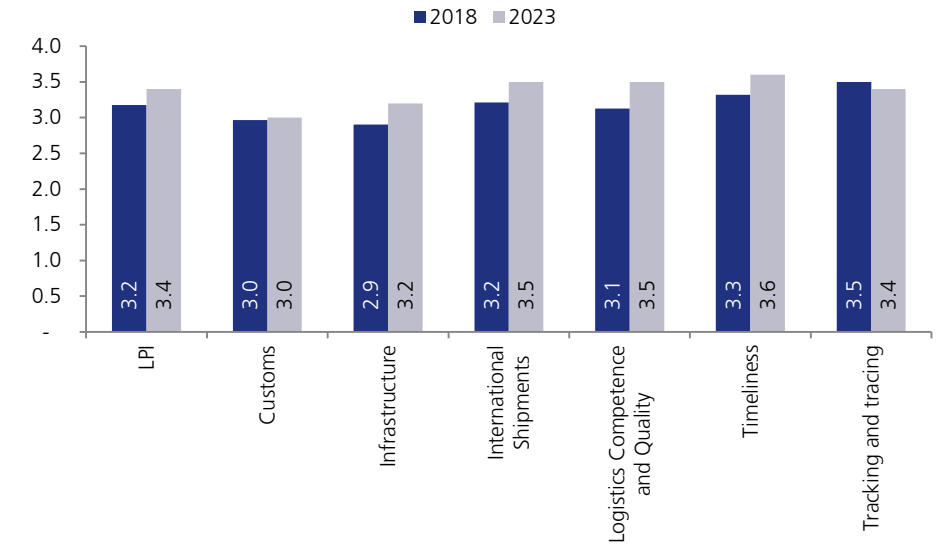
India ranks lower than peers like China, Malaysia, and Thailand in the overall Logistics Performance Index (LPI) score, largely due to significantly weaker scores for customs clearance and infrastructure. India has improved significantly on certain parameters like international shipments (with improving port connectivity), logistics competence and quality (with improved efficiency in port operations). However, it lags in the infrastructure score – largely due to inadequate inland infrastructure. Customs clearance processes and automation also remain areas of improvement.

Exhibit 73. India ranks well on international shipments and logistics quality, but is weak on infrastructure and customs

2023	India	China	Indonesia	Vietnam	Malaysia	Thailand	Sri Lanka	Bangladesh	Philippines
LPI	3.4	3.7	3.0	3.3	3.6	3.5	2.8	2.6	3.3
Customs	3.0	3.3	2.8	3.1	3.3	3.3	2.5	2.3	2.8
Infrastructure	3.2	4.0	2.9	3.2	3.6	3.7	2.4	2.3	3.2
International Shipments	3.5	3.6	3.0	3.3	3.7	3.5	2.8	2.6	3.1
Logistics Competence and Quality	3.5	3.8	2.9	3.2	3.7	3.5	2.7	2.7	3.3
Timeliness	3.6	3.7	3.3	3.3	3.7	3.5	3.3	3.0	3.9
Tracking and tracing	3.4	3.8	3.0	3.4	3.7	3.6	3.0	2.4	3.3

Source: World Bank

Exhibit 74. India has improved on most parameters, except in customs clearance and automation/digitalisation



Source: World Bank

Inadequate inland infrastructure causing inefficiencies

Connectivity of ports to various hinterland areas is key for efficient logistics. We note that this is a key bottleneck in the Indian logistics system. India and China have longer supply chains, both on import and export legs, possibly due to a larger interior hinterland. For other East Asian countries, the distances from ports to interior hinterlands are lower. Thus, lead times are higher in India than in other countries, except Thailand.

We note that for similar inland distances, lead times are higher in India than in China. As indicated in the figure below, India has an import lead time of 8 days, which is significantly higher than 4 days for China for a similar inland distance. This indicates a deficit in India's inland infrastructure.

Exhibit 75. Higher lead times for inland distances indicating inadequate infrastructure

	China	India	Vietnam	Indonesia	Malaysia	Bangladesh	Sri Lanka	Thailand	Philippines
Export time and distance / Port or airport supply chain									
Distance (kilometers)	337km	246km	43km	171km	75km	N/A	75km	300km	36km
Lead time (days)	2 days	3 days	2 days	2 days	2 days	N/A	6 days	4 days	1 days
Export time and distance / Land supply chain									
Distance (kilometers)	707km	569km	477km	297km	75km	N/A	N/A	300km	N/A
Lead time (days)	6 days	6 days	9 days	3 days	4 days	N/A	N/A	18 days	N/A
Import time and distance / Port or airport supply chain									
Distance (kilometers)	328km	203km	56km	277km	43km	N/A	300km	300km	25km
Lead time (days)	6 days	3 days	3 days	4 days	2 days	N/A	4 days	5 days	2 days
Import time and distance / Land supply chain									
Distance (kilometers)	784km	812km	131km	277km	75km	N/A	N/A	300km	N/A
Lead time (days)	4 days	8 days	5 days	4 days	4 days	N/A	N/A	18 days	N/A
Shipments meeting quality criteria (%)	81%	77%	83%	73%	69%	N/A	40%	93%	87%
Number of agencies - exports	3	3	3	4	2	N/A	4	3	4
Number of agencies - imports	3	3	2	3	2	N/A	N/A	3	4
Number of documents - exports	4	3	3	5	2	N/A	4	2	6
Number of documents - imports	4	3	2	3	2	N/A	4	2	6
Clearance time without physical inspection (days)	1 days	1 days	1 days	1 days	N/A	N/A	2 days	1 days	2 days
Clearance time with physical inspection (days)	2 days	2 days	3 days	7 days	1 days	N/A	4 days	1 days	2 days
Physical inspection (%)	3%	19%	10%	8%	4%	N/A	6%	35%	30%
Multiple inspection (%)	1%	3%	3%	2%	1%	N/A	6%	35%	1%
Declarations submitted and processed electronically and on-line (%)	71%	100%	100%	N/A	100%	N/A	N/A	N/A	100%
Importers use a licensed Customs Broker (%)	71%	100%	100%	N/A	100%	N/A	N/A	N/A	100%
Able to choose the location of the final clearance (%)	83%	50%	100%	N/A	100%	N/A	N/A	N/A	100%
Goods released pending customs clearance (%)	40%	N/A	25%	N/A	100%	N/A	N/A	N/A	N/A

Source: World Bank

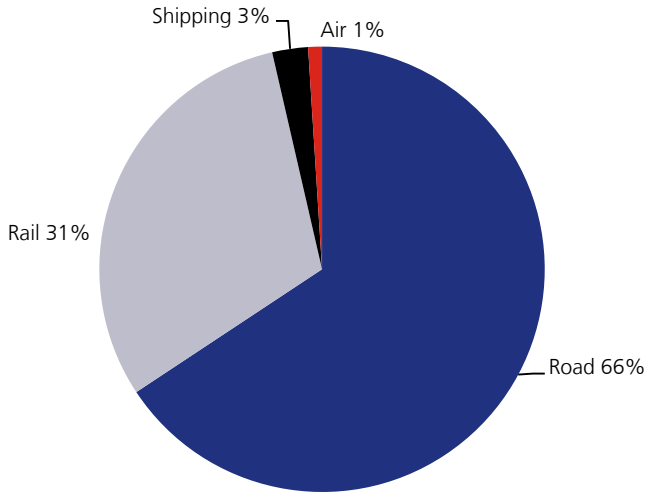
Inland logistics is dominated by roads as rail lines, despite being economical, are congested

India's inland logistics system is dominated by roads (66% modal share) as compared to railways (30% share). A small but growing share is also taking place via coastal shipments (2.6% share), wherever feasible. The government is providing policy support for increased modal share of rail as well as coastal shipping.

The dominance of roads is particularly higher in shorter leads (below 300km) as costs like handling charges and door-to-door delivery costs (first mile and last mile or FMLM) make rail costlier and time-consuming.

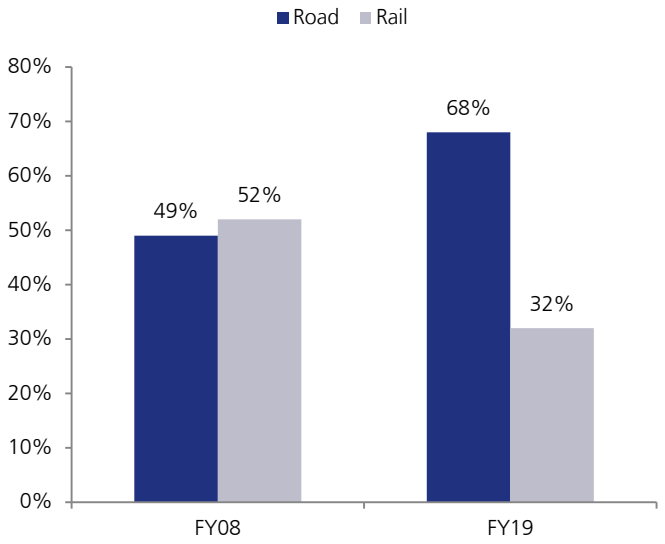
While rail has cost advantages over road in longer leads, heavy congestion leads to unplanned delays and uncertainty in container delivery timelines. The congestion is a consequence of underinvestment in railways. We note that, over FY10-24, the national highway network has expanded by ~2x, while the rail network has grown only by ~19%. As a result, passenger trains and freight trains run on the same track, with passenger trains prioritized for track access. Thus, the average speed of freight trains in India is only ~25kmph vs. the global average of c40kmph. Hence, besides cost considerations, timeliness of service and higher inventory costs due to delays in deliveries are also some other complexities.

Exhibit 76. Road accounts for 66% of inland modal share



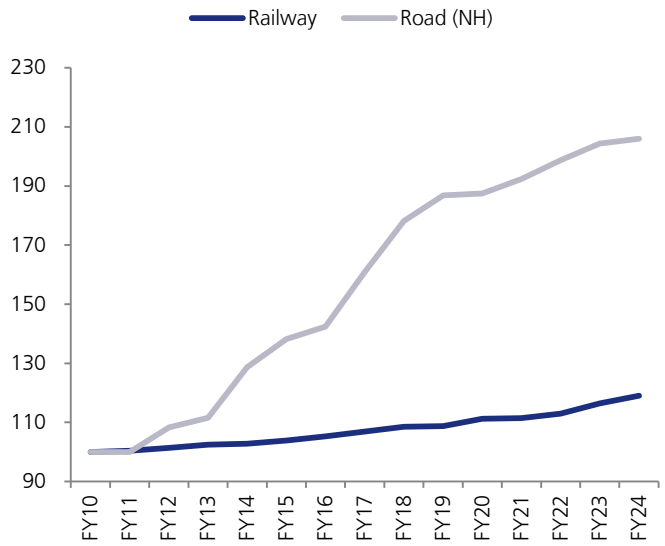
Source: National Rail plan 2030

Exhibit 77. % share in long lead freight movement



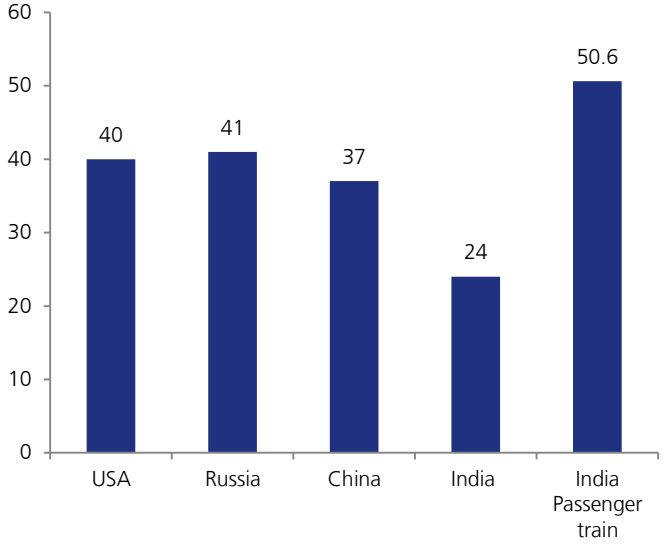
Source: National Rail plan 2030

Exhibit 78. Rail network expansion has lagged roads



Source: National Rail Plan, Ministry of Road Transport and Highways

Exhibit 79. Average speed of freight trains



Source: National Rail Plan

Rail network congestion particularly severe in the North and the West (key container movement corridor)

Due to chronic under-investment in the past decades, rail network expansion has been modest compared with the rise in traffic. This has resulted in chronic congestion (>80% capacity utilisation) across most zonal segments. The issue is of particular concern along the northern and western zones, where almost all the segments are congested.

These zones account for a major share of container train movement (~70% share in India's container traffic in FY24) and are along the proposed WDFC route.

The rationale to overcome the congestion challenges is amongst the key driving factors for the Indian government to invest in building the WDFC.

Exhibit 80. Large number of railway lines are at 100% or higher utilisation

Zonal Rail	Zonal Rail	<80%	80-100%	100-120%	120-150%	>150%	Total sections
CR	Central Railway	12	4	7	12	5	40
ECoR	East Coast Railway	5	-	-	8	1	20
ECR	East Central Railway	1	5	4	3	3	16
ER	Eastern Railway	-	3	7	-	-	10
NCR	North Central Railway	-	1	5	19	1	26
NER	Northeastern Railway	1	3	6	1	3	14
NFR	North Frontier Railway	-	3	-	5	1	9
NR	Northern Railway	3	4	5	7	2	21
SCR	South Central Railway	-	14	2	2	2	20
SER	Southeastern Railway	2	2	6	6	-	16
SECR	Southeast Central Railway	-	-	3	5	1	9
SR	Southern Railway	5	8	4	-	-	17

Source: Ministry of Railways

Transit times are much higher for rail than for roads; cost benefits are only for longer leads

Investments in highways have led to a significant improvement in the timeliness of freight deliveries by trucking. However, this is not the case for railways as time-tabled rail services are generally lacking, except on certain stretches of the WDFC commissioned so far. Further, the lack of cargo handling facilities at rail terminals or ICDs (inland container depots) and FMLM (first mile and last mile) logistics add to delays, costs as well as supply chain complexity. On average, the turnaround time on rail is 3+days higher than that on roads due to rail network congestion and additional time required for handling and procedures at ICDs.

Exhibit 81. Turnaround time higher for railways due to handling and procedures at ICDs

Procedure	No of days
No. of days needed for procedures and handling at JN port	5-8
No. of days needed for rail transport	3
No. of days needed for procedures and handling at ICD	5
Total time on rail	**13-16**
Maximum truck turnaround time	10

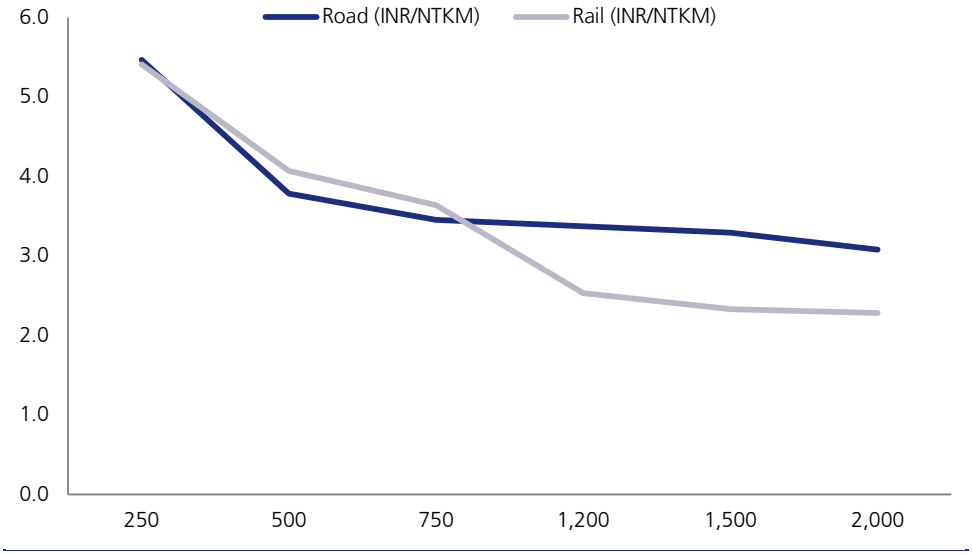
Source: JICA

Rail is not necessarily cheaper at all distances; railways may not be viable below 300km; true viability is higher than 500km

Our investor interactions suggest that there is a persistent belief that rail transport is cheaper than roadways by a significant margin. We, however, are of the opinion that such a simplistic approach is not necessarily true as this approach simply compares rail haulage charges against road freight charges. However, it misses the point that rail transport also requires additional handling costs as well as first mile and last mile logistics costs.

We further estimate that railways are cheaper only for distances above at least 500km, and even then, the cost difference is usually not more than 20% (not over 40% based on a simple comparison of haulage charges only).

Exhibit 82. Railway is cheaper than roadways only for long distances



Source: CCRI, CMIE, Indian Railways

Abrupt rail freight hikes have adversely impacted competitiveness and raised tariff linked uncertainty

However, of late, rail tariff hikes have been less frequent and relatively modest.

In FY15, Indian Railways hiked prices twice, leading to an effective hike of 26%+ and resulting in severe tariff hikes in the rail container industry. Such large and abrupt hikes have led to uncertainty regarding long-term planning of freight movement by end-to-end customers.

However, since then, price hikes have been modest (5% in FY19). From Oct'23 onwards, a busy season surcharge of 10% is applicable (for all quarters except 2Q). While the 10% tariff hike may appear large, we note that this is after a gap of almost 5 years. We think that setting up an independent tariff regulator is the need of the hour to provide long-term rational pricing.

Exhibit 83. Indian railways had taken steep price hikes in FY15, though of late, price hikes have been muted

	Freight rates (INR/TEU)				Change (INR/TEU)			Change (%)		
Leads (kms)	FY13	FY15	2HFY19	2HFY24	FY15	2HFY19	2HFY24	FY15	2HFY19	2HFY24
701 - 750	9,983	12,620	13,251	14,576	2,637	631	1,325	26.4	5.0	10.0
751 - 800	10,611	13,418	14,089	15,498	2,807	671	1,409	26.5	5.0	10.0
801 - 850	11,240	14,216	14,927	16,420	2,976	711	1,493	26.5	5.0	10.0
851 - 900	11,868	15,014	15,765	17,342	3,146	751	1,577	26.5	5.0	10.0
901 - 950	12,496	15,812	16,603	18,263	3,316	791	1,660	26.5	5.0	10.0
951 - 1000	13,125	16,610	17,441	19,185	3,485	831	1,744	26.6	5.0	10.0

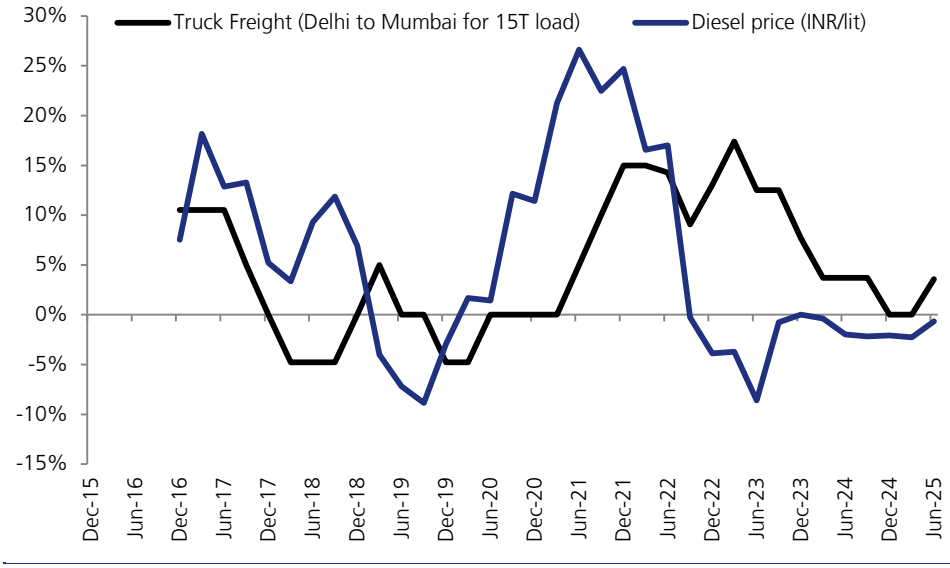
Source: Indian Railways

Rail freight hikes had previously coincided with falling diesel prices (hence lower truck freight), which severely impacted rail modal share

The sharp rail freight hike of 26% in FY15 coincided with a period of softening diesel prices. This resulted in a fall in costs for truck operators, who gained market share from container train operators (CTOs) and that too, despite the truck operators hiking prices. In the particular case of CCRI, its volumes were impacted as well, though we note it was able to maintain its market share amongst other CTO operators till FY19.

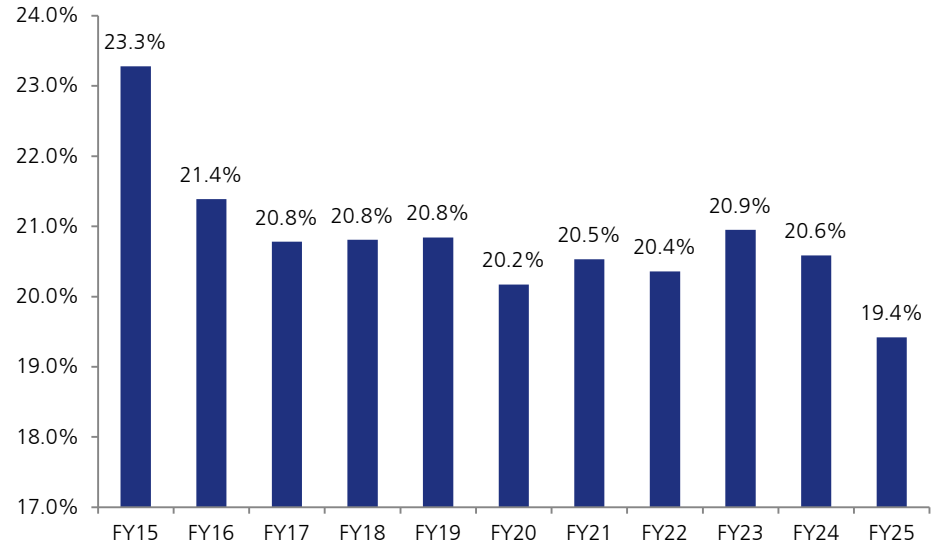
From FY20, however, increased price competition, especially in the shorter leads, led CCRI to lose market share to smaller CTOs. This was a conscious decision by CCRI to protect profitability and avoid price aggression.

Exhibit 84. Relatively steady diesel prices have kept truck freight in check impacting competitiveness vs. rail freight



Source: Industry, JM Financial

Exhibit 85. Railway share in port container volume



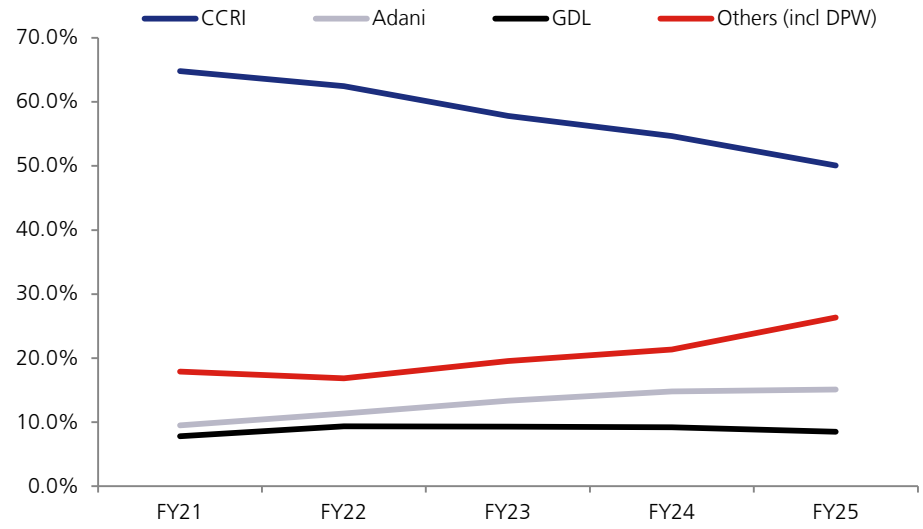
Source: Industry, JM Financial

FMLM challenges persist for railways; CTOs focusing on FMLM have demonstrated market-share gains

A key challenge to timeliness of delivery for railways has been FMLM connectivity, which involves the use of trucks. Since the trucking industry is highly fragmented, service reliability of low-lead trucking is a challenge, which further adds uncertainty to timeline commitments by railways.

Further, large customers are now seeking a fully integrated logistics chain across the globe (not just in India) and thus CTOs that are investing in FMLM are gaining market share. This is reflected in market share gains by CTOs like Adani Logistics at the expense of CCRI. However, CCRI is also ramping up its FMLM capabilities (target is 80%+ of cargo handled from 23% in FY23 and 30% in FY25) and we think this can lead to eventual market share stability for CCRI.

Exhibit 86. CCRI has lost market share to other CTOs on aggressive pricing



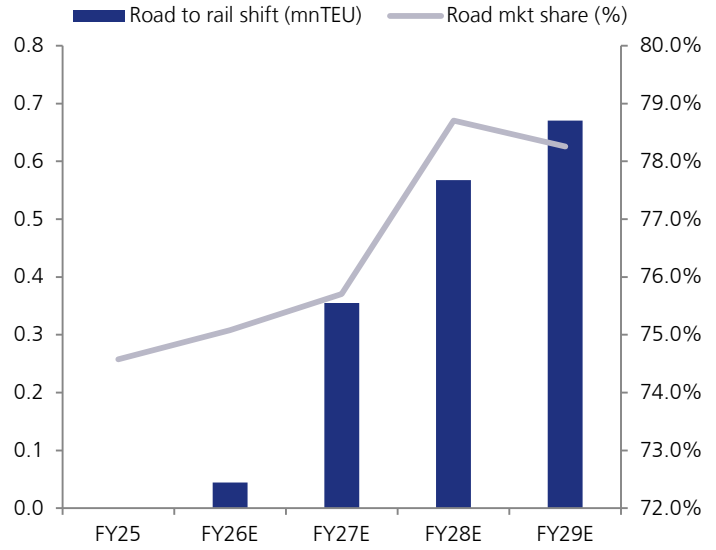
Source: Company

Demand for ESG-compliant logistics chains supports the case for railways inland transport in the long run

Global majors like Amazon and Walmart have set sustainability goals for themselves, a key part of which is low-emissions transportation. Thus, railways are favoured due to low emissions vs. roads in the long term. This is because railways are increasingly run on electric power vs. diesel engines earlier (~98% of the Indian Railways' broad-gauge tracks are electrified by FY25 end – press release).

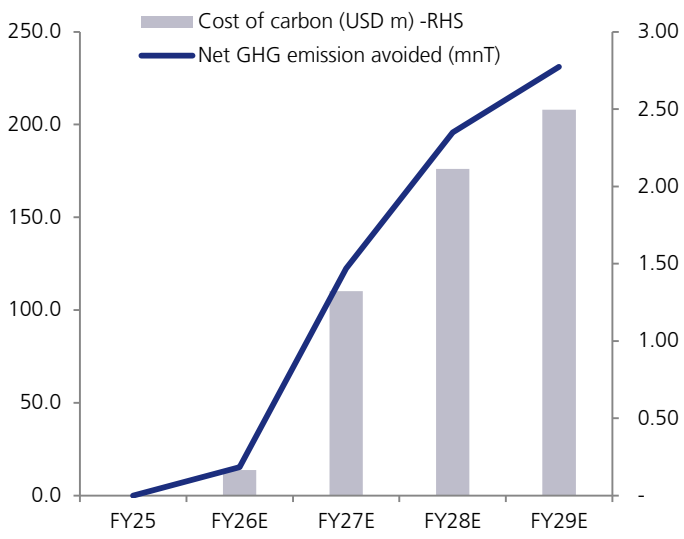
Further, key players like CCRI are also turning ESG compliant, by opting for their own LNG-fuelled truck fleet for FMLM and using green energy at ICDs (these help in greening and integration of supply chains).

Exhibit 87. WDFC leads to ~0.6-0.7mnTEU shift in road traffic to rail but is mostly back-ended (FY28-30E)…



Source: IMF, Indian Railways

Exhibit 88. …leading to significant emission reduction (~2.5mtpa-3.0mtpa) or worth USD 200mn+ in carbon abatement measures



Source: IMF, Indian Railways

Commissioning of WDFC to turn around rail transportation

DFC specifically addresses congestion issues and with timely guarantees in deliveries, we expect significant cost savings

The low speeds of freight trains in India vs. that in other large economies due to increasing congestion is a cause of market share loss for railways. The commissioning of the WDFC could likely lead to the following outcomes:

- **Trains' operating speed increasing to 70-80kmph:** This is made possible by dedicated freight tracks preventing congestion and clustering of trains. Further, the partial commissioning of WDFC from Dadri to Palanpur has reduced transit time from 2-3 days to under 24 hours.
- **WDFC trains are 1.33x faster and can carry 3.75x weight vs. current rolling stock:** Double stacking of containers leads to economies of scale. The carrying capacity per train can be further enhanced as WDFC has provisions to upgrade from 25T axle load locomotives to 32.5T axle later.
- **More station spacing and modern signalling lead to higher network utilisation:** A modern TCS (track control system) vs. legacy ABS (absolute block system) can enable running of up to 140 trains/day/direction against 85 using the conventional ABS system. The initial plan is for 110 trains/day/direction. Further, the signalling system has provision for upgrading from ETCS-I (current technology planned for WDFC) to ETCS -II.

DFC can lead to cost savings

- Lower levels of inventory in transit can reduce unit cost of logistics for freight customers.
- Reduced rolling stock and manpower needs: The increased speed on DFC by a factor of 2.5x can lead to reduced rolling stock needs as well as lower attendant manpower (crew and guard) costs.

However, rail tariffs are unlikely to be cut; benefits are from efficiency gains

The MD of Dedicated Freight Corridor Corporation of India Limited (DFCCIL) commented that, at present, DFC tariffs will be similar to those of railways, since DFCCIL is a part of Indian Railways and has the status of Zonal Railways. Thus, CTOs' expectations that tariffs will fall will take time to materialise.

Thus, we think any market share gains that can accrue to CTOs will be determined by efficiency gains (namely the ability to time-guarantee deliveries).

Exhibit 89. DFC trains and infra vs. existing rail network

Parameters	Existing	DFC
Max weight carried		3.75x of existing
Average speed		1.33x of existing
Max speed		2.7-3.0x of existing
Container stack	Single	Double
Train length (m)	700	1,500
Train load (tonnes)	4,000	15,000
Max speed (kmph)	75	100
Station spacing (kms)	7-10	40

Source: DFCCIL

WDFC partly commissioned; pending link to JNPT critical for rail modal shift

The construction work for WDFC was initiated in FY12, but meaningful execution only started in FY16. Since then, there has been substantial progress, with the WDFC practically complete in its northern legs and into the Maharashtra state at its southern end. Only the final stretch of WDFC remains to be connected to JNPT port. DFCCIL expects connection by Dec'25 but we expect slippage into 1HFY27 with significant progress still remaining in the last link.

The ports in Gujarat, namely, Mundra, Kandla and Pipavav have already been connected to WDFC, which has enabled them to achieve time-tabled freight operations. This has resulted in increased double stacked container operations (63% at Mundra and 80% at Pipavav ports).

An advantage is that global shippers are increasingly tilting towards electrified rail transport over diesel trucks, to be compliant with their global emission-reduction targets. However, so far despite connection to WDFC with Mundra and Pipavav meaningful changes in rail modal share is yet to be witnessed.

Exhibit 90. Status of WDFC

Route	Length (kms)	Status
Dadri - Rewari	127	Commissioned
Rewari - Madar	306	Commissioned
Madar - Palanpur	353	Commissioned
Palanpur - Makarpura	290	Commissioned
Makarpura - Sachin	135	Commissioned
Sachin - Vaitarna	193	Commissioned
Vaitarna - JNPT	102	31-Dec-25
Dadri - Rewari	127	Commissioned

Source: DFCCIL

Exhibit 91. Key feeder lines for WDFC

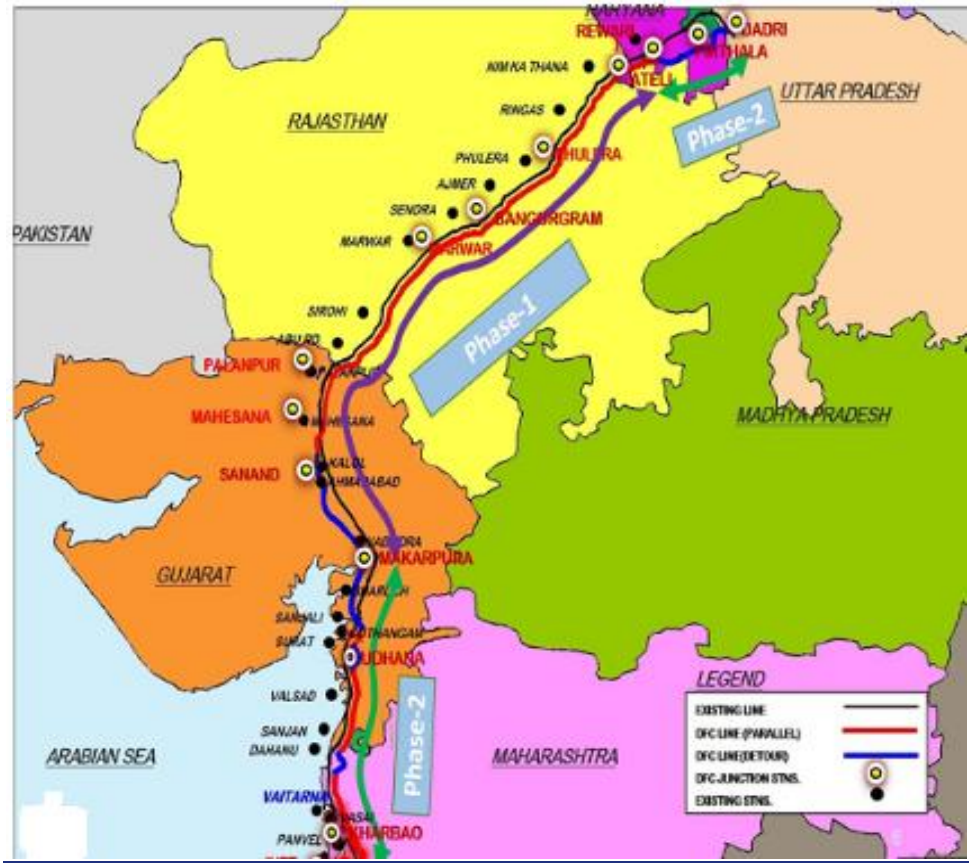
Route	Length (kms)
Pipavav-Surendranagar-Viramgam-Mehsana	395
Kandla Port-Gandhidham-Palanpur	312
Mundra Port- Gandhidham	66
Viramgram-Samakhiali	182
Hazira-Surat	40
Ludhiana-Hissar-Rewari	348
Bharuch-Dahej	62
Total	**1,405**

Source: DFCCIL

Construction of the line connecting JNPT to WDFC has resumed; the final linkage can boost rail modal share further

The last link to JNPT had initially faced land acquisition challenges and significant litigations over disjointed stretches. The issue was further complicated by the EPC contractor's under-performance (as per DFCCIL) and their contract was terminated. However, the contractor (Tata Projects consortium) was reinstated and DFCCIL expects to complete and commission the stretch by Dec'25. We expect the commissioning to be completed by 1HFY27, and benefits to accrue from FY27 onwards.

Exhibit 92. Route Map of WDFC



Source: DFCCIL

WDFC benefits are already evident in commissioned stretches

The WDFC is already connected to Pipavav and Mundra ports. Based on data available from DFCCIL, we observe that freight trains running on WDFC have significantly higher speeds and lower wagon turnaround times than ones that run on the Indian Railways network. The higher speeds and lower wagon turnaround times can lead to significantly higher asset utilisation than would have been possible on the IR network.

Further, rail terminals which are already connected to the WDFC are witnessing substantial traffic growth. This is despite WDFC being partially commissioned and, thus, the concomitant benefits that we are witnessing are also partial.

Exhibit 93. Benefits of freight trains running on WDFC vs. the Indian Railways network

WDFC	FY22	FY23	FY24
No of trains	23,544	62,277	88,225
Trains per day	36	72	92
GTKM (bnt km)	11	23	39
Average speed (kmph)	44	51	54
Wagon Turnaround (WTR) (in days)	1.22	0.78	0.80

Source: IR, WDFC, JM Financial

Detailed model forecasting WDFC volume

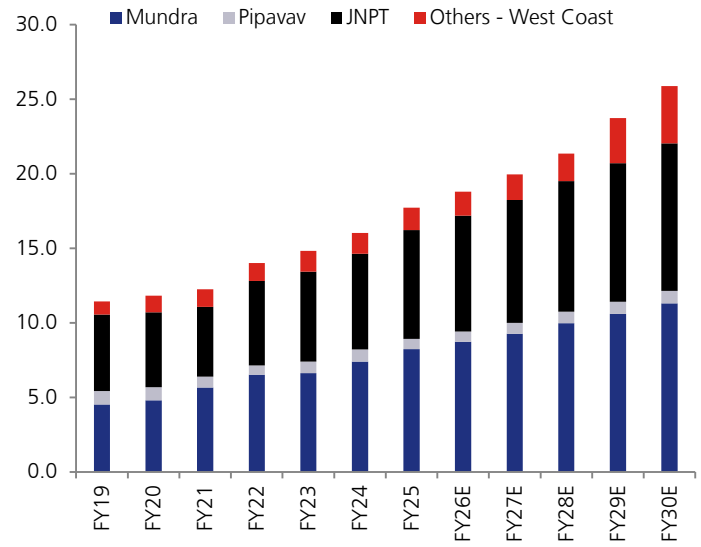
Deep-dive model of WDFC container traffic suggests rail modal share to rise to ~27% by FY30

In this section, we forecast rail EXIM container volumes on the WDFC until FY30 based on our India cargo volume forecast, potential containerisation, port-by port estimation of container traffic and the rail coefficient on this container cargo. We also forecast EXIM rail container volumes for CCRI based on its market share at key ports. Finally, we also highlight the potential impact on truck volumes and resultant carbon-emission reduction due to the shift of volumes from road to rail. **We estimate railway modal share in India's west coast container volume to touch c27% by FY30, resulting in 15% CAGR in container volumes for DFC-linked rail lines.**

Key conclusions from our analysis

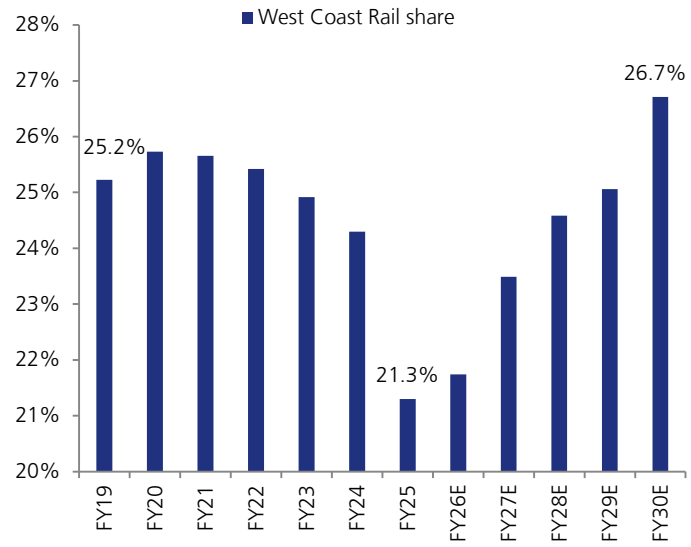
1. **Further scope for containerisation at Indian ports is limited:** Data for FY18-25 suggests a containerisation level of 22-26% in Indian cargo volumes, which suggests that there is further scope of containerisation. However, a commodity-wise analysis shows that there is a high share of non-containerisable cargo (crude, coal, liquids) and excluding these, effective containerisation was ~79% in FY25. We expect this to rise to 80-85% in a steady state, in line with that of developed market peers.
2. **Based on our port-by-port analysis, we forecast 8% CAGR in port container volumes over FY25-30:** We have considered the key gateway ports on the west coast, namely Mundra, Pipavav and JNPT, as well as smaller volumes at other terminals, namely Kandla and Mumbai for our analysis. We estimate ~7% CAGR for Mundra, which contributes the highest share in volume growth (in absolute terms). We also estimate JNPT to largely exhaust its full permitted capacity of 10mnTEU by FY30 (vs 7.3mnTEU in FY25). We factor in a rise in volumes at Kandla as well, as DP World adds further capacity at the port.
3. **WDFC supports ~15% FY25-30E CAGR driven by modal shift:** Mundra and Pipavav ports are already connected to the WDFC, and we expect them to gain initially. The single-largest road-to-rail modal shift could occur at Mundra, where we expect the rail modal share to rise from 24% in FY25 to 29% by FY30 (vs. pre-Covid level of 27%). We also expect JNPT to connect to WDFC in FY26 and its rail modal share to rise from 15% in FY25 to 24% by FY30. JNPT modal share gains are limited by bulk of the traffic falling outside WDFC zones. These factors can enable rail modal share to rise from 21% in FY25 to 27% in FY30 (vs. pre-Covid level of 25%).
4. **We expect CCRI to lose market share, especially at Mundra, but still witness ~15% EXIM container volume CAGR over FY25-30:** We expect Adani Logistics to gain market share in the Mundra region till FY27. Post FY26, and with the connection of JNPT to WDFC, CCRI's market share may stabilise. Despite CCRI's market-share loss in Mundra zone it can achieve ~15% CAGR of EXIM container growth assuming no further market share is lost at JNPT.
5. **WDFC tariffs to remain the same as those on the existing Indian Railways route:** This assumption is based on comments by Chairman of DFCCIL that rail tariffs on the existing IR network and on WDFC are unlikely to be different. The timeliness and reliability of transport is a key modal-share-gain factor for rail rather than just costs for the shipper.
6. **The road-to-rail shift has a transient impact on truck volumes in the near term:** We estimate the modal shift could impact new truck volumes to the extent of 3,000-6,000 units over FY27-30E or about 1-2% of FY25 annual demand.
7. **Significant GHG-emission reductions should boost the Indian logistics sector's competitiveness:** Based on our estimate of trucks displaced by rail, we forecast 6mnt-7mnt of greenhouse gas (GHG) emission reduction in over FY26-30E. Assuming a carbon cost of USD75/tn, (the IMF has proposed this as a carbon cost in 2019 to incentivize green technology adoption), we estimate the value of avoided emissions to exceed USD 500mn.

Exhibit 94. Port-wise container volume (mnTEUs) to rise at 6.4% CAGR over FY25-28



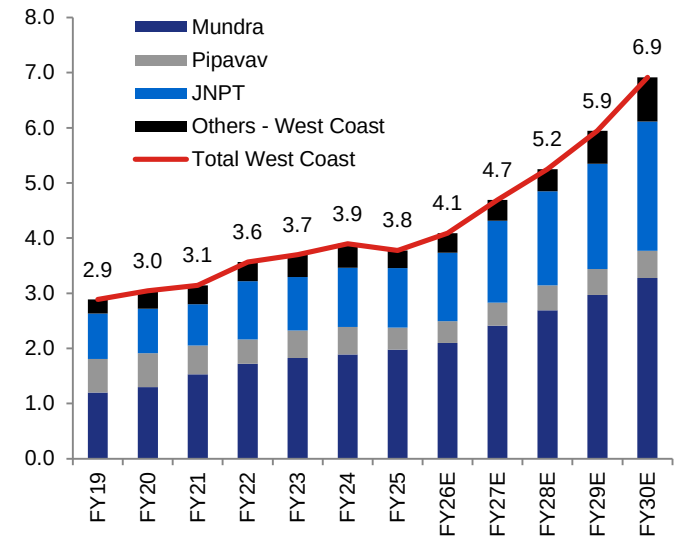
Source: Company, JM Financial estimates

Exhibit 95. West coast rail container share to revive to pre-Covid levels with JNPT link connection



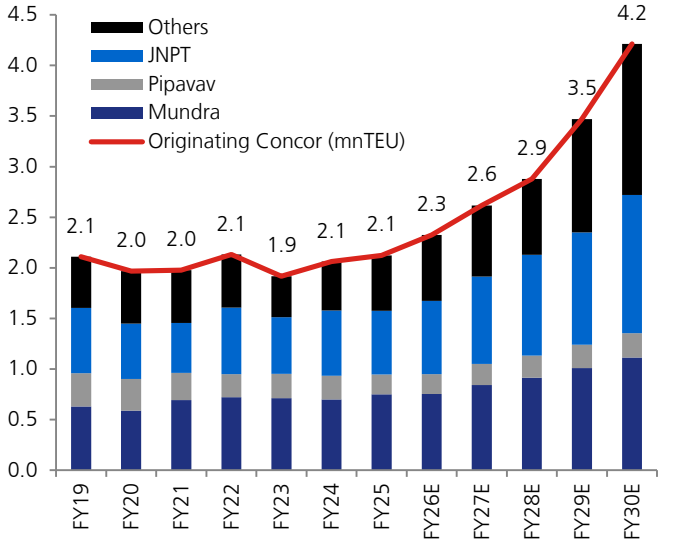
Source: Company, JM Financial estimates

Exhibit 96. Port-wise rail evacuated container volumes (mnTEUs)



Source: Company, JM Financial estimates

Exhibit 97. FY25-28E CCRI originating volume CAGR at 11%



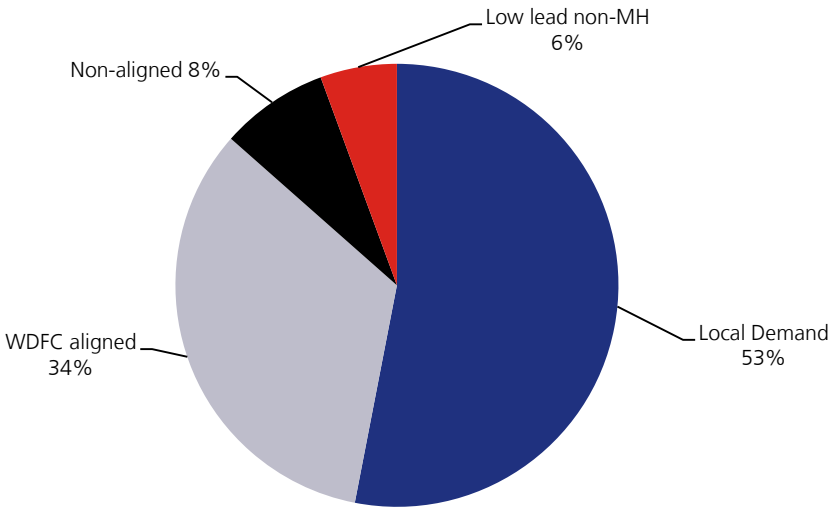
Source: Company, JM Financial estimates

JNPT volume boost has limitations; we do not expect rail coefficients exceeding 25-30% due to hinterland issues

We find investor expectations of JNPT rail modal share rising above 40%, from 15% in FY25, to be too optimistic. Based on our hinterland study and estimates, only 34% of the container volumes are north-bound long leads (Exhibit 98). The rest for local consumption in Maharashtra and South India. This aligns with statements by certain logistics companies that 30-35% of demand from JNPT is in the northern region. For non-WDFC aligned cargo, we do not expect any modal shift as railways' competitiveness is impacted by development of high-quality roads (Mumbai-Nagpur Expressway, for example). Therefore, we estimate only ~24% rail coefficient for JNPT in the long term (FY30) vs. 15% currently (Exhibit 99).

Furthermore, JNPT has a limited scope of expansion as its capacity was expanded in FY25 to 10.0mnTEU. FY25 volume at JNPT was 7.3mnTEU, highlighting limited scope (at most 2.5mnTEU) of volume growth over FY25-30E. **Unless the planned Vadhavan port is developed, which we believe is at least a decade away, the Maharashtra WDFC zone is likely to be saturated in terms of port capacity by FY29.**

Exhibit 98. Hinterland distribution of JNPT's container volume



Source: Industry, JM Financial research

Exhibit 99. We estimate steady-state rail coefficient of 24% post DFC

For JNPT	Pre-DFC	Post-DFC
Overall rail coefficient	16%	24%
Of which, WDFC share	77%	65%
WDFC share in JNPT volumes	12%	20%
Of JNPT's hinterland traffic flowing along the WDFC route (long lead)	33%	33%
Share of railways in traffic moving along the WDFC route	**37%**	**60%**

Source: Industry, JM Financial research

We have not incorporated potential domestic cargo containerisation and the resultant uptick for CTOs

We have only considered EXIM containerisation in our forecasts. However, with private cement rail sidings connecting to WDFC, we expect some progress on containerisation of bulk cement movement.

Sustainability is key for inclusion in global supply chains

As a part of its commitment in COP26, India has pledged to reduce emissions by 45% and achieve 50% of its energy requirements from non-fossil fuel-based energy sources by 2030. The government of India has defined comprehensive guidelines for achieving sustainability goals for Indian ports in the form of "Harit Sagar" Guidelines 2023. Some of the targets under these guidelines are presented in the figure below.

Exhibit 100. Sustainability targets for ports under Harit Sagar" Guidelines 2023

Parameter	Target by 2030	Target by 2047
% share of renewable energy consumption at ports (self-generated + procurement from grid)	>60%	>90%
% port equipment/vehicles electrified	>50%	>90%
% area under green belt	>20%	>33%
% reduction in CO2 emission / ton of cargo (baseline year 2023)	>30%	>70%
% GHG emission reduction in all coastal/ EXIM vessels	>10%	>50%
% reduction in fresh-water consumption / ton of cargo (baseline year 2023)	>20%	-
% recycle and reuse of consumed water	>100%	-
% reduction in energy consumption / ton of cargo (baseline year 2023)	>20%	-
No. of LNG bunkering station	One by 2030	-
Green hydrogen / Ammonia bunkers and refuelling facilities	By year 2035	-
Adequate number of EV charging stations	By year 2025	-
Green Tug Transition Program- convert existing tugs to green tugs to be powered by Green Hybrid Propulsion systems and adopt non- fossil fuel solutions like Methanol, Ammonia, and Hydrogen	By year 2030	

Source: Ministry of Ports and Shipping

Exhibit 101. Status of major ports on sustainability front

Parameter	Target by 2030	Target by 2047
% share of renewable energy consumption at ports (self-generated + procurement from grid)	>60%	>90%
% port equipment/vehicles electrified	>50%	>90%
% area under green belt	>20%	>33%
% reduction in CO2 emission / ton of cargo (baseline year 2023)	>30%	>70%
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% reduction in fresh-water consumption / ton of cargo (baseline year 2023)	>20%	-
% recycle and reuse of consumed water	>100%	-
% reduction in energy consumption / ton of cargo (baseline year 2023)	>20%	-
No. of LNG bunkering station	One by 2030	-
Green hydrogen / Ammonia bunkers and refuelling facilities	By year 2035	-
Adequate number of EV charging stations	By year 2025	-
Green Tug Transition Program- convert existing tugs to green tugs to be powered by Green Hybrid Propulsion systems and adopt non- fossil fuel solutions like Methanol, Ammonia, and Hydrogen	By year 2030	

Source: Ministry of Ports and Shipping

Emission-related compliance is a key megatrend; non-compliance can lead to exclusion from global supply chains

Key stakeholders in the port logistics chains, which include exporters and international shipping lines, have to comply with emission norms and goals so as not to be excluded from the global supply chain. In certain geographies, like Europe, the implementation of the Carbon Border adjustment mechanism (CBAM) should make emission compliance more stringent. In particular, CBAM will apply to imports of cement, iron and steel, aluminium, fertilisers and hydrogen in the initial phase. EU importers will have to report the volume of these imports and their embedded greenhouse gas (GHG) emissions till CY25 and from CY26, these importers may be required to buy carbon emission certificates to offset GHG emissions embedded in imported goods. Thus, in the longer term, CBAM may drive the push to reduce emissions, both in production and supply chains.

Key shippers of goods have their own global targets; supply chain emission reduction is a key part of the same

Among key shippers we highlight the example of Amazon. The company has targeted net-zero emissions by 2040. The effect of such a goal is being witnessed in India as well, where Amazon has already deployed 4,000 EVs (electric vehicles) for its delivery fleet and is aiming to deploy 10,000 EVs by CY25. Further, the target is for 100% renewable energy usage by CY25.

Similarly, Walmart has set a target of USD 10.0bn in exports from India by FY27 vs. USD 3.4bn in FY23. Walmart has a target of Net Zero by 2040 and supply chain partners need to comply to benefit from these opportunities.

Shipping lines committing to Net Zero targets also implies a need for greener ports

Key shipping lines like Maersk, CMA CGM, DP World and PSA have Net Zero ambitions across their businesses. The ability to attract further liner connectivity at ports will need to factor these considerations along with green modes of evacuation from the ports.

- Maersk has committed to 35% reduction in primary emissions (Scope 1) by 2030 and 96% reduction in Scope 1 and 2 emissions by 2040 (plus 90% reduction in Scope 3).
- CMA CGM has a Net Zero target by 2050 across all activities, which includes an intermediate target of 30% emission reduction by 2030 and 80% by 2040.
- DP World has targeted 60% of its power requirements at its terminals in India from green sources by CY26. Towards this end, it is converting all its rubber tyred gantry cranes (RTGs) from diesel to electric. DP World has a carbon neutrality target by 2040 with an intermediate target of 28% emission reduction by 2030.

Key Risks

High capital requirement and dependence on hinterland and inland infrastructure: Building port infrastructure requires significant capex for dredging to build berths, terminals, equipment, storage, and other facilities. Volume growth for the port is highly dependent on demand on port hinterland and its connectivity to high-demand centres via adequate road or rail infrastructure.

Long gestation period, exposed to infrastructure delays: Development of port infrastructure involves a long gestation period for completing processes such as award of the project, signing of the concession agreement, land acquisition, infrastructure development and receiving various clearances. There could be delays in any leg of the process including land acquisition or clearances.

Further, a delay in setting up complementary infrastructure to connect ports to demand centres could also impact port performance.

Exhibit 102. Project delays in port industry

Project Name	Total delay
Container terminal at Vizhinjam	4.5 years
Berth 7 at Mormugao Port Limited	4 years
Astaranga Port	Still not commissioned after 11 years Construction of 13 & 14 cargo berth at Kandla
Dedicated Freight Corridor	Cabinet gave in principle approval in Feb-06. Till FY14 only 18.5%/21.3% of financial progress had been achieved. Even now EDFC stretch to West Bengal and WDFC stretch connecting to JNPT is incomplete due to land acquisition issues.

Source: KPMG, CAG

Regulatory uncertainty: Ports involve significant technical expertise and financial requirements and capabilities. Further, since the port land (for major and state-owned ports) has been awarded to the contractor on a concession basis, there can be uncertainty in terms of concession extension in terms of royalty, capex required, etc.

Financing issues: As is the case for a variety of infrastructure projects, financing remains a key issue for port infrastructure development due to lack of market visibility, a dedicated financing product, or the security and assurance issues for the lenders. This can be addressed through availability of long-tenure loans with back-ended maturities or cash flows.

Geopolitical issues: The US-China trade tensions have led to supply-chain disruptions which led to vessels skipping calls at Indian ports, leading to lower cargo traffic. Similarly, the current Red Sea crisis is adding 15 days of sailing time to Europe, once again impacting vessel schedules.

Climate change: Cyclones in India largely used to be frequent in the Bay of Bengal and the Indian Ocean. However, of late, the frequency of cyclones has increased in the Arabian Sea as well. Cyclones in 2021 and in 2023 have led to damage to port infrastructure and power supplies, resulting in operations being impacted for several weeks.

Adani Ports and SEZ | BUY

Integrated logistics play; Group dynamics improving

Cash/EBITDA generation will outpace volume-led growth as ADSEZ increasingly transitions into an integrated logistics play. The extent of EBITDA growth appears underestimated. Further, a combination of moderating group leverage and near-absence of promoter pledges can drive further re-rating. We maintain BUY with a TP of INR 1,783. Our TP implies ~14x FY28E EV/EBITDA for FY25-28E EBITDA CAGR of 16%.

- **Market share gains to continue in ports supported by turnaround at acquisitions:** ADSEZ has consistently gained market share driven by organic growth at its Gujarat-based ports (Mundra, Dahej and Hazira) coupled with turnaround of acquisitions at reasonably low valuations (e.g., Krishnapatnam). The turnaround of acquisitions, especially on the East Coast (e.g., Dhamra) has driven market share gains. We are hopeful that the trend will continue at Krishnapatnam, Gopalpur and Karaikal as well. **Expanding into key global trade lanes** (Colombo, Vizhinjam, Tanzania) may continue as ADSEZ transitions into a global play from a domestic play.
- **Logistics and marine services growth potential is generally underestimated by the Street:** ADSEZ is focusing on transitioning towards an integrated and ESG compliant logistics player rather than being a ports-only play. This leads to it being integrated with global supply chains and offering one-stop solutions to customers. Towards this end, we expect strong capex deployment in rail containers, trucking (supporting end mile logistics) and warehousing. An increased focus on marine services via Adani Harbour and acquisition of Astro/TAHID in MEA (Middle East and Africa) region drives growth in a high margin and low tax revenue stream. Thus, **EBITDA and OCF growth will likely outpace volume growth over FY25-30E (potential for earnings surprises)**.
- **Group financials are improving with reducing potential overhang on the stock**: ADSEZ share prices have often been impacted by adverse news flow on financial health of group companies. The concerns are principally on the ability of other Group entities to refinance debt or raise equity, leading to the possibility that ADSEZ may need to support such entities with related-party loans or loans raised against pledge of its shares. However, financial metrics of Group companies have improved substantially over FY20-25 and debt maturity profile does not show much stress considering cash balances at each entity. Further, Group entities have been able to raise equity as well. ADSEZ has long ceased providing related party loans to group entities and promoter share pledges have been minimised across the Group.
- **Trading at 12x FY27 EV/EBITDA risk reward is skewed favourably**: We value the port assets on DCF (due to finite concession lives) and estimate growth capex of INR 60bn-80bn p.a. (at 16% pre-tax RoCE) to derive our TP of INR 1,783, leading to a BUY rating. **Key risks to our call**: Volume weakness, and weakening of Group leverage metrics, leading to increased promoter share pledges or related-party loans.

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Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,783
Upside/(Downside)	23.5%
Previous Price Target	1,765
Change	1.0%

Key Data – ADSEZ IN	
Current Market Price	INR1,444
Market cap (bn)	INR3,119.7/US$35.3
Free Float	35%
Shares in issue (mn)	2,160.1
Diluted share (mn)	2,160.1
3-mon avg daily val (mn)	INR3,031.5/US$34.3
52-week range	1,494/994
Sensex/Nifty	82,160/25,202
INR/US$	88.3

Price Performance			
%	1M	6M	12M
Absolute	7.7	21.5	0.4
Relative*	6.6	13.7	3.8

* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	2,67,106	3,10,786	3,81,557	4,21,397	4,61,691
Sales Growth (%)	28.1	16.4	22.8	10.4	9.6
EBITDA	1,57,511	1,87,438	2,26,456	2,67,937	2,93,368
EBITDA Margin (%)	59.0	60.3	59.4	63.6	63.5
Adjusted Net Profit	81,106	1,10,923	1,35,926	1,67,324	1,88,657
Diluted EPS (INR)	37.5	51.3	62.9	77.5	87.3
Diluted EPS Growth (%)	52.8	36.8	22.5	23.1	12.7
ROIC (%)	11.0	12.9	14.7	16.9	17.7
ROE (%)	16.5	19.2	20.0	20.8	20.0
P/E (x)	38.5	28.1	22.9	18.6	16.5
P/B (x)	5.9	5.0	4.2	3.6	3.1
EV/EBITDA (x)	22.3	18.8	15.2	12.6	11.1
Dividend Yield (%)	0.4	0.4	0.4	0.4	0.4

Source: Company data, JM Financial. Note: Valuations as of 22/Sep/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

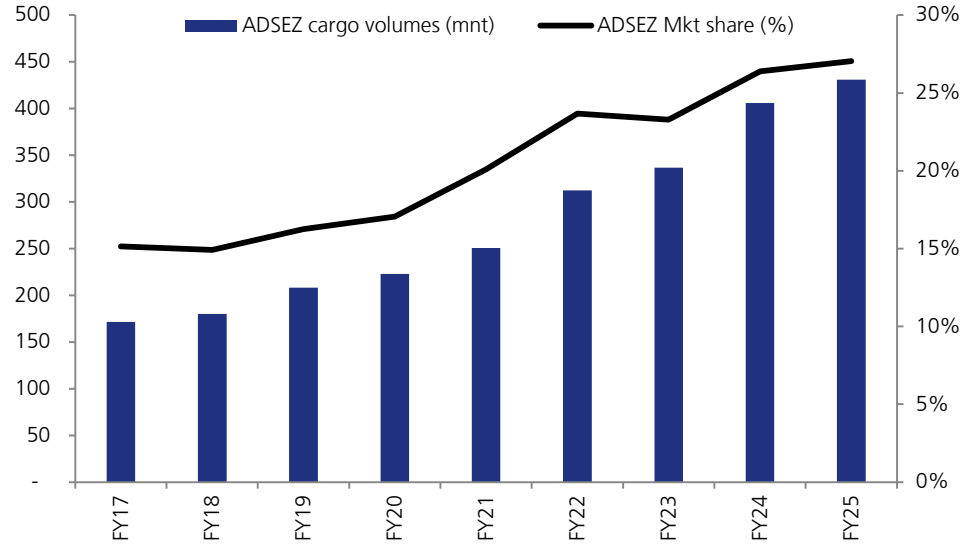
Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Volume growth and logistics expansion are key drivers

Strong track record of market share gains by both organic and inorganic means

ADSEZ typically established greenfield ports or acquired ports located in key demand hinterlands, where the government has already invested in evacuation infrastructure (rail or road). Due to existing evacuation infrastructure and port operations that are comparatively more efficient than peers, especially major ports, i.e., ports owned by the central government, the company has been able to take market share from incumbents in the region. This is demonstrated by a consistent rise in market share.

Exhibit 1. ADSEZ's ports account for ~27% of overall Indian port cargo volume

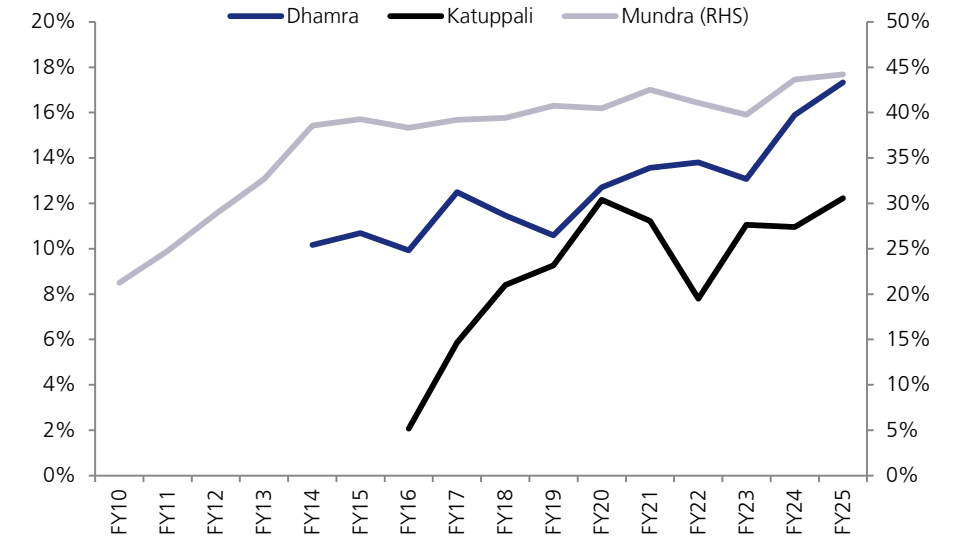


Source: Company, JM Financial

Individual clusters show a pattern of ADSEZ ports, increasing hinterland share

ADSEZ's port assets compete with Kandla and Pipavav (minor port) in Gujarat, JNPT in Maharashtra as well as with major ports on the East Coast (Vizag, Paradip and Chennai). We have witnessed market share gains for ADSEZ in all of these individual clusters.

Exhibit 2. Key ADSEZ ports have gained market share in their respective hinterlands



Source: Company, Industry, JM Financial

FY17-25 volume growth evenly split between organic and inorganic

Our analysis shows that ADSEZ volume has grown from 180mnt in FY17 to 251mnt in FY21, rising further to 452mnt in FY25. The growth in volumes is evenly split between a) organic, accounting for 143mnt of the 270mnt volume growth; b) 99mnt from acquisitions focused on the East Coast and Israel; and b) 18mnt volumes from turnaround of acquired assets. We estimate the share of inorganic growth has risen during FY21-25 as the bulk of growth (51mnt of 71mnt) during FY17-21 was organic.

Exhibit 3. ADSEZ volume growth (FY17-25) relatively even between existing mature assets and ramp-up of acquired assets

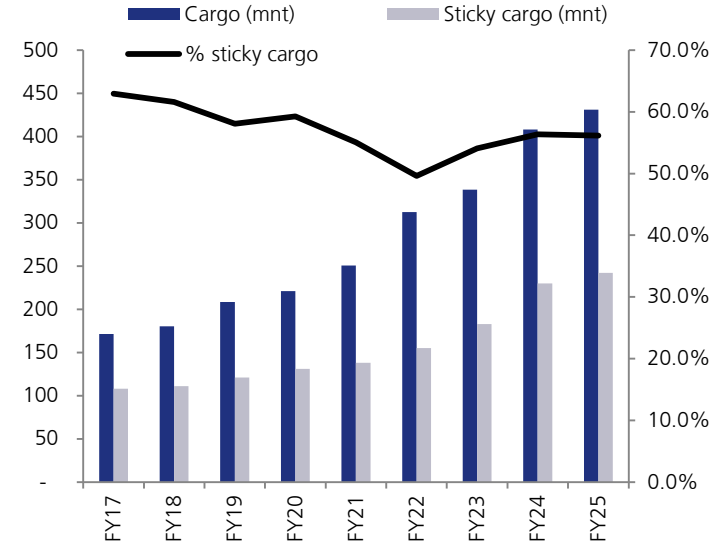
mnt	FY17	FY21	FY25	Growth
Existing (West)	146	172	238	93
Existing (East)	29	45	67	38
Major port terminals	5	14	28	22
Acquisitions		20	99	99
Acquired asset ramp-up			18	18

Source: Company, JM Financial

ADSEZ sticky cargo is rising over time; cargo diversity adds to volume resilience

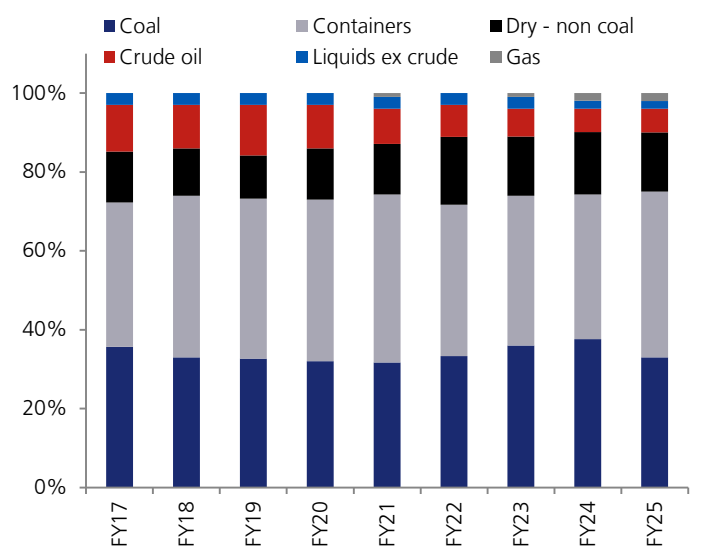
ADSEZ has focused on diversity of cargo, which adds an element of resilience to port cargo volume. Moreover, a higher share of sticky cargo, especially in containers and liquids, further enhances resilience. Generally, 80-85% of container volume and over 60% of liquid volume are long term and sticky in nature. Further, the flagship port of Mundra had 70%+ sticky long-term volume as of end-FY25. Importantly, containers and liquids are high margin cargoes relative to the overall cargo mix.

Exhibit 4. Nearly 60% of total cargo is sticky in nature



Source: Company, JM Financial

Exhibit 5. FY25 mix improved with higher container



Source: Company, JM Financial

Some challenges have emerged in East Coast coal cargo but Mundra/Vizhinjam is witnessing sharp uptick in high value container and liquids cargo

The softness in thermal coal imports has impacted volume growth at its new East Coast acquisitions like Gangavaram and, to a lesser extent, at Karaikal and Krishnapatnam. Further, chronic working capital issues at Rashtriya Ispat Nigam (RINL) are impacting coking coal imports at Gangavaram as well. Thus, in the near term (i.e., FY26), we expect weakness in coal volume to persist, potentially leading to a miss on FY26 volume guidance of 505mnt-515mnt (our estimate is 500mnt for FY26).

However, we are witnessing a surge in container trade at Mundra (except in 1QFY26 impacted by restrictions imposed during India Pakistan conflict) and also new transhipment volume at Vizhinjam port, further improving the container share in the mix. Further, we anticipate growth in liquids driven by crude oil imports and LNG at Mundra, Dhamra, and Kattupalli. These factors lead to improved cargo mix, resulting in EBITDA margin expansion at the ports business.

Expect volume ramp-up in eastern ports driven by coastal coal and coking coal; Mundra container and LNG volume to also rise

We expect the ramp-up at Tata Steel's Kalinganagar expansion, JSW Steel's Bhushan Power & Steel Limited (BPSL) plant, and SAIL's Rourkela and Bhilai plants to drive coking coal imports at Dhamra and Paradip (non-ADSEZ). We expect integrated logistics solutions provided by ADSEZ through its rail network to garner steel export volumes as well. However, we note that global steel prices are unfavourable currently, compared to those in India, which can lead to softness in iron ore exports in 1HFY26.

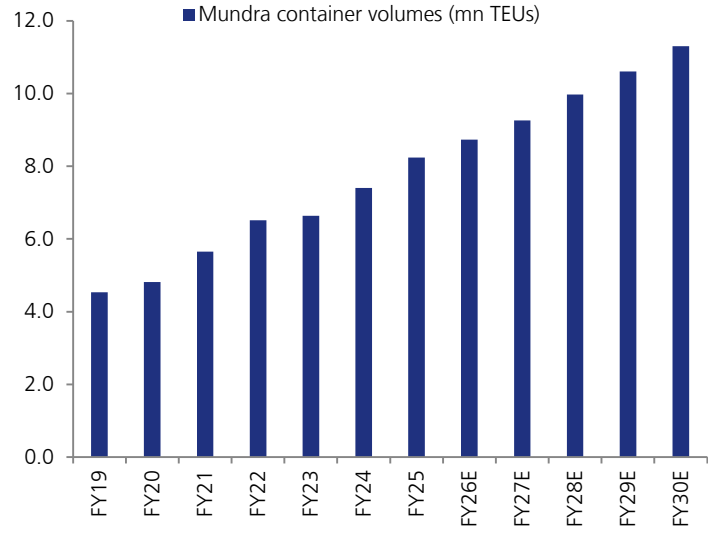
We also expect substantial coastal coal movement to benefit ports at Dhamra (as origin), KPCL (Krishnapatnam), Gangavaram and Karaikal (as destinations). Coal India's thrust to increase the use of coastal shipping for transporting coal from its Odisha (Mahanadi) coal fields to supply coast-based thermal power plants will drive growth in coastal coal volume.

Mundra volume driven by containers as well as liquids and SEZ-linked cargos

We expect ADSEZ's flagship port at Mundra to benefit from increased economic activities in the western parts of the country, resulting in higher container trade. We estimate container volume to rise from 8.2mnTEU at Mundra in FY25 to rise to 9.3mnTEU by FY27. In our view, the lower lead distances (Exhibit 7) from Mundra relative to JNPT and GPPV ports place it favourably. We further note that JNPT's port capacity has been expanded up to 10.0mnTEU recently and a bulk of this capacity is likely to be absorbed by the Maharashtra, Karnataka and Hyderabad regions. This ensures that incremental container traffic has to travel via either Mundra or GPPV to access the northern hinterland.

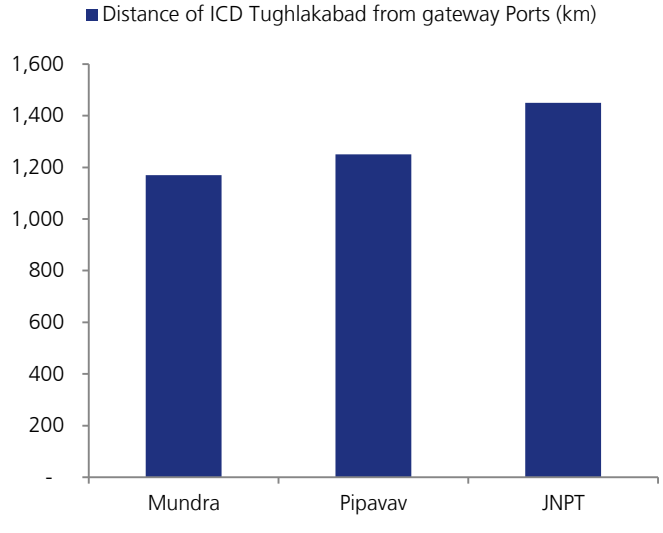
We believe this situation is unlikely to change until DP World's 2.19mnTEU capacity comes up at Kandla, and, even then, growth is large enough to even saturate Kandla expansions. The planned Vadhavan port is at least a decade away from commissioning in our view and does not pose any near- to mid-term challenges.

Exhibit 6. Mundra's volume growth is container led as coal volume is likely to remain static



Source: Company, JM Financial

Exhibit 7. Mundra benefits from being closest to NCR (TKD ICD) vs. peers, the key hinterland region (in km)



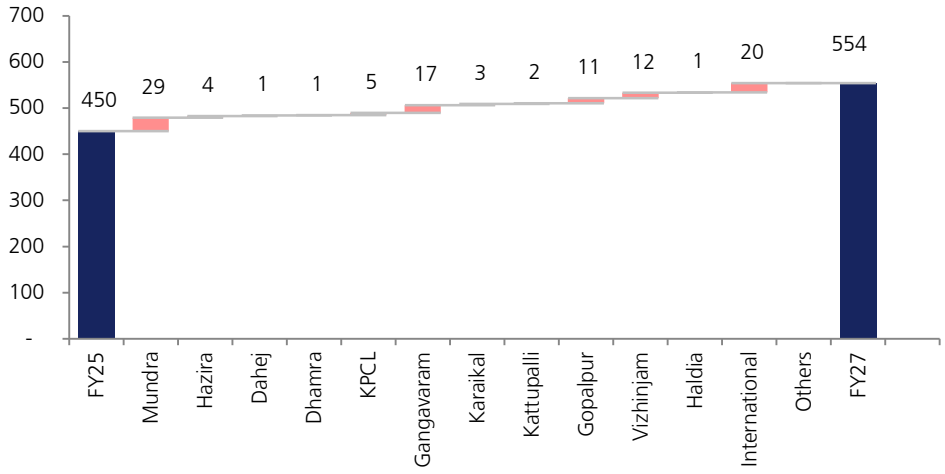
Source: Company, JM Financial

Our estimates include existing or under-construction assets only

We estimate 100mnt of additional volume over FY25-28, driven by a ramp-up of newly acquired assets and organic growth. Our estimates include recent acquisitions like Dar es Salaam (Tanzania) and the recently commissioned Colombo port as well. Given the group's target of maintaining the net debt-to- EBITDA ratio at ~3.0x in the long term (vs around 2.0x currently), we think there is adequate scope for acquisitions.

We have not included additional volume from Australia NQXT as the deal is yet to be closed. We will factor these in post deal closure.

Exhibit 8. Volume growth over FY25-27 driven by expansion and Mundra, recovery in Gangavaram coal as well as acquired international volumes



Source: Company, JM Financial

RoCE improving on turnaround of acquired assets; we expect eventual convergence to 16%+ levels at the Group level

ADSEZ has come a long way from being just a Gujarat-based single asset (Mundra) company to having a significant presence along India's East Coast. In the past, ADSEZ has demonstrated a strong track record of acquiring assets at reasonable valuations and then turning them around.

Amongst the bigger ports, ADSEZ acquired Dhamra from the Tata Group (May'14) and Kattupalli from Larsen & Toubro (Jul'18). These assets were loss-making or underutilised at the time of acquisition. However, since the acquisition, we have seen significant capacity expansion, volume market share gains and RoCE expansion, particularly at Dhamra.

We expect a similar trend for newly acquired ports at Krishnapatnam (Dec'20), Gangavaram (Mar'21), Karaikal (Apr'23) and Gopalpur (FY25).

Exhibit 9. RoCEs have risen to 20%+ for mature assets; we expect similar trends to follow at other domestic ports in the long term; logistics RoCE may, however, range at 8-10% at a mature stage

	FY21	FY22	FY23	FY24	FY25
Mundra	15%	16%	20%	27%	36%
Hazira	19%	19%	19%	20%	31%
Dahej	11%	23%	33%	33%	38%
Dharmra	11%	12%	13%	21%	22%
Katupalli	3%	2%	6%	7%	9%
Krishnapatnam	8%	9%	12%	16%	15%
Gangavaram			11%	11%	4%
Karaikal				20%	22%
Marine			14%	12%	13%
International Ports			14%	6%	6%
Logistics	2%	3%	6%	5%	6%

Source: Company

Estimate strong sales and EBITDA growth of 14% and 16% over FY25-28

We have already witnessed strong EBITDA margin expansion at the newly acquired Gangavaram and Krishnapatnam ports since their acquisition. We view the margins at these ports and newly acquired ports (Gopalpur and Karaikal) as sustainable with potential for further improvement.

Rising investments in logistics in rail rakes, trucks, warehousing and marine fleet will further lead to rise in sales and EBITDA, which is independent of port-led EBITDA growth.

Exhibit 10. We expect 16% EBITDA CAGR over FY25-28E; FY26E EBITDA to exceed top-end of guidance (INR 220bn)

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (INR bn)	84	113	109	119	125	171	209	267	311	382	421	462
% y-y growth		34.2%	-3.5%	8.7%	5.7%	36.4%	21.8%	28.1%	16.4%	22.8%	10.4%	9.6%
EBITDA (INR bn,ex forex)	54	71	71	76	80	104	128	159	190	229	271	296
EBITDA margin (%)		63.1%	64.7%	63.7%	63.6%	60.7%	61.6%	59.4%	61.2%	60.1%	64.3%	64.2%

Source: Company, JM Financial

ADSEZ to continue to invest in growth; estimate lifecycle RoCE at 16%

We have modelled for continued growth capex of INR140bn-160bn to account for greenfield/brownfield expansions. This includes the potential for international expansion, not only along IMEC (potentially Eastern Europe or North Africa), but also along the ASEAN trade routes (potentially in Vietnam, Indonesia, and East Africa).

We expect initial RoCE of these assets to be in single digits due to sub-scale operations and the high share of CWIP, as ADSEZ incurs brownfield capex to enhance capacity and scale. But post the capex phase, we think RoCE could be over 20% for port assets and, thus, we estimate across the lifecycle RoCE of 14% (which is modestly lower than the 18%+ level witnessed at western ports offset by drag at eastern ports) for these acquisitions or expansions. The growth capex (both organic/inorganic) and value addition are also key drivers of stock price performance. The management thinks RoCE levels of 20%+ (pre-tax) for ports are achievable. We treat the management's RoCE estimate as a bull case in our analysis, noting that logistics investments have an inherently lower RoCE (currently 6% vs. the management's long-term plan of 10%).

Our estimated RoCE (lifecycle) is a weighted average of prevailing RoCEs by each segment (domestic ports at 20%, marine at 13%, logistics and international at 6%).

Exhibit 11. TP sensitivity to RoCE (on X-axis) and capex (INR mn) on Y-axis

	10%	12%	14%	16%	18%	20%
80,000	1,386	1,409	1,434	1,463	1,494	1,531
1,00,000	1,448	1,479	1,514	1,553	1,598	1,648
1,20,000	1,509	1,549	1,594	1,644	1,700	1,764
1,40,000	1,570	1,618	**1,672**	**1,733**	**1,801**	1,879
1,60,000	1,629	1,686	1,750	1,821	1,902	1,994
1,80,000	1,688	1,754	1,827	1,909	2,002	2,107

Source: JM Financial

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International ports on key trade routes can further add to volume gains

ADSEZ has already established its presence at Haifa in Israel, which lies along the proposed IMEC (India Middle East Corridor). The proposed IMEC has Mundra port (also owned by ADSEZ) at one end and Haifa at the point where the route touches the Mediterranean Sea before proceeding to Greece. In the event ADSEZ were to make further acquisitions in Eastern Europe, it can have significant potential to divert Red Sea (passing via the Suez Canal) cargo. We acknowledge that the ongoing Israel-Hamas conflict could have delayed the project but, for the longer term, we think this can be a credible alternative to the Red Sea.

Our view is that the current Red Sea crisis is a short-term disruption and, thus, we do not incorporate a long-term effect of this factor in our estimates.

ADSEZ has recently commissioned a container terminal at Colombo West Port (3.2mnTEU), which, in combination with its Vizhinjam port (Kerala, India) will allow for greater access to trans-shipment cargos along the route. We also understand that, given its tie-up with Abu Dhabi Ports, ADSEZ could be exploring opportunities along the East African coast. It may explore brownfield opportunities in Vietnam and Indonesia, which are also on trade routes passing via the Strait of Malacca (a key sea trade route between the West and the Far East).

Foray into Middle East marine services is another growth opportunity

ADSEZ is focusing on the marine business internationally (separate from the Adani Harbour business in India). The marine vertical was earlier subsumed in international ports but separate segmentation from FY25 highlights the management focusing on its expansion. In FY24, this business consisted of Ocean Sparkle (OSL) and since then with the acquisition of Astro (offshore oil rigs market) and TAHID in the Middle East the marine flotilla at FY25 is at 115 (vs. 74 at FY24). ADSEZ intends to expand the fleet size to 140-150 levels by FY27E, leading to revenue almost tripling to INR 33bn (FY27E) vs. INR 11.42bn (FY25E). **Based on 1QFY26 performance, marine services revenue can exceed INR 21bn in FY26 itself.**

The marine services business has **decent RoCE at 12-14% coupled with EBITDA margin at 50-55%**. The Adani Harbour entity with 46 vessels in FY25 should also continue its growth driven by domestic marine services. **Adani Harbour EBITDA margin should continue in the 85-90% range with minimal tax impacts driving EPS accretion**.

Transforming into an integrated logistics play

Logistics-related expansion is an under-appreciated driver for the stock

ADSEZ aspires to be the largest integrated logistics solutions provider in India. Towards this end, its subsidiary, Adani Logistics (ALL) has ambitious plans to increase rail rake capacity (both for container and bulk transport), commercial warehousing and agricultural storage silos. We tabulate the plans below:

ADSEZ has made significant rail rake additions, especially in container trains, along with investment in ICDs along the WDFC. This is already reflected in sharp market share gains for ADSEZ at the expense of leaders like CCRI. We expect the market share gain trend to sustain or even accelerate since Adani Logistics has plans to induct 300 rail rakes by FY26 (we estimate 250 rakes) from 132 rakes in FY25.

Adani Logistics has also invested in its own truck fleet (900+ trucks) to provide reliable first mile last mile (FMLM) services and has its own containers (6,000+). The truck fleet is planned to be expanded to at least 5,000 by FY29 to support logistics expansion.

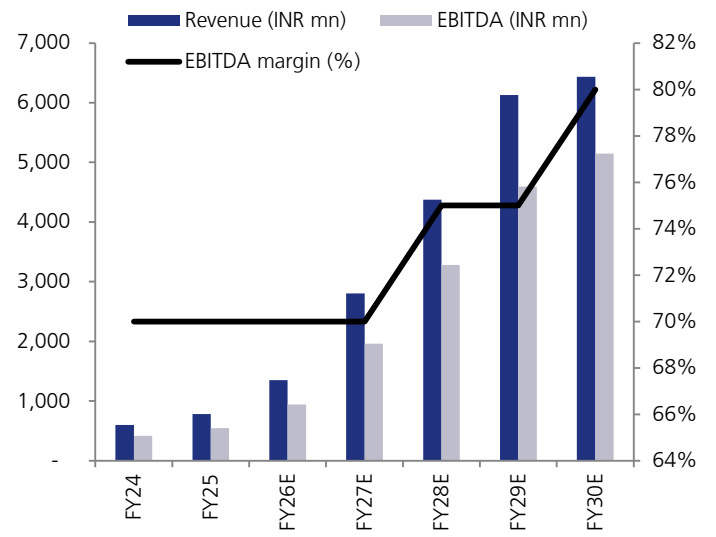
Additionally, ADSEZ has plans to develop significant commercial warehousing space. These warehouses are RoE accretive (potentially 40%+) given our view that such assets could be eligible for priority sector lending (resulting in low debt cost) besides generating a steady rental income (INR 250-300 per sqft p.a.) at a healthy EBITDA margin (70-80%).

Exhibit 12. Adani Logistics likely to witness multi-fold investments and growth as per strategic plan for FY29

	Trains	MMLPs	Grain Silos	Warehousing	Rail tracks	Marine Flotila	Trucks
Unit	No.s	No.s	mnt	mn sq ft	km	No.s	No.s
FY20	58	5	0.88	0.4	540	26	
FY24	127	12	1.2	2.4	620	111	900
FY25	132	12	1.2	3.1	690	115	937
FY29 target	300	20	10	20	2,000	140	5,000

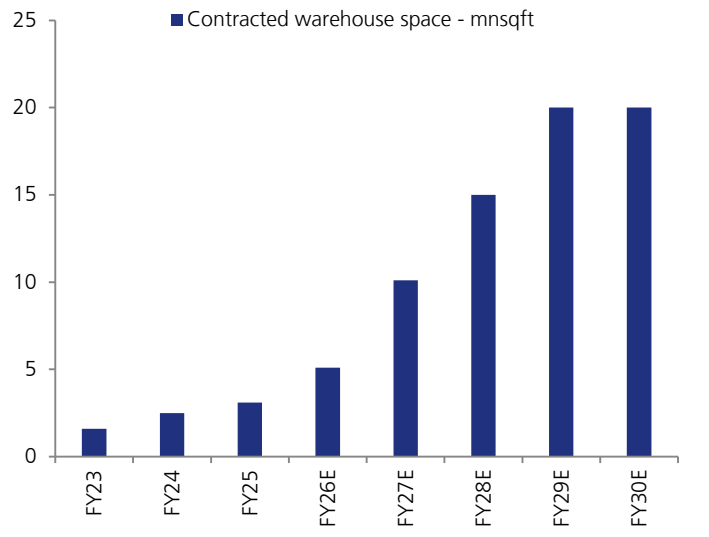
Source: Company, JM Financial

Exhibit 13. Strong growth in high margin and contracted warehouse revenue streams can improve margins



Source: Company, JM Financial

Exhibit 14. Estimate warehousing space to expand from 3.5mn sqft in FY25 to 20mn sqft in FY30E



Source: Company, JM Financial

Significantly deleveraged; debt maturities are long term in nature

We expect strong OCF generation, which, in turn, supports deleveraging

We estimate an OCF to EBITDA conversion rate of ~90% (in line with long-term trends). The strong EBITDA growth we expect over FY25-28 also supports strong OCF generation. We estimate growth capex to be INR140bn-160bn in FY26 and FY27, but there could be further acquisition capex of at least INR 40bn based on the company's guided leverage metrics (net debt to EBITDA below 2.5x in the long term), which we do not factor in. Even under these circumstances, we estimate adequate deleveraging to continue.

Exhibit 15. OCF generation adequately covers interest cost; in absence of large acquisitions debt levels may further reduce

INR bn	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OCF (INR bn)	41	56	60	74	76	104	119	150	172	225	249	272
Interest cost (INR bn)	14	15	14	18	23	25	23	22	21	23	23	18
Net Debt (INR bn)	184	174	204	218	292	328	406	371	376	307	225	121
EBITDA	54	71	71	76	80	104	128	159	190	229	271	296

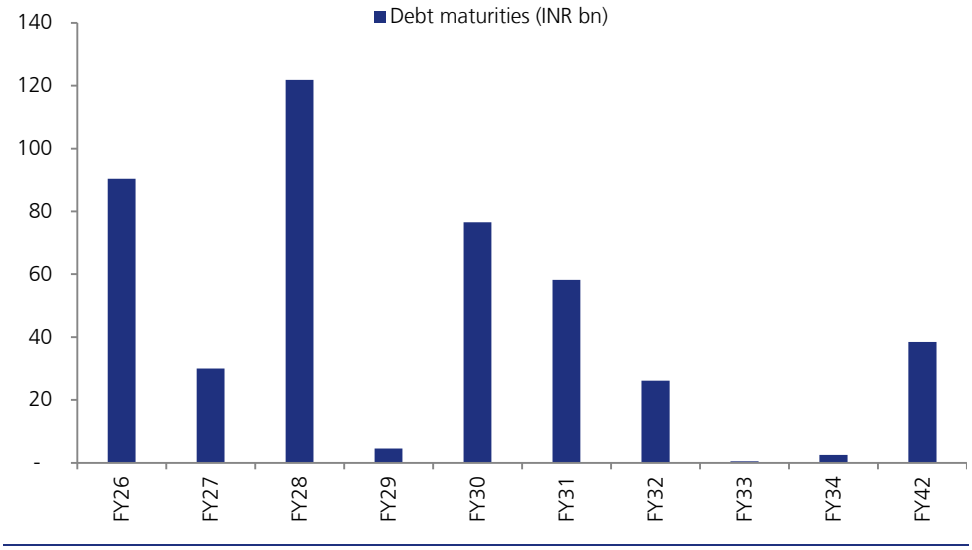
Source: Company, JM Financial

Debt maturities are largely long term; cash balance adequate to service near-term maturities

The OCF coverage (FY25-28E) of interest and maintenance capex (which we estimate at INR10bn-15bn) is more than adequate, in our view. Thus, as long as debt maturities can be serviced or there is sufficient cash or current investments on the balance sheet, we do not view liquidity or debt repayment to be a constraining factor for ADSEZ. As at the end of FY25, the average debt maturity is around 4.3 years. With refinancing of certain USD-denominated debt by INR debt, the debt maturity as of 1QFY26 exceeds 5 years.

The debt maturities are largely long-term in nature. Further, near-term maturity (FY26) of INR 90bn is covered by ~INR 90bn of cash and equivalents on the books as of FY25. The current rate of OCF generation net of cash interest and maintenance capex more than covers any of the maturities. Thus, there are no particular solvency risks from failure to refinance debt.

Exhibit 16. ADSEZ debt maturities are adequately covered by current cash balance and current rate of OCF generated (net of interest expenses)



Source: Company

Improved Group finances reduce overhang

Management has addressed investors' concerns on related-party loans and transactions with other Adani Group entities

ADSEZ used to provide related-party loans and advances to financially weaker entities in the group. It also had significant receivables (overdue) from Adani Power as well. However, ADSEZ has taken constructive steps to allay such concerns. These steps were first announced at end-FY16, when ADSEZ committed to not providing further related-party loans to group entities and aimed to recover the entire INR 25bn in related-party loans by end-FY17. Since then, related party loans have been eliminated for all practical purposes. We have not witnessed material related party loans being provided during the years FY24 and FY25.

Additionally, group transactions have been limited and receivables from Group entities have shrunk considerably. Thus, it appears that issue of stuck balances with Group entities like Adani Power (from coal imports at Mundra power station) is a thing of the past and unlikely to recur in the near to medium term.

Further, regarding past allegations involving ADSEZ and Adani Power in a short seller report SEBI has cleared the Adani Group. The said transactions did not classify as related party as per regulations then in force, according to probe findings.

Exhibit 17. Group-related loans and advances are negligible; no perceptible increase in other balances due since FY16

INR mn	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Balances with Group entities											
Loans	24,359	39,735	4	-	33	19	-	-	-	-	-
Capital advances	3	223	1,627	1,520	298	220	270	132	90	90	-
Trade receivables	8,478	12,333	9,683	9,555	8,758	9,186	6,763	4,969	10,461	7,259	11,368
(no of days)	251	342	291	385	358	304	214	152	216	110	134
Other current assets	2,799	5,030	8,401	9,048	16,115	8,741	7,211	4,867	5,347	4,079	5,226
(no of days)	83	140	253	365	658	290	228	149	111	62	62
Trade payables	142	377	453	311	236	525	550	734	1,103	636	4,718
Customer advances	336	71	260	149	140	115	128	131	58	162	331
Other current liabilities	55	364	156	1,400	735	534	831	159	177	1,469	843
Borrowing	-	-	-	-	-	-	609	-	-	-	-
Total balances due from Group	**35,106**	**56,509**	**18,847**	**18,264**	**24,092**	**16,991**	**12,125**	**8,945**	**14,561**	**9,162**	**10,703**
Cash movement with Group											
Loans/advances given	18,841	22,252	13,646	218	1,272	517	430	7,924	63	15	64
Loans/advances received back	16,979	7,730	45,479	142	1,100	15	1,476	12,012	47	211	504
Loans taken	-	-	-	-	-	-	609	1,884	-	79	77
Loans repaid	-	-	-	-	-	-	-	8,401	-	-	1

Source: Company, JM Financial

Arm's length transaction guidelines set up for intergroup acquisitions

ADSEZ acquired certain entities like Adani Agri logistics (AALL) from Adani Enterprises (ADE IN), which was not viewed positively by the market (reflected in negative stock reaction). Since then, ADSEZ has established interparty acquisition guidelines and, so far, we have witnessed the acquisition of Sarguja Rail. These transactions, in our view, reflect the promoter's intent to scale up Adani Logistics rapidly.

The guidelines explicitly set up processes which, amongst others, require approval of the Board and independent valuation opinion by auditors/leading investment banks. We also note that the acquisition of rail asset Sarguja Rail was done via share-based considerations and, as such, there were no cash outflows.

ADSEZ has also acquired NQXT from promoter entity Adani Enterprises where valuation appears modestly pricey. However, all diligence measures and guidelines have been strictly adhered too (acquisition multiple same as that at which it acquired the asset a decade before but the asset has not witnessed much growth).

Requirement for related-party loans support to Group entities appear low

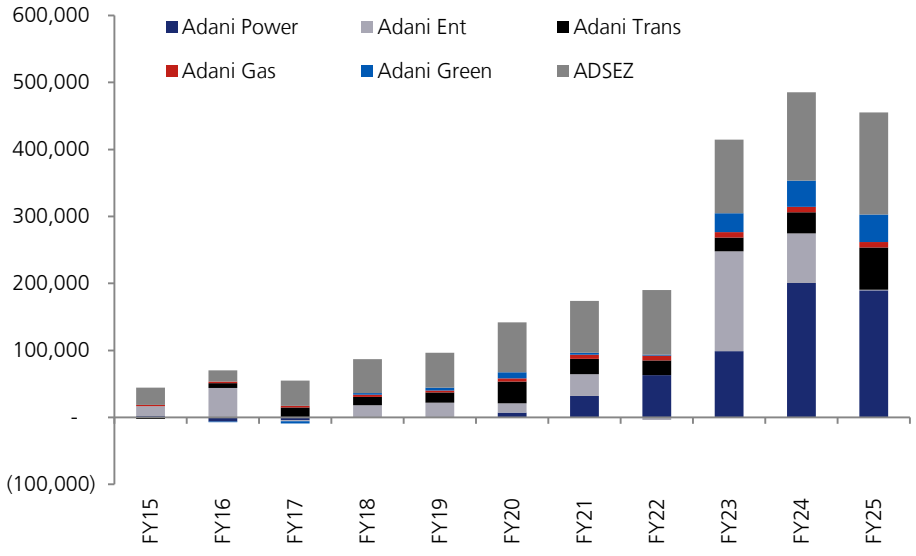
Our analysis of group-level financials shows us that while absolute debt levels (ex-ADSEZ) have gone up over FY16-25, the net debt to EBITDA ratio has been declining. Further, OCF levels have been rising as well and OCF levels adequately cover interest expenses. Thus, as long as there are no issues related to debt refinancing, we do not expect solvency-related issues at Group companies.

Exhibit 18. Group-linked transactions including related-party acquisitions have been limited and in some cases have been non-cash in nature

INR mn	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Transactions with Group											
Income from Group (Port/Other operating)	12,331	13,972	10,278	7,823	10,044	11,997	11,100	12,811	22,478	25,689	36,323
Sale of non-financial assets	-	7	-	1,173	1,846	5,842	1,626	-	65	-	-
Lease income	48	4,263	1,312	175	2,346	949	967	1,021	2,213	4,035	2,239
Interest income	3,933	3,678	3,953	838	1,061	779	643	935	203	436	70
Others	7	143	23	90	155	482	521	574	527	563	583
Total income from Group	16,319	22,063	15,566	10,099	15,452	20,048	14,857	15,340	25,486	30,723	39,215
Sale of investments	-	-	-	-	-	-	-	1,163	2	9	52
Total inflows from Group	**16,319**	**22,063**	**15,566**	**10,099**	**15,452**	**20,048**	**14,857**	**16,503**	**25,488**	**30,732**	**39,267**
Purchase of spares, fuels etc	1,226	1,096	1,759	1,245	948	1,304	426	1,399	2,504	6,986	6,573
Services availed	363	442	639	718	1,011	1,206	1,494	974	3,161	4,370	12,280
Rent charges	15	26	50	89	82	83	120	143	142	122	23
Interest expenses	-	-	-	-	-	-	-	1,058	0	-	-
Expenses for Group	1,604	1,564	2,448	2,051	2,041	2,593	2,040	3,574	5,807	11,478	18,875
Purchase of subsidiary	-	-	613	-	9,657	-	22,350	19	-	-	-
Issue of shares (acquisition of Sarguja Rail - non-cash)	-	-	-	-	-	-	-	47,682	-	-	-
Purchase of property/assets	1,142	0	3,342	-	-	400	170	260	72	-	3,029
Capital transactions Group	1,142	0	3,955	-	9,657	400	22,520	47,961	72	-	3,029
Total cash outflows to Group	**2,746**	**1,565**	**6,403**	**2,051**	**11,698**	**2,992**	**24,560**	**51,535**	**5,879**	**11,478**	**21,904**
Net transactions with Group	**13,573**	**20,499**	**9,163**	**8,048**	**3,753**	**17,056**	**-9,703**	**-35,031**	**19,609**	**19,254**	**17,363**
Cash inflows from Group	**13,573**	**20,499**	**9,163**	**8,048**	**3,753**	**17,056**	**-9,703**	**12,651**	**19,609**	**19,254**	**17,363**

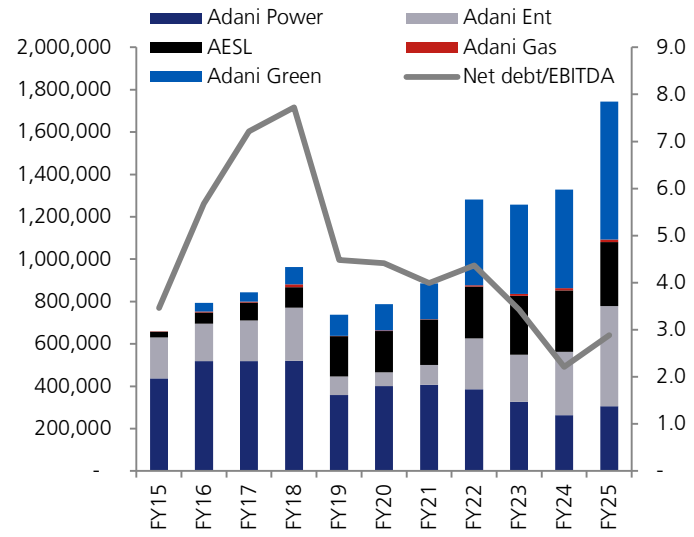
Source: Company, JM Financial

Exhibit 19. OCF coverage against net interest levels have been more than adequate



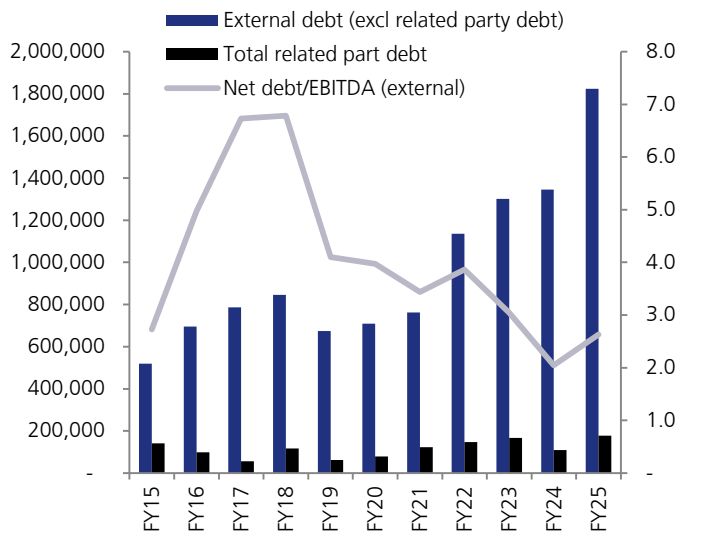
Source: Company, JM Financial. Note: Data in INR mn

Exhibit 20. Net debt to EBITDA declining since FY22; only in FY25 was there a growth in debt



Source: Company, JM Financial. Note: Data in INR mn

Exhibit 21. Excluding promoter loans, the external debt levels and metrics are even lower



Source: Company, JM Financial. Note: Data in INR mn

Existing cash balances adequate for servicing maturities till FY27

Our debt-maturity analysis indicates that the cash balances across the group entities are adequate for servicing maturities over FY26-27. Only for Adani Cement, we see relatively high near-term maturity (bullet payments). But, given its cash flows from the cement business and existing cash balances, we do not anticipate liquidity challenges on this front.

In terms of debt refinancing, we note that the bulk of the maturities for the group are long-term maturities. We estimate that cash present on the balance sheet of group entities adequately covers 1-3 years of debt maturities, based on FY25 trends. Various group entities had also resorted to bond buybacks, especially on near-term maturities in FY24 and FY25. This had reduced yields on Adani bonds, which had spiked in Feb'23 following short seller reports. Given SEBI's clean chit on past allegations about related party loans in Sep'25, we believe potential overhang on debt yields is largely addressed.

Exhibit 22. Group company debt maturities are back dated; current cash balances covers near-term maturities, reducing potential impacts from debt-refinancing risks

INR mn	Adani Power	Adani Ent	AESL	Adani Total Gas	Adani Green	ADSEZ	Adani Cement	Total (ex ADSEZ)	Total	% of gross debt (ex ADSEZ)
FY25 debt maturities										
Less than 1 year	16,050	58,780	21,630	1,660	39,850	90,280	21,770	1,59,740	2,50,020	7%
1-5 years	72,180	2,08,240	2,22,510	15,500	2,50,750	2,28,510	3,37,930	11,07,110	13,35,620	45%
5+ years	2,90,490	3,02,290	1,40,940	410	4,48,990	1,35,340	-	11,83,120	13,18,460	48%
Total ex ADSEZ	**3,78,720**	**5,69,310**	**3,85,080**	**17,570**	**7,39,590**	**4,54,130**	**3,59,680**	**24,49,970**	**29,04,080**	**100%**
Cash & Eqv	**73,110**	**95,860**	**84,310**	**5,210**	**88,770**	**89,910**	**1,01,250**	**4,48,510**	**5,38,420**	**18%**

Source: Company, JM Financial

Promoter share-pledge levels have reduced

Promoter share pledges have been reduced across the group after a spike following a significant share price crash across the Group entities in Feb'23. However, with equity raise from overseas investors and bond buybacks, individual share prices of group entities have recovered materially, resulting in reduced share pledges. More recently, the promoter has paid off USD 4.6bn in loans against shares that were incurred for cement acquisitions. (See: Adani raises USD 15bn in equity , debt in comeback strategy).

In the event Adani Group entities are successful in further raising equity capital (potentially for Adani Airports or for green hydrogen), leverage levels can improve further, adding investor confidence to solvency levels of individual group entities.

SOTP-based TP of INR1,783; maintain BUY

We value ADSEZ's various assets on a DCF basis since each of the ports has a finite life asset, i.e., equal to the remaining life of each concession, along with a terminal value (depreciated replacement value) payable by authorities at the end of the concession period, unless the concession is further extended. The sole exception is the planned expansion in Colombo, where we have valued the asset based on the planned capex to develop the port (Colombo).

We are using an equity beta of 0.75x, similar to GPPV. We note that ADSEZ's adjusted beta has been declining post constructive governance measures taken by the management. We think that the higher beta earlier reflected investors' concerns on governance and as these issues are progressively addressed, the equity beta has been reduced, which implies lower risk perception for investors. The allocation of funds by the US government for ADSEZ's Colombo port is also a reflection of lower risk perception, in our view.

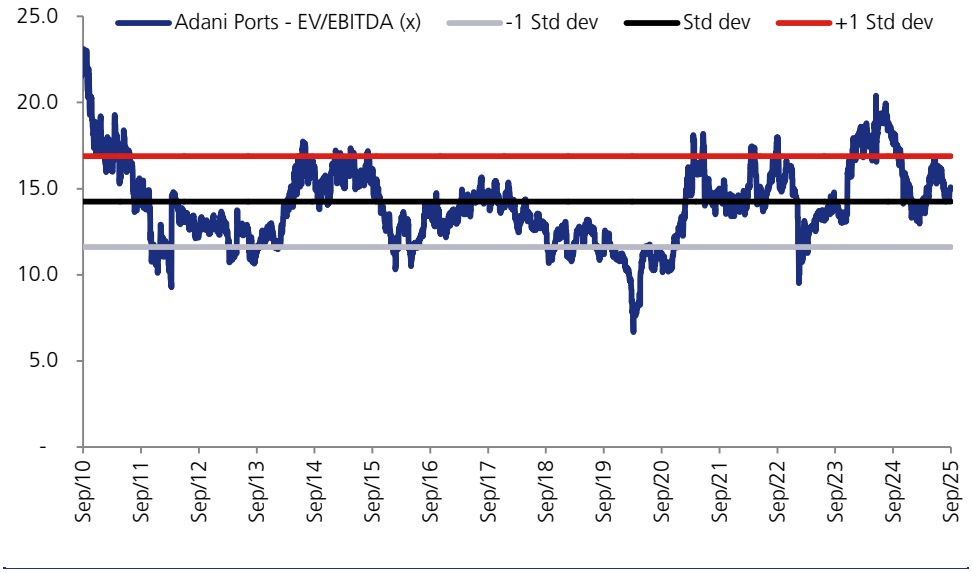
Our TP of INR 1,783 effectively implies ~15.5x FY27E EV/EBITDA for FY25-28E EBITDA CAGR of 16%. We find ADSEZ modestly valued, compared with our implied FY27E EV/EBITDA of 22x for JSW Infrastructure and 10x for Gujarat Pipavav.

Exhibit 23. ADSEZ sum of the parts (SOTP valuation) of INR1,783

	Implied	EBITDA		Asset value	
Assets	EV/EBITDA	FY26E	FY27E	INR mn	INR/share
Mundra	14.6	59,869	70,101	10,22,089	473
Hazira	8.4	14,768	16,168	1,35,922	63
Dahej (74% stake)	6.7	4,308	4,659	31,337	15
Dhamra	18.5	14,084	15,231	2,82,075	131
Kattupalli (97% stake)	8.0	2,961	3,215	25,723	12
Vizhinjam	16.9	7,120	3,796	64,211	30
KPCL (100% stake)	12.9	20,617	24,526	3,17,300	147
Gangavaram	18.2	8,478	13,743	2,50,701	116
International	15.4	8,204	12,150	1,86,859	87
Karaikal	11.6	5,728	6,307	73,308	34
Haldia		-	164	11,649	5
Others	7.6	23,705	24,892	1,87,989	87
Harbour	22.6	37,657	43,824	9,89,607	458
Marine	12.0	11,445	15,867	1,90,722	88
Logistics	26.1	9,963	13,234	3,45,097	160
Gopalpur	16.4	1,292	3,900	64,074	30
	15.4	**2,30,199**	**2,71,778**	**41,78,664**	**1,934**
Elimination	15.4	(934)	(1,032)	(19,646)	(9)
Total EV valuation	**15.4**	**2,29,265**	**2,70,746**	**41,59,018**	**1,925**
Net debt (FY26)				3,07,472	142
Equity value				**38,51,546**	**1,783**

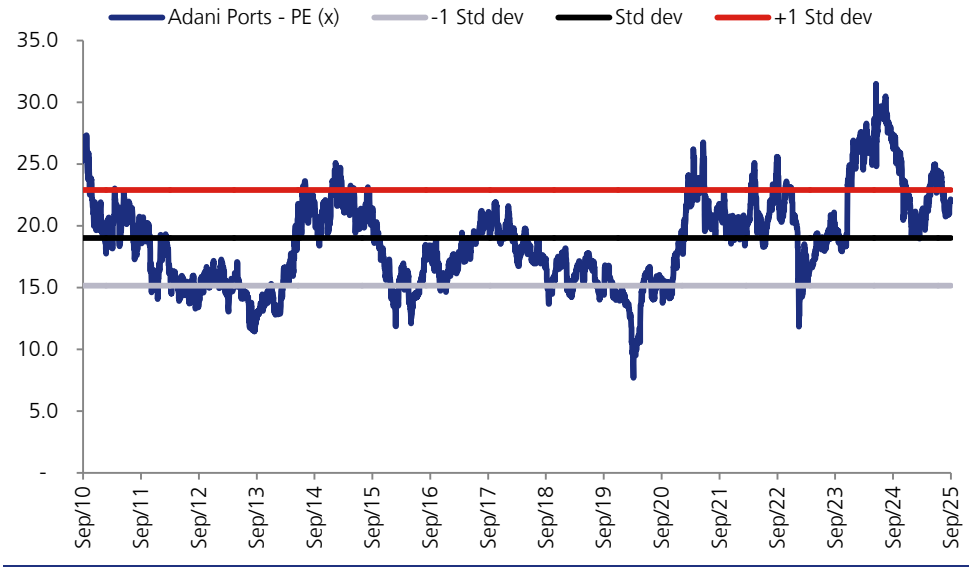
Source: JM Financial

Exhibit 24. ADSEZ: 1 year forward EV/EBITDA close to average



Source: Bloomberg

Exhibit 25. ADSEZ: 12 month forward P/E slightly above average



Source: Bloomberg

Exhibit 26. Change in estimates

INR mn	FY26E			FY27E			FY28E		
	Old	New	Diff	Old	New	Diff	Old	New	Diff
Revenue	3,49,582	3,81,557	9%	3,91,019	4,21,397	8%	4,63,928	4,61,691	0%
EBITDA	2,14,931	2,29,265	7%	2,39,349	2,70,746	13%	2,86,820	2,96,176	3%
EBITDA margin	61.5%	60.1%	(140)	61.2%	64.2%	304	61.8%	64.2%	233
Recurring PAT	1,23,604	1,35,926	10%	1,45,252	1,67,324	15%	1,83,585	1,88,657	3%

Source: Company

Exhibit 27. JMFe vs Consensus – we expect surprises to Street estimates over FY26/27

Particulars (INR mn)	FY26E			FY27E			FY28E		
	JMFe	Consensus	Diff	JMFe	Consensus	Diff	JMFe	Consensus	Diff
Revenue	3,81,557	3,68,850	3%	4,21,397	4,26,149	-1%	4,61,691	4,91,857	-4%
EBITDA	2,29,265	2,18,356	5%	2,70,746	2,49,252	9%	2,96,176	2,84,303	6%
EBITDA margin	60.1%	59.2%	89	64.2%	58.5%	576	64.2%	57.8%	627
Recurring PAT	1,35,926	1,28,348	7%	1,67,324	1,49,078	14%	1,88,657	1,62,271	11%
EPS (INR)	62.92	58.74	7%	77.46	68.00	14%	87.34	78.82	11%

Source: JM Financial, Bloomberg

Investment risks:

- Deteriorating group financials and a resulting need for related-party loans or rising shares pledged could lead to a de-rating. This, in our view, is the principal risk. Negative news flow related to Group companies had, in the near past, impacted share prices.
- Any weakening of the domestic macroeconomic environment could lead to weaker port volume delivery and result in lower-than-estimated RoCE levels. The recent slowdown in thermal coal imports and iron ore exports are examples in this direction.
- A sharp spike in capex levels could result in net debt to EBITDA exceeding 3.5x, which can lead to overleveraging concerns for the stock. In certain cases, bonds have restrictive covenants regarding leverage that can lead to a rise in interest rates if leverage metrics are breached. This scenario appears less likely in near term.
- Prolonged aggressive pricing in the logistics segment (Adani Logistics) could drag down margins and lead to an overhang on Group RoCE.
- International expansion could be a risky proposition, given the geopolitical risks. As an example, if the current Israel-Hamas conflict continues, accompanied by hostile actions in the Red Sea (from Houthi rebels in Yemen), then volume growth of Israeli assets could be impacted. The proposed IMEC project might get delayed, indefinitely, as a result and impact long-term prospects. We had earlier witnessed issues at the Myanmar (Yangon) project following a military coup in the country with potential risks of US/UN sanctions.

Financial Tables (Consolidated)

Income Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	2,67,106	3,10,786	3,81,557	4,21,397	4,61,691
Sales Growth	28.1%	16.4%	22.8%	10.4%	9.6%
Other Operating Income	0	0	0	0	0
Total Revenue	**2,67,106**	**3,10,786**	**3,81,557**	**4,21,397**	**4,61,691**
Cost of Goods Sold/Op. Exp	71,163	80,698	1,02,689	95,869	1,05,495
Personnel Cost	18,964	20,087	24,801	27,391	30,010
Other Expenses	19,467	22,564	27,610	30,199	32,818
EBITDA	**1,57,511**	**1,87,438**	**2,26,456**	**2,67,937**	**2,93,368**
EBITDA Margin	59.0%	60.3%	59.4%	63.6%	63.5%
EBITDA Growth	43.9%	19.0%	20.8%	18.3%	9.5%
Depn. & Amort.	38,885	43,789	48,080	53,565	59,050
EBIT	1,18,626	1,43,649	1,78,376	2,14,372	2,34,318
Other Income	14,994	13,045	10,626	11,904	11,263
Finance Cost	27,844	27,780	27,638	27,638	21,618
PBT before Excep. & Forex	1,06,806	1,33,837	1,61,363	1,98,638	2,23,963
Excep. & Forex Inc./Loss(-)	-4,252	-4,956	0	0	0
PBT	1,02,554	1,28,881	1,61,363	1,98,638	2,23,963
Taxes	19,897	19,684	25,818	31,782	35,834
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	-1,550	1,726	380	468	528
Reported Net Profit	81,106	1,10,923	1,35,926	1,67,324	1,88,657
Adjusted Net Profit	**81,106**	**1,10,923**	**1,35,926**	**1,67,324**	**1,88,657**
Net Margin	30.4%	35.7%	35.6%	39.7%	40.9%
Diluted Share Cap. (mn)	2,160.1	2,160.1	2,160.1	2,160.1	2,160.1
Diluted EPS (INR)	**37.5**	**51.3**	**62.9**	**77.5**	**87.3**
Diluted EPS Growth	52.8%	36.8%	22.5%	23.1%	12.7%
Total Dividend + Tax	12,961	12,961	12,961	12,961	12,961
Dividend Per Share (INR)	6.0	6.0	6.0	6.0	6.0

Source: Company, JM Financial

Balance Sheet (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	5,29,448	6,24,354	7,37,194	8,69,022	10,17,748
Share Capital	4,320	4,320	4,320	4,320	4,320
Reserves & Surplus	5,25,127	6,20,034	7,32,874	8,64,702	10,13,428
Preference Share Capital	0	0	0	0	0
Minority Interest	15,982	25,380	24,999	24,531	24,003
Total Loans	4,62,043	4,58,100	4,58,100	3,58,307	3,58,307
Def. Tax Liab. / Assets (-)	22,512	27,637	27,637	27,637	27,637
Total - Equity & Liab.	**10,29,985**	**11,35,471**	**12,47,931**	**12,79,496**	**14,27,694**
Net Fixed Assets	8,60,839	10,13,224	10,85,144	11,51,579	12,12,529
Gross Fixed Assets	8,64,134	10,51,881	11,71,881	12,91,881	14,11,881
Intangible Assets	69,069	70,936	70,936	70,936	70,936
Less: Depn. & Amort.	1,81,725	2,25,514	2,73,594	3,27,160	3,86,210
Capital WIP	1,09,361	1,15,922	1,15,922	1,15,922	1,15,922
Investments	42,887	46,595	46,595	46,595	46,595
Current Assets	2,66,266	2,74,608	3,57,506	3,46,483	4,57,848
Inventories	4,375	5,218	6,406	7,075	7,752
Sundry Debtors	36,669	44,324	57,233	63,210	69,254
Cash & Bank Balances	76,319	66,060	1,34,860	1,17,191	2,21,836
Loans & Advances	3,285	9,013	9,013	9,013	9,013
Other Current Assets	1,45,618	1,49,993	1,49,993	1,49,993	1,49,993
Current Liab. & Prov.	1,40,007	1,98,956	2,41,314	2,65,160	2,89,277
Current Liabilities	71,933	1,05,077	1,29,004	1,42,474	1,56,097
Provisions & Others	68,074	93,880	1,12,310	1,22,686	1,33,179
Net Current Assets	1,26,259	75,652	1,16,192	81,323	1,68,571
Total – Assets	**10,29,985**	**11,35,471**	**12,47,931**	**12,79,496**	**14,27,694**

Source: Company, JM Financial

Cash Flow Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	81,106	1,10,923	1,35,926	1,67,324	1,88,657
Depn. & Amort.	38,885	43,789	48,080	53,565	59,050
Net Interest Exp. / Inc. (-)	22,027	21,451	23,216	23,216	18,159
Inc (-) / Dec in WCap.	-95	-3,705	28,260	17,201	17,396
Others	8,253	-196	-10,626	-11,904	-11,263
Taxes Paid	0	0	0	0	0
Operating Cash Flow	**1,50,176**	**1,72,263**	**2,24,857**	**2,49,402**	**2,72,000**
Capex	-1,09,104	-1,33,981	-1,20,000	-1,20,000	-1,20,000
Free Cash Flow	41,072	38,282	1,04,857	1,29,402	1,52,000
Inc (-) / Dec in Investments	33,519	46	0	0	0
Others	7,910	49,134	10,626	11,904	11,263
Investing Cash Flow	**-67,676**	**-84,802**	**-1,09,374**	**-1,08,096**	**-1,08,737**
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-10,797	-13,363	-23,466	-35,965	-40,459
Inc / Dec (-) in Loans	-35,401	-4,692	0	-99,794	0
Others	-31,804	-51,100	-23,216	-23,216	-18,159
Financing Cash Flow	**-78,001**	**-69,155**	**-46,682**	**-1,58,975**	**-58,618**
Inc / Dec (-) in Cash	**4,499**	**18,306**	**68,800**	**-17,668**	**1,04,644**
Opening Cash Balance	11,258	15,757	34,063	1,02,863	85,195
Closing Cash Balance	15,757	34,063	1,02,863	85,195	1,89,839

Source: Company, JM Financial

Dupont Analysis

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	30.4%	35.7%	35.6%	39.7%	40.9%
Asset Turnover (x)	0.2	0.3	0.3	0.3	0.3
Leverage Factor (x)	2.2	2.0	1.9	1.7	1.6
RoE	16.5%	19.2%	20.0%	20.8%	20.0%

Key Ratios

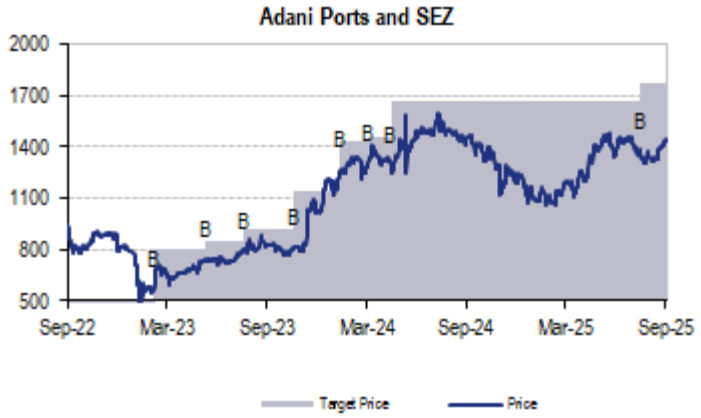
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	245.1	289.0	341.3	402.3	471.1
ROIC	11.0%	12.9%	14.7%	16.9%	17.7%
ROE	16.5%	19.2%	20.0%	20.8%	20.0%
Net Debt/Equity (x)	0.7	0.6	0.4	0.3	0.1
P/E (x)	38.5	28.1	22.9	18.6	16.5
P/B (x)	5.9	5.0	4.2	3.6	3.1
EV/EBITDA (x)	22.3	18.8	15.2	12.6	11.1
EV/Sales (x)	13.1	11.3	9.0	8.0	7.1
Debtor days	50	52	55	55	55
Inventory days	6	6	6	6	6
Creditor days	72	81	79	88	88

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
27-Feb-23	Buy	800	
31-May-23	Buy	850	6.3
9-Aug-23	Buy	920	8.2
10-Nov-23	Buy	1,140	23.9
2-Feb-24	Buy	1,430	25.4
26-Mar-24	Buy	1,460	2.1
6-May-24	Buy	1,660	13.7
6-Aug-25	Buy	1,765	6.3

Recommendation History



JSW Infrastructure | BUY

Proxy on Indian steel demand and coastal coal

JM FINANCIAL

JSWI is a play on growing India steel production sans the commodity price risk. It is supported by coastal coal and liquids as well. The strategy to leverage on the Group (JSW Steel) for base volume and then build on it with third party cargo, leading to a strong RoCE profile. JSWI is also focused on addressing Group logistics needs and transforming into an integrated logistics play. We maintain BUY with a TP of INR 395. Our TP implies 17.6x FY28 EV/EBITDA.

- **JSWI is a play on steel and coastal coal while its larger peer ADSEZ is a play on container and EXIM coal:** JSWI is a play on JSTL's steel capacity expansion to 51mnt+ by FY31 (vs. 35.7mnt in 1QFY26) through raw material logistics and also on coastal coal movement (estimate ~95mnt in national volume in FY30E vs. 56mnt in FY24) via its presence in both origin (Paradip) and destination ports (Ennore, Tuticorin, etc.). The overlap with peer ADSEZ is low with ADSEZ's focus on containers and EXIM coal.
- **Group provides the base cargo, coastal coal and liquids provide third party cargo:** Group cargo growth is generally stable and is generally linked to steel capacity expansion at JSTL or setting up of greenfield ports by JSWI (Jatadhar and Keni). With ports being set up, it diverts existing JSTL volumes from non-JSW ports providing a step jump in volumes. Similarly each wave of capacity expansion at JSTL also provides a step-up in Group cargo (e.g. commissioning of the pellet plant in Odisha should lead to Group volume step-up in FY28). Liquids and coastal coal are third-party in nature and can witness continued ramp-up over FY26-27E. Growth in coastal coal movement is driven by efforts by Coal India to displace imported thermal coal.
- **Expansion into logistics provides similar growth dynamics:** JSWI is targeting to increase its wallet share in Group logistics (currently at 20-25%) on top of existing third party volume following the Navkar acquisition. The strategy focuses on the Group providing anchor volume on one leg, complemented by third party cargo on the return leg (lowering empty running). Logistics EBITDA margin stands at 13% (1QFY26), and with rising scale from the Group, EBITDA margin of 18%-20% can be achieved by FY30E.
- **Strong balance sheet highlights significant growth potential beyond the INR 390bn capex pipeline:** JSWI at FY25 is almost net cash against target of 2.5x Net debt to EBITDA. While the management has put forth a capex plan of INR 300bn for ports (FY25-30) and INR 90bn for logistics, we calculate there is further bandwidth for INR 40bn/year of additional growth capex from FY28E. We **estimate EBITDA can rise from INR 21bn in FY25 to INR 80bn-90bn by FY30 at target RoCE level of 16%**.
- **DCF-based TP of INR 395, implying exit EV/EBITDA (FY30) at 13.5x:** JSWI is optically expensive at 20+ FY27 EV/EBITDA as this does not factor in the step up in EBITDA from FY28E to FY30E. Our TP implies an exit EV/EBITDA of 13.5x at FY30E discounted back to 1HFY27. This is without factoring in potential for further growth capex in the event of QIP-driven promoter stake dilution to 75% (from 83.6% currently).

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Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	395
Upside/(Downside)	16.7%
Previous Price Target	385
Change	2.6%

Key Data – JSWINFRA IN	
Current Market Price	INR339
Market cap (bn)	INR711.2/US$8.1
Free Float	14%
Shares in issue (mn)	2,051.5
Diluted share (mn)	2,051.5
3-mon avg daily val (mn)	INR601.1/US$6.8
52-week range	355/218
Sensex/Nifty	82,160/25,202
INR/US$	88.3

Price Performance			
%	1M	6M	12M
Absolute	11.0	8.3	0.7
Relative*	9.8	1.3	4.1

* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	37,629	44,761	53,187	78,978	1,18,629
Sales Growth (%)	17.8	19.0	18.8	48.5	50.2
EBITDA	19,646	22,622	26,733	33,149	49,462
EBITDA Margin (%)	52.2	50.5	50.3	42.0	41.7
Adjusted Net Profit	11,563	15,031	16,072	15,890	27,284
Diluted EPS (INR)	5.6	7.3	7.8	7.7	13.3
Diluted EPS Growth (%)	40.4	30.0	6.9	-1.1	71.7
ROIC (%)	16.5	13.9	10.9	8.9	11.9
ROE (%)	19.2	17.0	15.3	13.1	19.1
P/E (x)	60.1	46.3	43.3	43.8	25.5
P/B (x)	8.7	7.2	6.2	5.4	4.5
EV/EBITDA (x)	35.7	32.1	28.5	24.4	16.7
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 22/Sep/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Proxy on Indian steel demand without the price risk

Volumes to witness a step jump from FY28 onwards driven by JSW Group

JSW Infrastructure (JSWINFRA) is part of the Indian conglomerate JSW Group. The company provides in-house port logistics services to group companies, including the flagship company JSW Steel (JSTL IN), which has ambitious plans for capacity expansion. JSW Steel plans to take its Indian steelmaking capacity to 50.0mtpa by FY31E, from 34.2mtpa currently (as of 1QFY26). This should lead to a substantial increase in raw material demand (coking, non-coking coal, and iron ore), in our view, which, in turn, will provide sizeable in-house logistics opportunities for JSWINFRA. Further, beyond FY31E we see potential for steel capacity to be at 70mnt+ by FY35E.

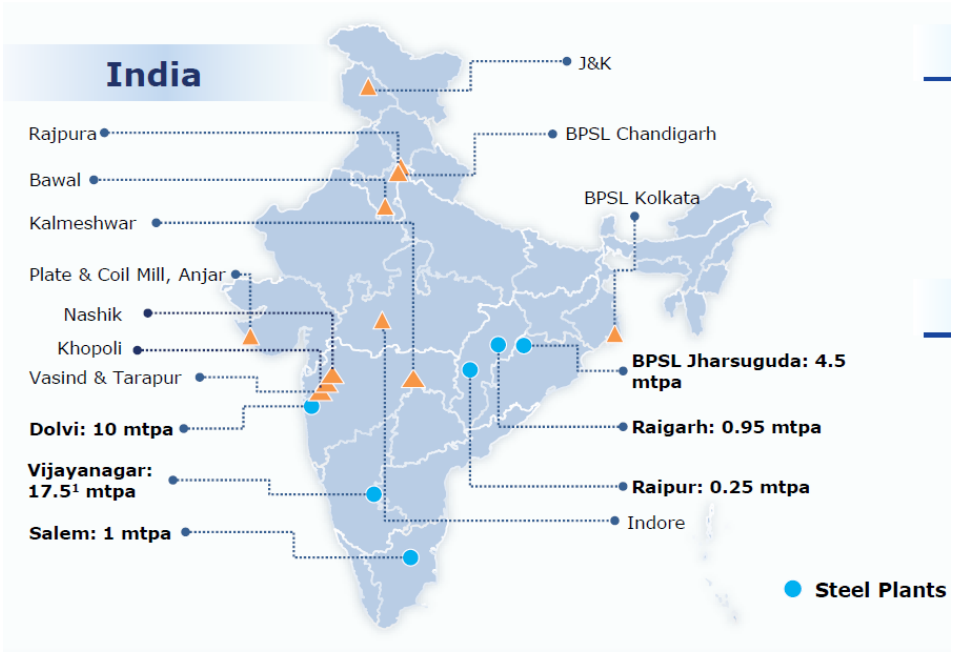
We expect monthly demand for Indian steel to remain above 12mnt-13mnt which and continue to grow in-line with domestic steel demand. This could further accelerate, as the recently launched real estate projects mature. We also note that the current capacity utilisation at steel plants (86%) are relatively high, which, in turn, supports the need for capacity expansion. **We do not expect significant risk to JSTL's capex plans as its leverage thresholds are below management targets** (net debt to equity at 0.94x and net debt-EBITDA at 3.34x, below targets of 1.75x and 3.75x respectively).

Exhibit 1. JSW Steel potential capacity evolution based on management guidance

mnt	FY25	FY26	FY27	FY31	FY35
Total Indian Capacity	34.2	36.4	41.9	50.0	71.9
Additions		2.2	5.5	8.1	21.9
Vijayanagar		2.0		5.0	
Salem		0.2			
Bhushan Power and Steel Ltd (BPSL)			0.5	3.0	
Green steel				4.0	
Dolvi			5.0	5.0	
Jatadhar					13.0

Source: Company, JM Financial. **FY31 capacities to be derived from options listed below, **FY35 assumes all capacities in place

Exhibit 2. JSTL's diversified presence provides port-based and inland logistics opportunities



Source: Company

Exhibit 3. JSWI's port and cargo profile

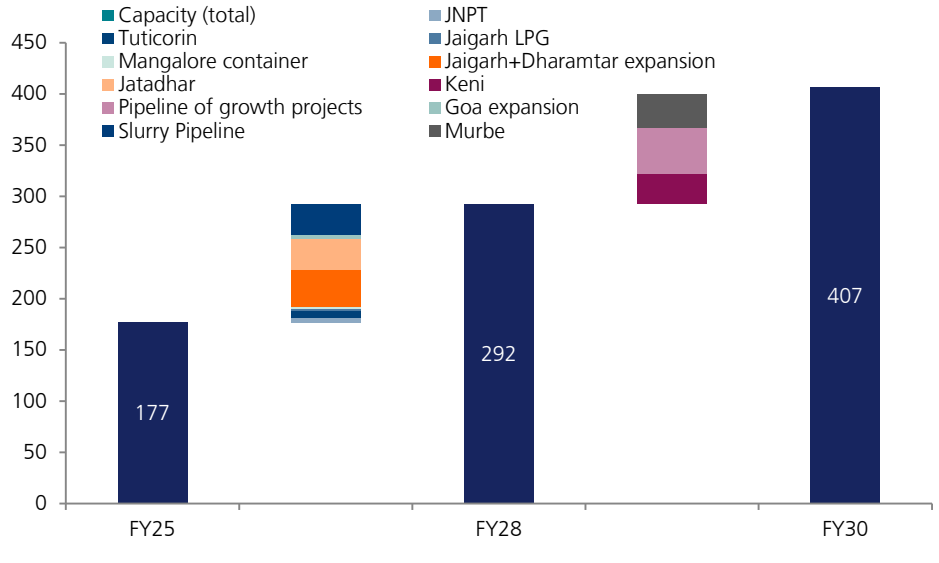
Ports	Draft (m)	Cargo capacity (mtpa)	Group cargo (%)	Notes
Dharamtar (Raigad Maharashtra) - Amba river	3.5	34	100	Serves Dolvi steel plant
Jaigarh (Ratnagiri Maharashtra)	17.5	55	70	Serves Dolvi steel plant, liquids, fertilizers (third party)
PN Ports (Raigad, Maharashtra)	4.5	8		Multi-cargo third party and Dolvi steel plant
Southwest Port (Goa)	14.0	11	100	Serves Vijayanagar steel plant
New Mangalore (Karnataka)-- container	14.0	4.2	0	Third party cargo
New Mangalore (Karnataka)-- coal	14.0	8.1	43	Serves Vijayanagar steel plant
Ennore (Tamil Nadu) - coal	16.0	9.6	30	Serves Salem/Vijayanagar plants and third party volumes
Ennore (Tamil Nadu) - bulk	14.5	2	50	Serves Salem steel plant and JSW Cement Nandyal plant and third party volumes
Paradip (Odisha)- iron ore	17.0	10	43	Group cargo and exports
Paradip (Odisha) - coal	15.0	30	0	Coastal coal third party
Fujairah Liquids (UAE)	14.5	5	0	Third party liquids
Total		**177**	**51**	

Source: Company, JM Financial

Capex pipeline for 400mnt capacity by FY30 (vs 177mnt) is already in place; JSWINFRA can exceed the targets

The management has targeted a capex plan of INR 390bn, of which INR 300bn is targeted for port capacity expansion and the remaining INR 90bn is for expanding logistics operations. Currently (end of FY25), port capacity stands at 177mnt (traffic handled in FY25 at 116mnt, which can rise 10% in FY26). The capacity can potentially exceed 290mnt by FY28E (assuming no major delays) with capacity expansions of JNPT, Goa and Tuticorin alone likely to push total capacity over 190mnt in FY26 itself. The management has provided a near-full visibility of ~362mnt by FY30E so far. We do not think achieving the remaining 45mnt is a challenge given the strong prospects of major port terminal privatisation.

Exhibit 4. JSWINFRA port capacity can exceed 400mnt by FY30



Source: Company, JM Financial

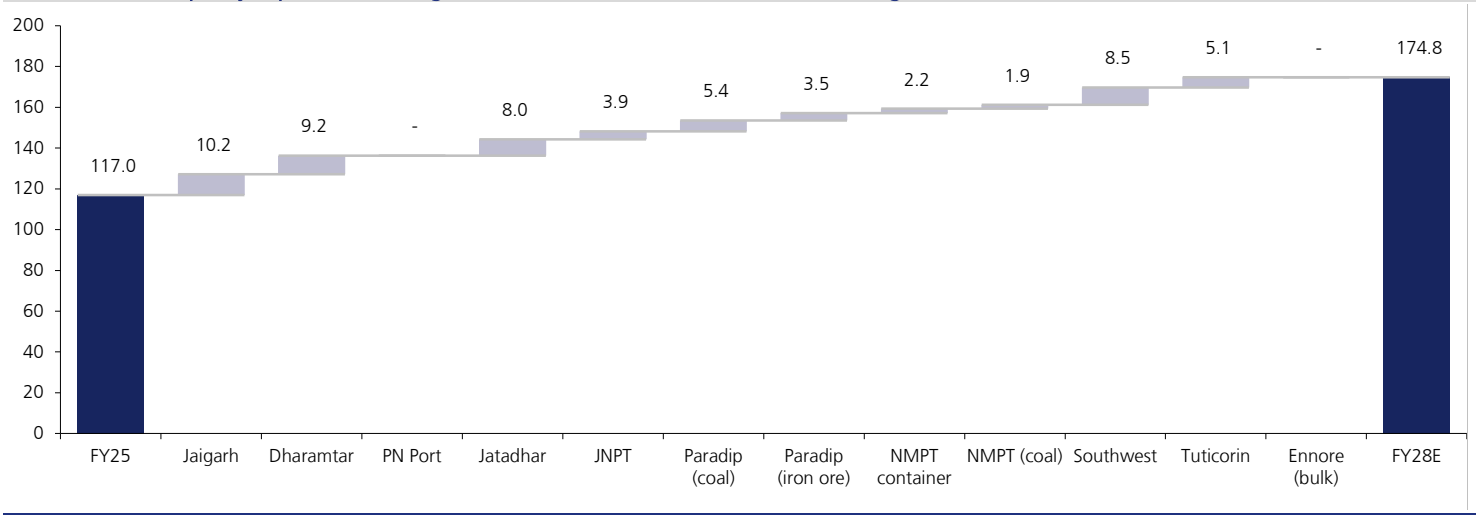
First wave of growth with Dolvi capacity expansion and Jatadhar slurry pipeline

JSTL is targeting commissioning of 5mnt at Dolvi in Sep'27. This can lead to increased raw material imports at Jatadhar and Dharamtar ports in FY28 itself, ramping up further in FY29E as the new capacity reaches optimal utilisation levels (>80% capacity utilisation). In addition, the slurry pipeline at Jatadhar port (30mnt secured by take-or-pay contracts) is slated to be

commissioned in Apr'27, driving volume and EBITDA in FY28E onwards. Further, JSTL's pellet plant is expected to be commissioned around the same time, which can drive initial volume at the Jatadhar port (pellet/iron ore exports).

In the near term (FY27), commissioning of 2.0mnt of steel capacity at Vijayanagar can drive capacity utilisation at Goa Port (SW port) where capacity is being restored to 15mnt from 8.5mnt earlier (post environmental remediation measures). Further, new capacities coming up at Tuticorin and JNPT will drive further volume by FY28E.

Exhibit 5. Dolvi capacity expansion drives growth over FY26-28E besides commissioning of Jatadhar



Source: Company, JM Financial

Commissioning of Keni and Murbe port in FY29 provides further volume/margin uplift from Vijayanagar steel plant

JSWI targets to commission Keni port (30mnt) in Karnataka in FY29 and this port can be supported by volume from the Vijayanagar steel plant. Currently, JSTL Vijayanagar is serviced by Krishnapatnam (owned by ADSEZ) and various other ports (including JSTL coal berths at major ports like Mangalore but with steep royalty rates of ~31%). After the current expansion (2.0mnt), there is scope for an additional 5.0mnt capacity expansion at the Vijayanagar plant. This should drive demand for coal imports and the export of steel, which, in turn, will provide adequate cargo volume for JSWINFRA's Keni Port, in our view.

We expect these volumes to consolidate at Keni with its commissioning. Further, the royalty rates are negligibly low at Keni compared to major port terminals of JSWI and the shift can have a pronounced positive impact on EBITDA margin. The project capex for the port is INR41bn. The port's primary hinterland is coal and coke for steel and cement. It will also handle iron ore, limestone, dolomite, and steel exports.

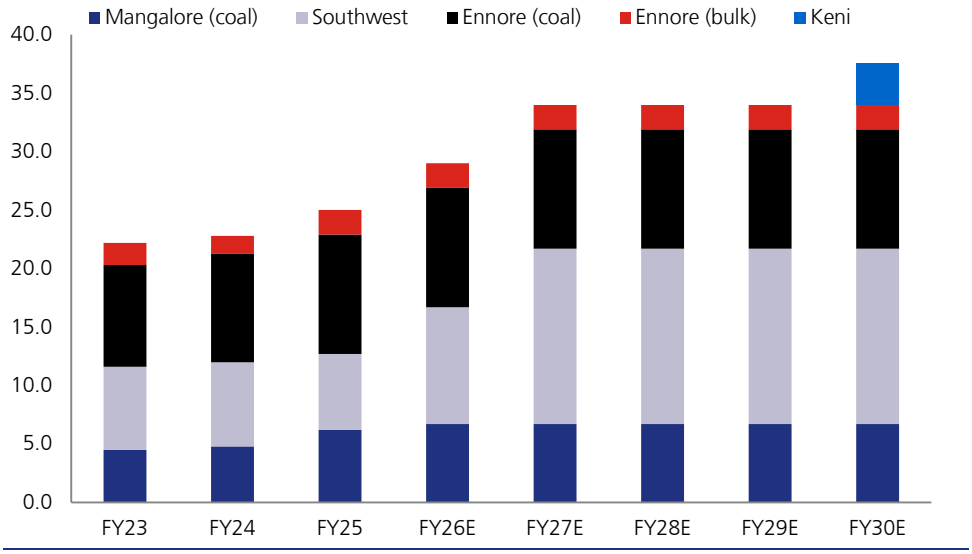
Murbe port (33mnt) is also likely to be commissioned in FY29 and can provide volume uptick at the port level and also at JSW Logistics. Murbe may serve as an export outlet for JSTL's rolling mills across Maharashtra and the inland logistics may very well be under the purview of JSW Logistics.

Exhibit 6. Keni and Murbe have negligible royalty vs. major port terminals operated by JSWI

Port	Royalty rates
Dharamtar (MH)	as per MMB
Jaigarh (MH)	INR3/mnt hiked by 20% pa till year 15.
Southwest Port (Goa)	18% of gross revenue (ex hire income)
New Mangalore -- container	INR951/TEU
New Mangalore -- coal	31% of gross revenue
Ennore - coal	52.52% of gross revenue
Ennore - bulk	36% of gross revenue
Paradip - iron ore	21% of gross revenue
Paradip - coal	31.70% of gross revenue
Tuticorin - coal	INR70/t or ~17.5% of gross revenue

Source: Company, JM Financial

Exhibit 7. Expansion of capacity at Southwest and Keni to drive growth



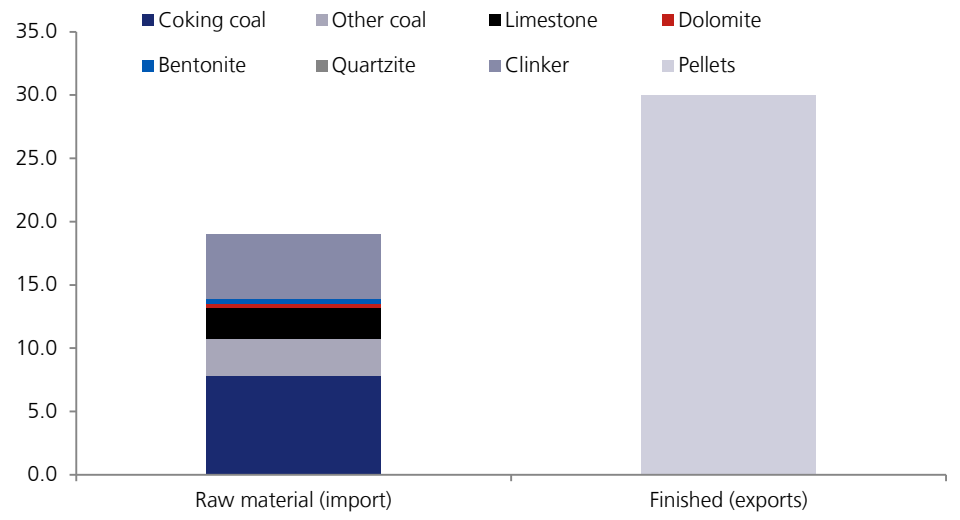
Source: JM Financial, Company

Further growth in Group cargo supported by JSTL's steel capacities coming up at Jatadhar (13mnt) in phases

The setting up of a pellet plant by JSTL and parallel set-up of a slurry pipeline by JSWI by end of FY27 provides volume uptick from FY28-30E. Our estimates are premised on these capacities coming up. However, we do note that in the followings phases JSTL is planning 13.2mnt of total steelmaking capacity at Jatadhar beyond FY30E.

Post the full development of all proposed projects (13.2mtpa steel plant + 10mtpa cement plant), we estimate 7.8mtpa in coking coal imports and 2.7mtpa of PCI (pulverised coal injection) coal for the steel plant. We expect 5.1mtpa of clinker and 4.9mtpa of limestone imports (50% by sea) for the cement plant. Thus, in the steady state, we expect 19mtpa of raw material cargo to be handled by Jatadhar port in the long term, in addition to the 30mtpa of pellet exports in Phase I, which is expected in early FY28E.

Exhibit 8. Jatadhar port can handle potential sea cargo of 30mnt in Phase I and an additional 19mnt after Phase II



Source: Company, JM Financial

Growth in third party cargo driven by coastal coal and liquids

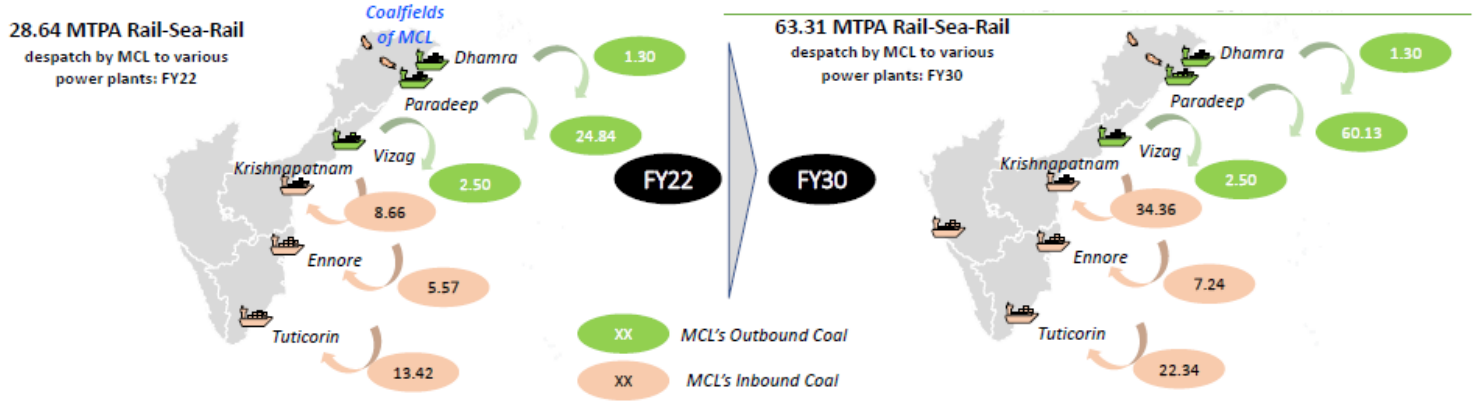
Rise in coastal coal movement benefits Paradip, Ennore and Tuticorin ports

We think JSWI's Paradip Port, located in Odisha, is well-placed to benefit from Coal India's (COAL IN) movement of thermal coal from its Mahanadi coal fields, in Odisha, to thermal power plants along the East Coast. Coal India's thrust on RSR (rail-sea-rail) movement is an effort to expand the evacuation capacity of coal, which has been so far hampered by shortage of rail rakes.

These coastal coal movements are mainly third party, i.e., non-JSW Group, in nature, and will significantly aid in increasing cargo diversity beyond related parties, in our opinion. Note that JSW Energy uses thermal coal at its Ratnagiri plant, which is imported and not coastal, and it is unlikely to benefit from this trend.

The benefit of coastal coal movement stems from its value being recognised twice once at Paradip (origin – outward movement) and at Ennore/Tuticorin (destination – inward movement). This leads to higher reported volume and revenue.

Exhibit 9. Coal coastal shipping traffic movement

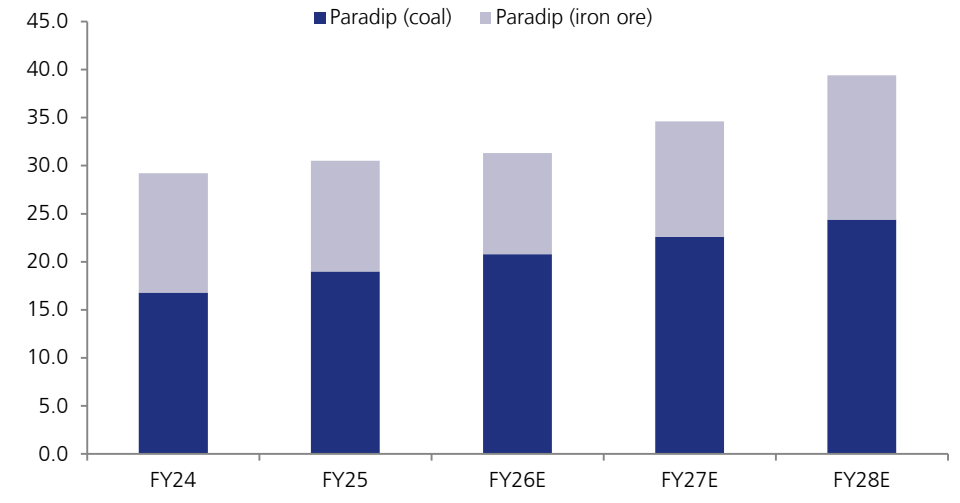


Source: Industry, JM Financial

Iron ore is facing near-term challenges that can persist in FY27 as well

Chinese demand for low grade iron ore fines has softened significantly, leading to a drop in iron ore fines prices. This has reduced iron ore exports, which has impacted the Paradip iron ore terminal since 4QFY25. More recently, even ADSEZ's management talked (1QFY26 earnings call) about soft iron ore export demand. We expect volume softness in third party iron ore exports to continue in FY26 and potentially FY27.

Exhibit 10. Paradip coastal coal remains strong but iron ore to recover only in FY27



Source: Company, JM Financial. Note: Data in mnt

Liquids and containers to drive third party volume on the West Coast & Middle East

JNPT liquid berth adds visibility on Jaigarh developing as a liquid terminal hub

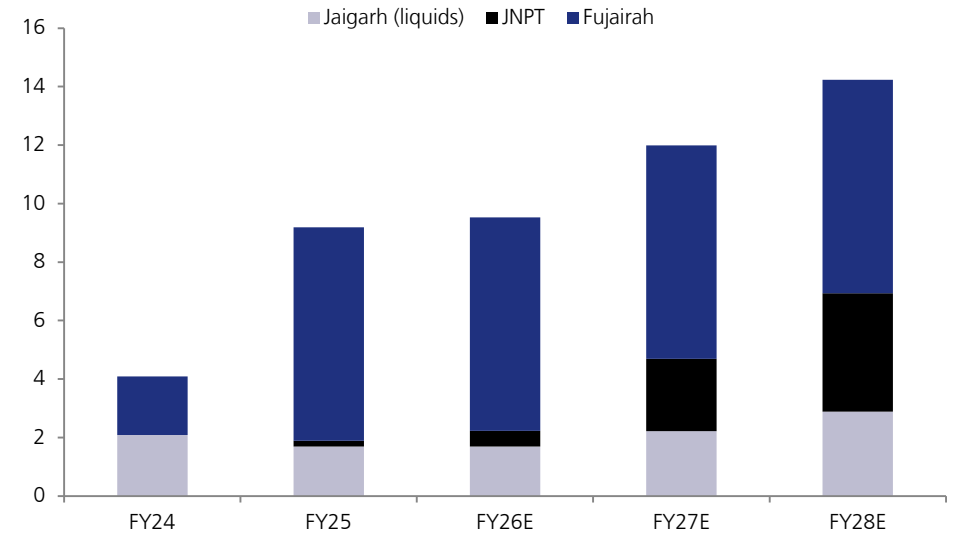
JSWINFRA is adding 2mtpa of LPG handling facilities at Jaigarh (commencement expected in FY27). This berth will be capable of handling VLGC (very large gas carriers) vessels. Do note that LPG tankage and storage operations are profitable with EBITDA/tonne ranging from INR1,000-1,100 (referring to Aegis Logistics operations).

JSWINFRA has also secured a 4.5mtpa liquid berth at JNPT, with a concession agreement of 30 years. It is likely intended as a transit point for cargos from the Jaigarh liquid terminal to access a wider hinterland. Jaigarh has limited rail/road access evacuation (rail/road and pipeline access), which should enable feeder vessel movement from Jaigarh to JNPT. However, we find the royalty rate of INR 252/tonne at JNPT as aggressive, given that non-LPG liquid tariffs only range from INR 400-500/tonne. We do not think JNPT will be a profit centre for JSWI but will still be EBITDA positive due to high margin aviation fuel imports.

Fujairah liquids terminal will continue to generate strong cash flows

JSWI acquired a 5mtpa liquids storage terminal at the Fujairah port for INR 15.5bn in FY24. The asset has high utilisation levels and is contributing EBITDA of USD 20mn-25mn annually. A further expansion of 5mtpa is likely in FY29. Over the long term, we expect this asset to provide an annual EBITDA of USD 50mn. The Fujairah terminal could also lead to increased share of third-party volume in the overall JSWI cargo mix.

Exhibit 11. Significant increase in liquid (mnt) volumes boosts third party volumes



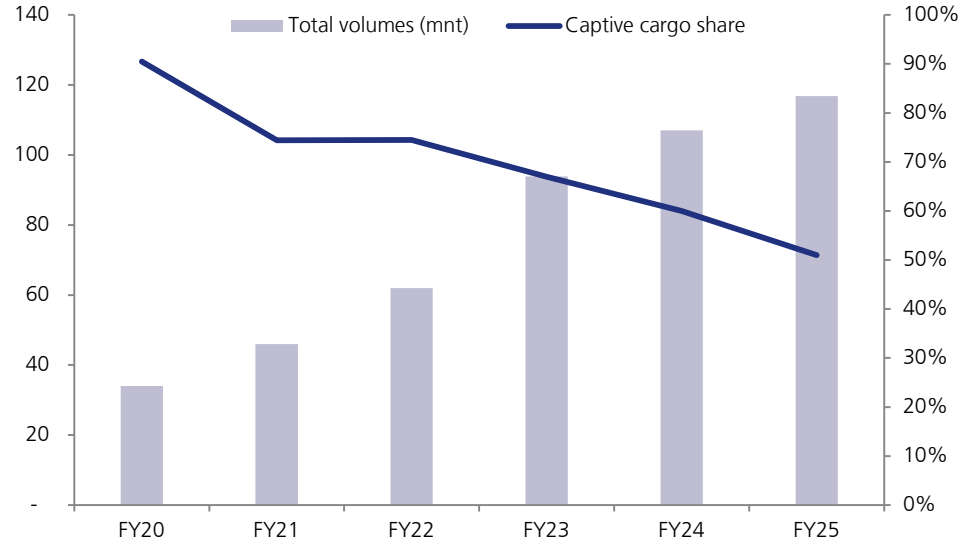
Source: Company, JM Financial

Dependence on Group cargo volumes declining and will continue in FY26

JSWI had Group cargo share of 51:49 in FY25 (vs. 60:40 in FY24 and vs. 90:10 in FY22). We do not view Group cargo exposure as negative as these appear to have decent profitability with EBITDA margin around 60%. Further, Group-linked loans and advances are limited, highlighting that the transactions are at arm's length.

Group cargo is essential anchor cargo. A good example is Jaigarh, which has anchor volumes from the Dolvi steel plant. But it is also topped up by third party cargo (liquids, sugar and fertilisers). Further, JSWI's major port terminals are largely supported by third party volume. The focus on eastern container trade (Kolkata) can also add further third party volume, resulting eventually in balanced Group and third party cargo mix (50:50) in the long term.

Exhibit 12. Share of Group cargo in mix has moderated over the years



Source: Company, JM Financial

Exhibit 13. Share of Group linked balances minimal; rise in FY25 due to acquisition of slurry pipeline

INR bn	FY20	FY21	FY22	FY23	FY24	FY25
JSW Sports OCD	3.09	2.96	2.83	-	-	-
Loans	2.76	2.71	2.49	0.59	0.07	0.05
of which						
Realcom Realty	0.50	0.48	0.38	-	-	-
JSW Projects	2.00	2.00	2.00	-	-	-
Accounts receivable	3.54	2.89	3.18	2.23	4.37	4.01
% of related sales	52%	32%	25%	13%	24%	23%
of which						
JSW Steel	2.65	2.08	2.20	1.75	3.87	2.86
Amba River coke	0.37	0.29	0.28	0.27	0.13	0.07
JSW Energy	0.45	0.42	0.52	0.10	0.09	0.17
Deposits given	-	0.00	0.11	0.16	0.20	0.18
Retention money for capital projects	-	-	-	-	-	3.73

Source: Company, JM Financial

Adequate opportunities exist from further berth privatisation

At FY24 PPP, berths at major ports accounted for 550mnt capacity out of total major ports capacity of 2,690mnt, implying that only 34% of the major ports capacity has been so far privatised. Our assessment of major ports data suggest at least 50% of cargo is handled at PPP berths out of 820mnt of total major ports cargo handled in FY24. This highlights operational efficiencies derived under the PPP model.

The Ministry of Shipping expects ~85% cargo to be handled at PPP berths within major ports cargo, which implies significant berth privatisation in the long term. For JSWI, this opens up opportunities that can increase its capacity target beyond 400mnt planned by FY30.

We note that all major port berths cannot be privatised. Some of the berths, especially in southern ports, are captive coal berths for power plants. There are also tankages and crude oil jetties of IOCL and HPCL. We estimate at least 30-35% of existing berths are of captive nature and are unlikely to be ever privatised. **Even then, we expect 45mnt-50mmt of PPP opportunities in the near term and 310mnt of visible opportunities in the longer term (FY30)**.

Exhibit 14. Some key PPP opportunities; near term (FY26-27) potential at 47mnt

Major ports	Current PPP	Near term	Long term	Comments
Paradip	80	22.5	47.5	Mostly bulk, some green ammonia and petchem
New Mangalore	14		12	Bulk and liquids; Exclude: 60mnt are PSU captives
Cochin	40		36	Low utilisation levels at DPW and Petronet
Tuticorin	50		16	Containers, exclude: power plant captive berths
Ennore	34		6	Bulk berths. Exclude: TANGEDCO captive, IOCL tankage exists, SICAL is stuck
Chennai	66		71	Bulk 36 Liquid 35; Exclude: CPCL/IOCL captives
Vizag	60		30	Bulk terminals. Non-PPP capacities are captive RINL, HPCL
Haldia	23	24	46	Containers but low utilisation

Source: Industry, Company, JM Financial

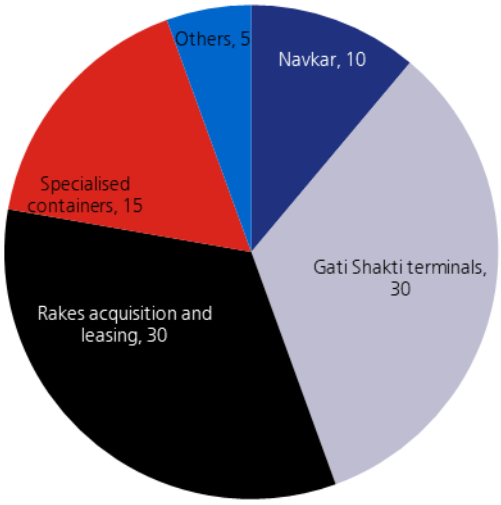
Logistics is another growth driver; significant scope to expand Group wallet share

JSWI constituted 20-25% of JSTL's logistics costs in FY23 and FY24 from port operations alone. With the acquisition of Navkar in FY25 and commissioning of the slurry pipeline in Odisha by end-FY27, we believe JSWI can address a larger share of the Group potential. These inland rail and slurry pipeline revenues can be topped up by third party cargo along with base cargo support from the Group.

The capex plan of INR 90bn over FY25-30 has to be seen in this context. JSWI targets revenue of INR 100bn in FY30E, of which nearly half maybe derived from the group alone (anchor customer), potentially adding INR 20bn in EBITDA (EBITDA margin was 15% in 1QFY26, with scope for improvement with scale).

The container train operations can support steel logistics from cold rolling mills of JSTL to the port of Murbe. Value-added steel (JSTL's focus area) is generally exported in containers (unlike bulk steel), which can drive container volume growth.

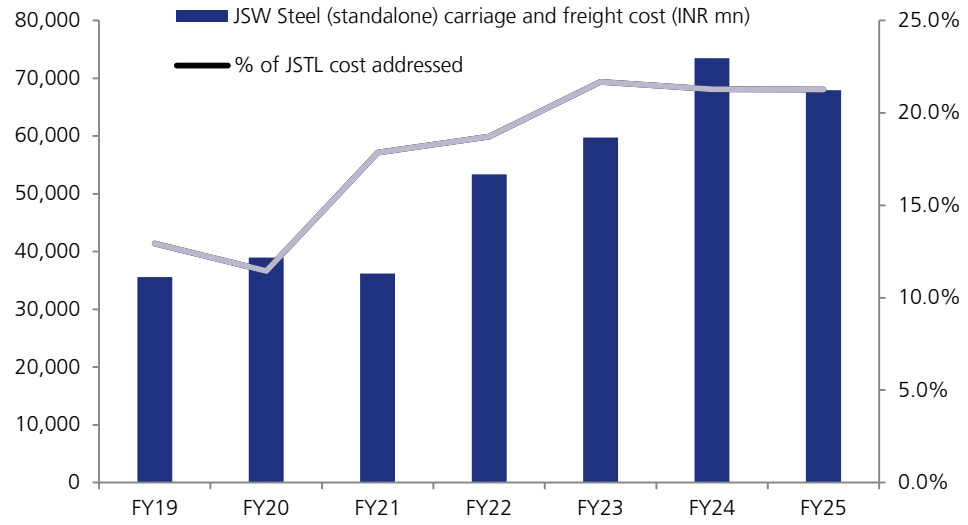
Exhibit 15. Logistics capex of INR 90bn on addition of terminals, rakes and containers



Source: Company, JM Financial

Exhibit 16. JSWI constituted only 20-25% of JSTL's overall logistics costs

LHS – INR mn, RHS = %



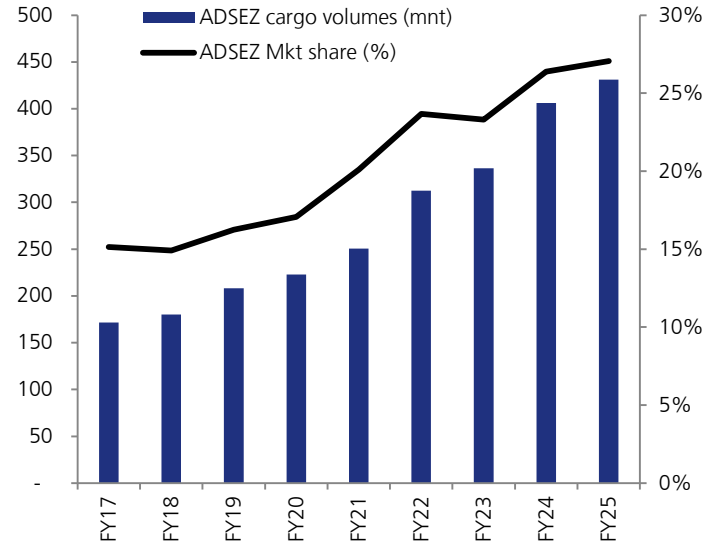
Source: Company, JM Financial

JSWI has a strong asset turnaround track record; balance sheet aids further capex

JSWI has low leverage metrics at 0.54x net debt-EBITDA (TTM) as of 1QFY26. This compares to 2.5x net debt to EBITDA targeted by the management, providing sufficient headroom to leverage the balance sheet to take advantage of emerging opportunities. In the event there is a temporary breach of 2.5x management target we would not be overly concerned as ADSEZ too during its growth phase from FY18 to FY25 (180mnt cargo volumes to 450mnt) did exceed 3.0x in some FYs.

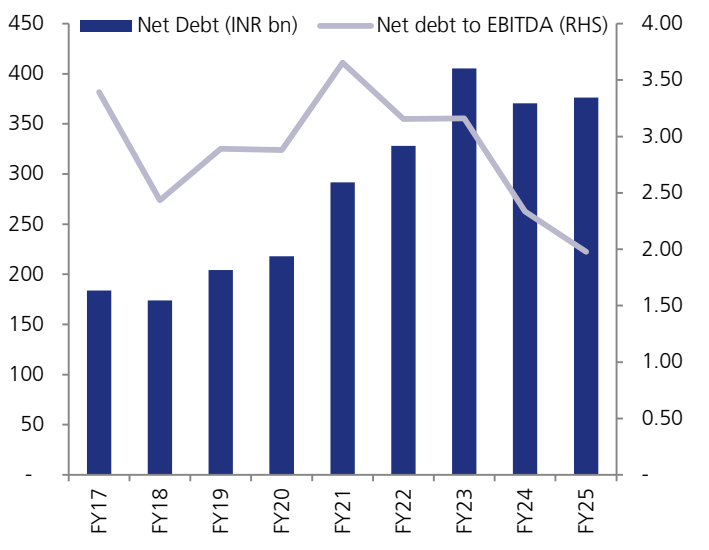
We estimate JSWI can support additional growth capex of INR 40bn annually from FY28E in addition to the planned capex of INR 390bn.

Exhibit 17. ADSEZ volume growth phase (mnt)



Source: Company, JM Financial

Exhibit 18. ADSEZ during its growth capex phase exceeded 3.0x



Source: Company, JM Financial

Exhibit 19. Strong OCF generation supports stronger growth capex

INR bn	FY24	FY25	FY26E	FY27E	FY28E
OCF	18.03	21.00	26.92	26.74	39.82
EBITDA	19.65	22.62	26.80	35.23	56.10
Net debt	0.71	20.17	57.81	102.96	113.60
Net debt/EBITDA (x)	0.04	0.89	2.16	2.92	2.03
Capex	(21.06)	(30.34)	(64.23)	(68.42)	(45.86)
Target net debt/EBITDA (x)	2.50	2.50	2.50	2.50	2.50

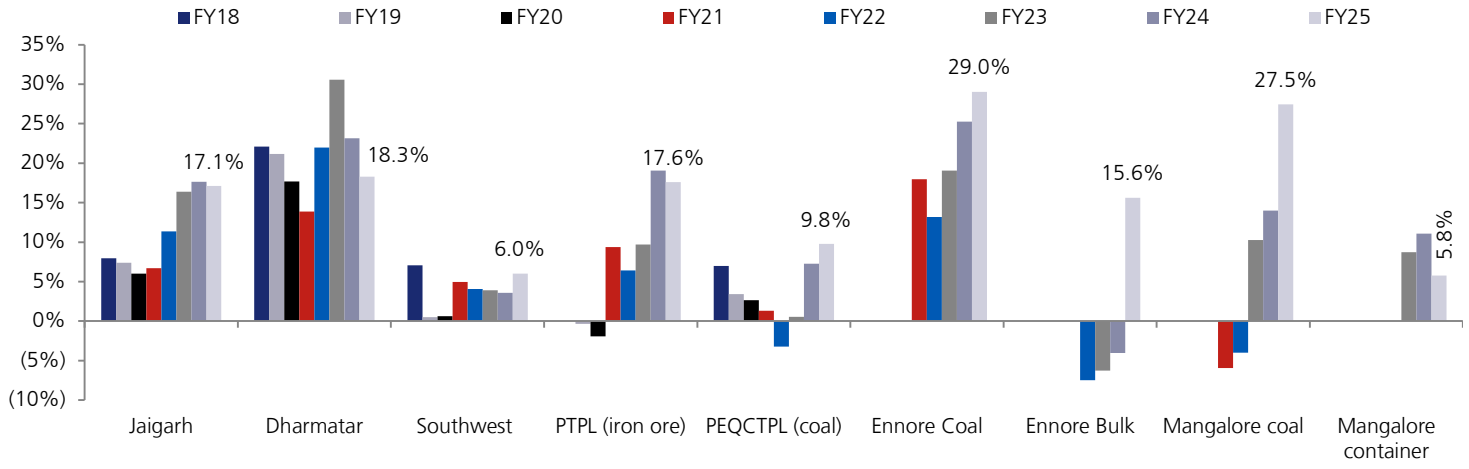
Source: Company, JM Financial

JSWI is capex efficient with a strong turnaround track record

Except for one port terminal (Paradip iron ore berth), no other project has faced cost or time overruns, highlighting execution excellence. Further, even for certain acquisitions like the major port terminals acquired from Chettinad Group in FY21, there has been marked turnaround in loss-making assets despite high royalties. Most of these assets have already achieved 10%+ ROCE. We note these subsidiaries contributed INR3.0bn-3.5bn in O&M revenue in FY23-25 in standalone financials. If we adjust for O&M revenue, then the assets are already on track for 18% RoCE targeted by the management.

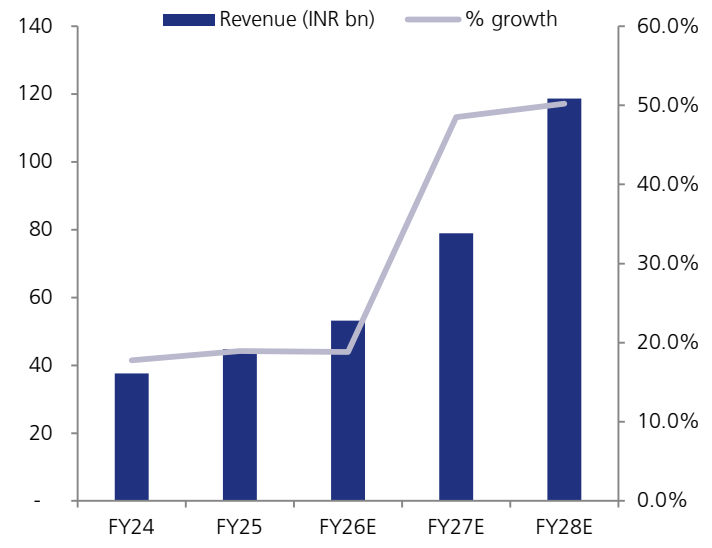
Even for the logistics business, we believe RoCE levels of 15-18% is achievable with potential EBITDA of INR 20bn in FY30E.

Exhibit 20. JSWI's mature projects have RoCE in of 18-25%; turnaround observed in acquisitions



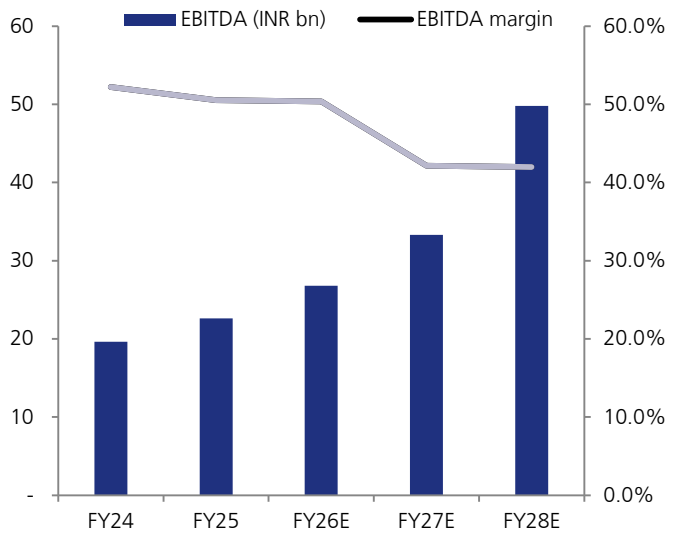
Source: Company, JM Financial

Exhibit 21. Port commissioning and logistics ramp-up drives revenue growth over FY25-28E



Source: Company, JM Financial

Exhibit 22. EBITDA margin impacted by higher share of lower margin logistics but overall EBITDA expands



Source: Company, JM Financial

Valuation: DCF derived TP of INR395 implying ~13.5x FY30E EV/EBITDA discounted to Sep'26

We estimate besides the announced capex pipeline of INR390bn JSWINFRA has further capacity to incur annual capex of INR30-40bn to remain within its net debt to EBITDA target of 2.5x (1QFY26 at 0.45x). Its track record of within budget execution and asset turnaround suggests ability to generate 16-18% ROCE on investments. We estimate with commissioning of key projects like Jatadhar and Keni as well as further growth capex JSWINFRA can achieve INR80-90bn in EBITDA by FY30.

Our DCF based TP of INR395 (Exhibit 23) implies an exit (FY30E) multiple of 13.5x discounted at a WACC of 9% to 1HFY27 which we view as reasonable (Exhibit 25). We believe in the event of QIP to reduce promoter stake an additional INR250bn of capex can be supported which can potentially add another INR70-80/sh to our TP (Exhibit 26) at ROCE of investments of 16-18%.

Exhibit 23. DCF-derived TP of INR 395

	INR mn	INR/sh
NPV	8,10,280	395
Terminal payments	59,948	29
Total value (EV)	8,70,228	424
Value by port assets		
Jaigarh	2,34,471	114
Dharamtar	51,401	25
Jatadhar	1,71,616	84
Keni	90,111	44
Fujairah	34,463	17
Paradip coal	28,376	14
Paradip iron ore	20,090	10
Rail	43,035	21
Others	35,739	17
Growth assets	1,17,891	57
Net Debt (FY26)	57,807	28
Equity value	**8,12,422**	**395**
Value from existing assets	6,94,530	339
Growth opportunities	1,17,891	57

Source: JM Financial

Exhibit 24. Sensitivity of TP to RoCE (columns) and growth capex (rows)

ROCE (%)	Growth capex (INR bn)			
	10.00	40.00	60.00	80.00
10%	339	339	339	339
12%	343	358	367	377
14%	348	**376**	**396**	415
16%	353	**395**	**424**	452
18%	357	**414**	**452**	490
20%	362	433	480	527

Source: JM Financial

Exhibit 25. Our TP implies 13.5x FY30 EV/EBITDA discounted to Sep'27

	FY25	FY26	FY27	FY28	FY29	FY30
EBITDA	20,423	24,213	30,718	49,505	72,591	86,809
EV/EBITDA (on TP)	42.61	35.94	28.33	17.58	11.99	10.02
Existing assets	34.01	28.68	22.61	14.03	9.57	8.00
EV/EBITDA (on CMP)	34.05	28.72	22.64	14.05	9.58	8.01
Exit EV/EBITDA						13.5
EV (1HFY27)		8,77,460				11,71,927
Equity		8,19,654				
Fair value		400				

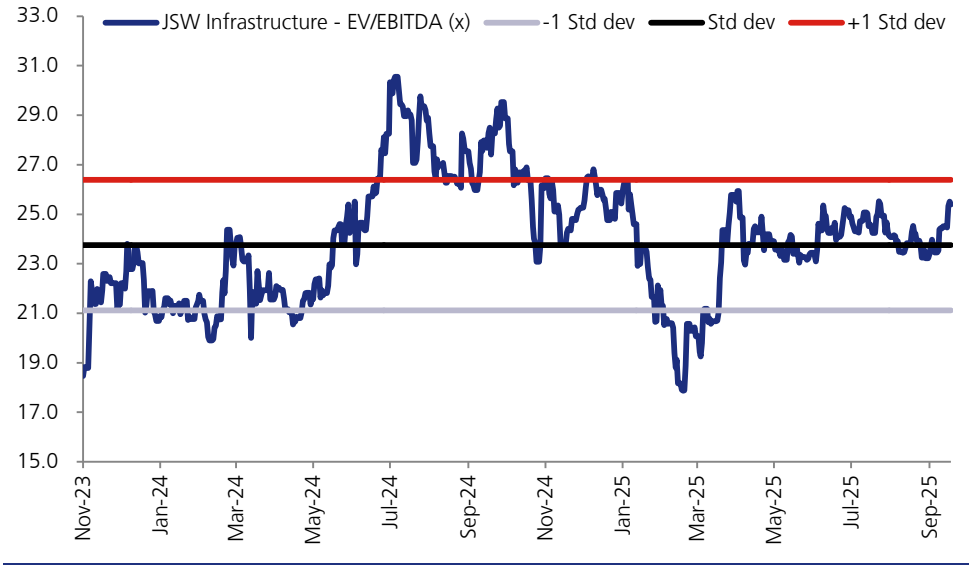
Source: JM Financial

Exhibit 26. A QIP can potentially add INR 74/sh in valuations

Parameter	Value	
Promoter Shareholding Current	83.62%	
Final Promoter holding (after dilution)	75%	
Total share raise	111%	
QIP size	11%	
Current mcap	640	INR bn
Potential Equity raise	74	INR bn
Assume D/E of 2:1	2	INR bn
Debt raise	147	INR bn
Additional capex	221	INR bn
Assume spread of years	5	years
Incremental capex	44	INR bn
For every 10bn pa capex delta TP add	19	INR/share
For incremental capex TP add	83	INR/share
Share dilution	11%	
Value add (INR/share)	**74**	**INR/share**

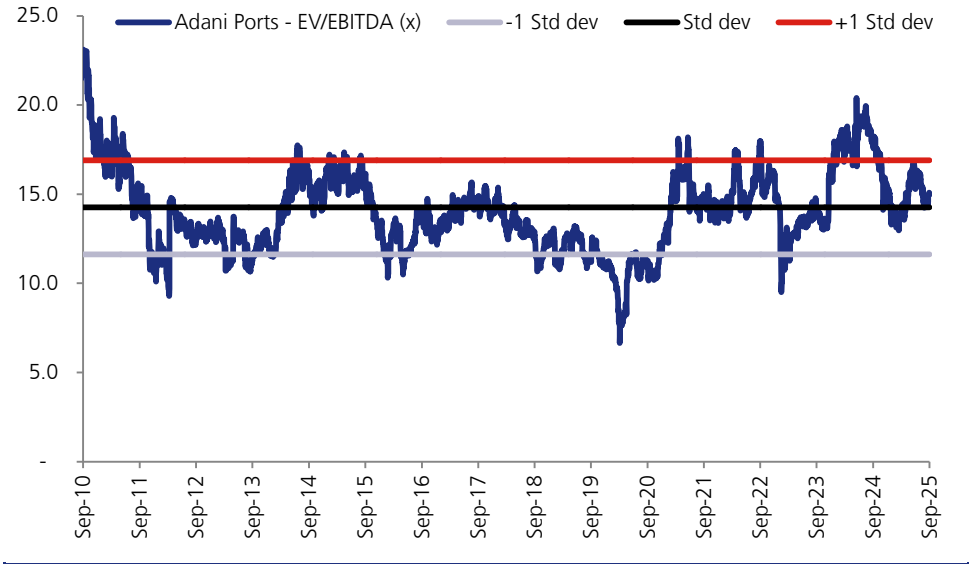
Source: JM Financial

Exhibit 27. JSWI 1 year forward EV/EBITDA



Source: Bloomberg

Exhibit 28. ADSEZ 1 year forward EV/EBITDA



Source: Bloomberg

Exhibit 29. JMFe vs Consensus

Particulars (INR mn)	JMFe		Consensus		Variation	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	53,187	78,978	54,595	65,582	-2.6%	20.4%
EBITDA	26,733	33,149	26,210	30,712	2.0%	7.9%
EBITDA margin (%)	50.3%	42.0%	48.0%	46.8%	225bps	-486bps

Source: JM Financial, Bloomberg

Financial Tables (Consolidated)

Income Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	37,629	44,761	53,187	78,978	1,18,629
Sales Growth	17.8%	19.0%	18.8%	48.5%	50.2%
Other Operating Income	0	0	0	0	0
Total Revenue	**37,629**	**44,761**	**53,187**	**78,978**	**1,18,629**
Cost of Goods Sold/Op. Exp	13,587	17,435	20,876	38,650	58,384
Personnel Cost	2,846	2,407	2,846	3,124	4,692
Other Expenses	1,550	2,298	2,731	4,055	6,091
EBITDA	**19,646**	**22,622**	**26,733**	**33,149**	**49,462**
EBITDA Margin	52.2%	50.5%	50.3%	42.0%	41.7%
EBITDA Growth	21.3%	15.1%	18.2%	24.0%	49.2%
Depn. & Amort.	4,365	5,466	6,070	8,113	7,591
EBIT	15,281	17,156	20,663	25,037	41,871
Other Income	2,694	3,530	3,282	2,057	2,350
Finance Cost	3,325	2,657	3,610	5,600	7,314
PBT before Excep. & Forex	14,650	18,028	20,335	21,493	36,906
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	14,650	18,028	20,335	21,493	36,906
Taxes	3,043	2,814	4,067	5,410	9,289
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	44	183	196	194	333
Reported Net Profit	11,563	15,031	16,072	15,890	27,284
Adjusted Net Profit	**11,563**	**15,031**	**16,072**	**15,890**	**27,284**
Net Margin	30.7%	33.6%	30.2%	20.1%	23.0%
Diluted Share Cap. (mn)	2,051.5	2,051.5	2,051.5	2,051.5	2,051.5
Diluted EPS (INR)	**5.6**	**7.3**	**7.8**	**7.7**	**13.3**
Diluted EPS Growth	40.4%	30.0%	6.9%	-1.1%	71.7%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Balance Sheet (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	80,264	96,969	1,13,041	1,28,930	1,56,214
Share Capital	4,103	4,147	4,147	4,147	4,147
Reserves & Surplus	76,161	92,822	1,08,894	1,24,783	1,52,067
Preference Share Capital	0	0	0	0	0
Minority Interest	2,047	7,919	8,115	8,309	8,642
Total Loans	43,807	46,588	85,128	1,26,182	1,53,696
Def. Tax Liab. / Assets (-)	-2,952	-4,361	-4,361	-4,361	-4,361
Total - Equity & Liab.	**1,23,165**	**1,47,115**	**2,01,923**	**2,59,060**	**3,14,191**
Net Fixed Assets	78,895	1,15,432	1,73,596	2,33,906	2,72,171
Gross Fixed Assets	58,758	79,291	1,43,525	2,11,947	2,57,804
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	1,089	19,886	19,886	19,886	19,886
Investments	2,445	1,828	1,828	1,828	1,828
Current Assets	52,644	46,450	43,754	42,032	61,672
Inventories	1,117	1,338	1,591	2,146	3,209
Sundry Debtors	6,768	8,090	9,618	12,978	19,404
Cash & Bank Balances	40,902	24,821	25,669	20,031	32,182
Loans & Advances	74	0	0	0	0
Other Current Assets	3,783	12,201	6,876	6,876	6,876
Current Liab. & Prov.	10,819	16,595	17,254	18,705	21,480
Current Liabilities	8,209	8,565	9,225	10,676	13,451
Provisions & Others	2,610	8,029	8,029	8,029	8,029
Net Current Assets	41,825	29,856	26,500	23,327	40,192
Total – Assets	**1,23,165**	**1,47,115**	**2,01,923**	**2,59,060**	**3,14,191**

Source: Company, JM Financial

Cash Flow Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	11,607	15,215	16,268	16,083	27,617
Depn. & Amort.	4,365	5,466	6,070	8,113	7,591
Net Interest Exp. / Inc. (-)	3,325	2,657	3,610	5,600	7,314
Inc (-) / Dec in WCap.	-1,141	41	4,204	-2,465	-4,714
Others	-3,167	-5,188	-7,402	-8,168	-14,092
Taxes Paid	3,043	2,814	4,067	5,410	9,289
Operating Cash Flow	**18,032**	**21,004**	**26,817**	**24,573**	**33,005**
Capex	-21,056	-30,334	-64,234	-68,423	-45,857
Free Cash Flow	-3,024	-9,330	-37,416	-43,849	-12,852
Inc (-) / Dec in Investments	-221	17	0	0	0
Others	-20,746	13,405	3,282	2,057	2,350
Investing Cash Flow	**-42,024**	**-16,912**	**-60,952**	**-66,366**	**-43,507**
Inc / Dec (-) in Capital	27,552	-279	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	1,370	2,782	38,540	41,054	27,514
Others	-3,883	-7,715	-3,610	-5,600	-7,314
Financing Cash Flow	**25,039**	**-5,213**	**34,930**	**35,454**	**20,200**
Inc / Dec (-) in Cash	**1,047**	**-1,121**	**796**	**-6,339**	**9,698**
Opening Cash Balance	6,187	7,234	6,113	6,961	1,323
Closing Cash Balance	7,234	6,113	6,908	621	11,021

Source: Company, JM Financial

Dupont Analysis

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	30.7%	33.6%	30.2%	20.1%	23.0%
Asset Turnover (x)	0.3	0.3	0.3	0.3	0.4
Leverage Factor (x)	1.8	1.6	1.8	2.0	2.1
RoE	19.2%	17.0%	15.3%	13.1%	19.1%

Key Ratios

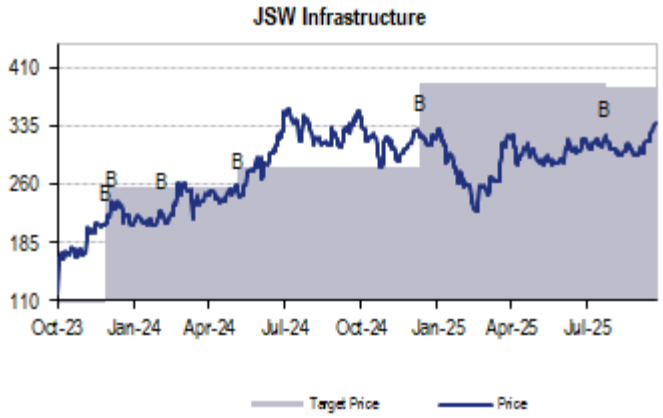
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	39.1	47.3	55.1	62.8	76.1
ROIC	16.5%	13.9%	10.9%	8.9%	11.9%
ROE	19.2%	17.0%	15.3%	13.1%	19.1%
Net Debt/Equity (x)	0.0	0.2	0.5	0.8	0.8
P/E (x)	60.1	46.3	43.3	43.8	25.5
P/B (x)	8.7	7.2	6.2	5.4	4.5
EV/EBITDA (x)	35.7	32.1	28.5	24.4	16.7
EV/Sales (x)	18.6	16.2	14.3	10.3	7.0
Debtor days	66	66	66	60	60
Inventory days	11	11	11	10	10
Creditor days	72	58	57	45	44

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
28-Nov-23	Buy	250	
5-Dec-23	Buy	255	2.0
4-Feb-24	Buy	255	0.0
6-May-24	Buy	282	10.6
11-Dec-24	Buy	390	38.3
22-Jul-25	Buy	385	-1.4

Recommendation History



Container Corporation | REDUCE

Pricing pressure and market share concerns continue

JM FINANCIAL

CCRI is expected to be the key beneficiary of the modal shift from road to rail with full commissioning of the WDFC. However, we think WDFC-implied modal shifts are exaggerated as EXIM containers at JNPT are increasingly being transported along non-WDFC corridors (East and South aligned). Further, pricing aggression by well-funded peers is likely to weigh on near-term pricing, EXIM margin and market share. We downgrade to REDUCE on the stock with a TP of INR 500. Our TP implies 14x FY28 EV EBITDA.

- **WDFC to connect to JNPT by end-FY26 but large-scale rail modal shift may be limited:** The WDFC (Western Dedicated Freight Corridor) is already connected to Mundra and Pipavav but road to rail modal shift has failed to materialise. This is due to increased presence of short lead traffic and rising trucking competitiveness following increased capex on highways/expressways infrastructure. In case of **JNPT, the modal shift may be limited to 22-24% by rail (vs. 16% in FY25) and not 30-35% as generally believed**. This is due to increasing shift of EXIM container traffic towards Nagpur, Hyderabad and North Karnataka belt, which reduces the share of north-bound or WDFC-aligned traffic to 33%. Similarly, a significant share of the traffic to Gujarat is short lead and is unlikely to shift to rail. JNPT port capacity is constrained at 10mnTEU p.a. and with FY26 volume likely to cross 8mnTEU there is limited headroom for further absolute growth.
- **Aggressive pricing actions by certain CTOs is impacting market share and pricing:** We have witnessed some losses in EXIM market share at Mundra due to aggressive pricing offered by well-funded peers like Adani Logistics and DP World. This behaviour may likely persist as ADSEZ and DPW focus on integrated end mile logistics. This dynamic is not only impacting pricing and margins but also necessitating investments into trucking (low margin) for CCRI to support first mile last mile (FMLM) logistics to retain market share.
- **Management initiatives are positive but industry trends are unfavourable:** CCRI has managed to substantially rationalise costs. It has largely maintained employee costs at steady levels and has also kept land licence fee (LLF) cost under control by surrendering land at rail controlled ICDs where operations are sub-optimal. However, trends like levying of 10% busy season surcharge since FY25 at a time of moderate diesel prices (leading to relatively steady truck freights) has impacted competitiveness. The focus on FMLM capex is necessary but is margin dilutive.
- **Valuations have corrected but lacks near-term triggers, downgrade to REDUCE with DCF-based TP of INR 500:** CCRI appears inexpensive below 25x FY27 PE on Bloomberg consensus estimates. However, this can be misleading as it appears Street numbers do not yet bake in the full extent of pricing aggression. While connection of JNPT to WDFC can provide some near-term support sentimentally (thus providing an exit opportunity), it is unlikely to translate into strong EBITDA growth over FY26-30E due to limited nature of modal shift.

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Recommendation and Price Target	
Current Reco.	REDUCE
Previous Reco.	HOLD
Current Price Target (12M)	500
Upside/(Downside)	-9.1%
Previous Price Target	508
Change	-1.5%

Key Data – CCRI IN	
Current Market Price	INR550
Market cap (bn)	INR419.0/US$4.7
Free Float	48%
Shares in issue (mn)	761.6
Diluted share (mn)	761.6
3-mon avg daily val (mn)	INR791.0/US$9.0
52-week range	742/481
Sensex/Nifty	82,160/25,202
INR/US$	88.3

Price Performance			
%	1M	6M	12M
Absolute	0.4	-0.3	-23.0
Relative*	-0.6	-6.7	-20.4

* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	86,325	88,634	91,671	1,04,123	1,14,329
Sales Growth (%)	6.5	2.7	3.4	13.6	9.8
EBITDA	19,296	18,986	18,929	22,548	24,588
EBITDA Margin (%)	22.4	21.4	20.6	21.7	21.5
Adjusted Net Profit	12,362	12,969	12,525	15,535	17,506
Diluted EPS (INR)	20.3	21.3	16.4	20.4	23.0
Diluted EPS Growth (%)	5.7	4.9	-22.7	24.0	12.7
ROIC (%)	14.3	13.6	12.6	15.4	16.7
ROE (%)	10.7	10.7	9.9	11.6	12.2
P/E (x)	27.1	25.8	33.4	27.0	23.9
P/B (x)	2.8	2.7	3.2	3.0	2.8
EV/EBITDA (x)	20.0	20.2	20.0	16.5	14.9
Dividend Yield (%)	2.0	2.1	1.6	2.0	2.3

Source: Company data, JM Financial. Note: Valuations as of 22/Sep/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Limited WDFC benefits and pricing aggression by peers pose growth and margin challenges

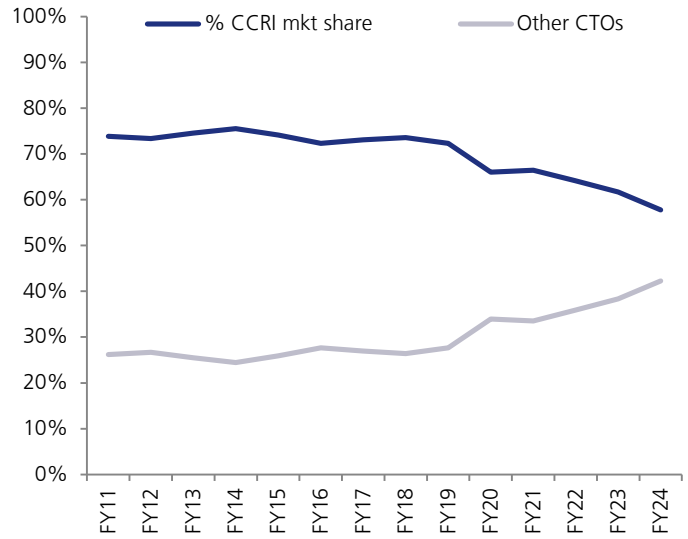
Loss of market share is a concern; corrective measures are underway

Sector liberalisation hurt CCRI's market share; normalcy since FY15

In FY06, the Ministry of Railways (MoR) opened rail container transport for private participation. Prior to this policy, CCRI, as a part of the Ministry, was the sole national container train operator (CTO). As the sector opened up for private participation, a number of private operators applied for the CTO licence, which led to sharp volume market-share erosion for CCRI.

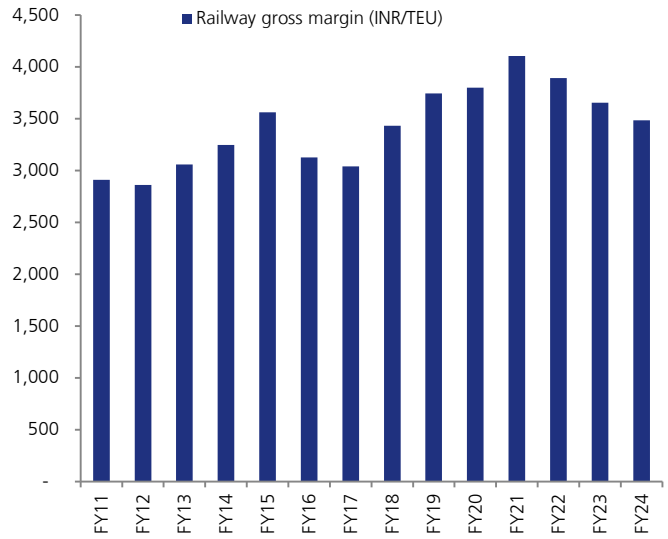
However, the drop in market share has largely been arrested since FY15 at 65-70% for export import (EXIM) volume. Post this period, a significant number of CTOs practically ceased to operate due to their small scale of operations (hence lower profitability) and presumed preferential access to CCRI for railway terminals. While some of the new entrants adopted an aggressive pricing strategy, it was largely limited to container volume destined for short lead distances, hence having lower margins. With limited price aggression in long lead volumes, CCRI faced relatively minimal impact on EBITDA margin (sustained at 23-26% over FY15-20), despite the reduction in volume market share.

Exhibit 1. CCRI has lost market share to private CTOs



Source: Company, JM Financial

Exhibit 2. Aggressive pricing is impacting margins



Source: Company, JM Financial

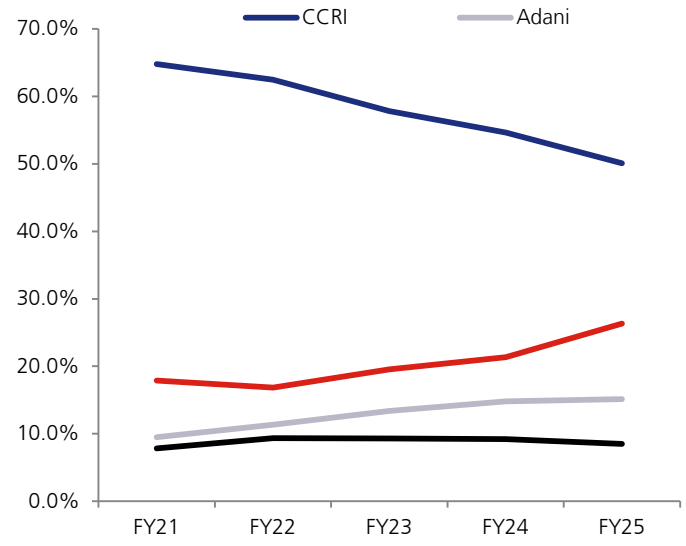
However, strong challenge is emerging as large port operators are investing in backward integration

Since FY20, there has been a significant ramp-up in container train operations by Adani Logistics (100% owned subsidiary of ADSEZ) with steady increase in container rakes operated (18 rakes in FY18 to 132 rakes in FY25) with eventual target of 300 rakes by FY29. Adani Logistics is also investing heavily in trucking and aims to expand its truck fleet from ~900 in FY25 to ~5,000 by FY29 to boost first mile last mile (FMLM) logistics. Similarly, DP World with its presence in the key ports of Mundra and JNPT is also expanding its footprint through a combination of acquisitions (KRIBCHO).

We find that most port operators are well funded and are focusing on FMLM-integrated logistics. They are also able to offer competitive pricing on long lead distances, which is CCRI's most profitable segment. As per our estimate, private CTOs' discount on long leads is as high as 9%, compared with CCRI's pricing. This, coupled with a more reliable service level, aided by strong FMLM, is pushing up the market share of peers, at the expense of CCRI.

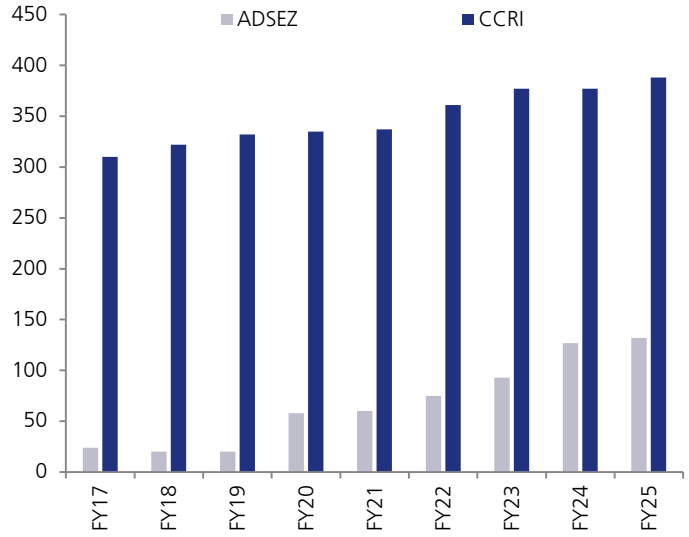
More recently, we are observing the entry of JSW INFRA in the space with the acquisition of Navkar and Arshiya, providing it presence both in the northern and western parts of India. **The investments by well-funded peers into backward integration is likely to intensify competition in our view**.

Exhibit 3. CCRI lost market share to CTOs like Adani Logistics



Source: Company, JM Financial

Exhibit 4. CCRI dominates but ADSEZ is adding rail rakes



Source: Company, JM Financial

Exhibit 5. CCRI tariffs at key northern routes are higher than those of ADSEZ

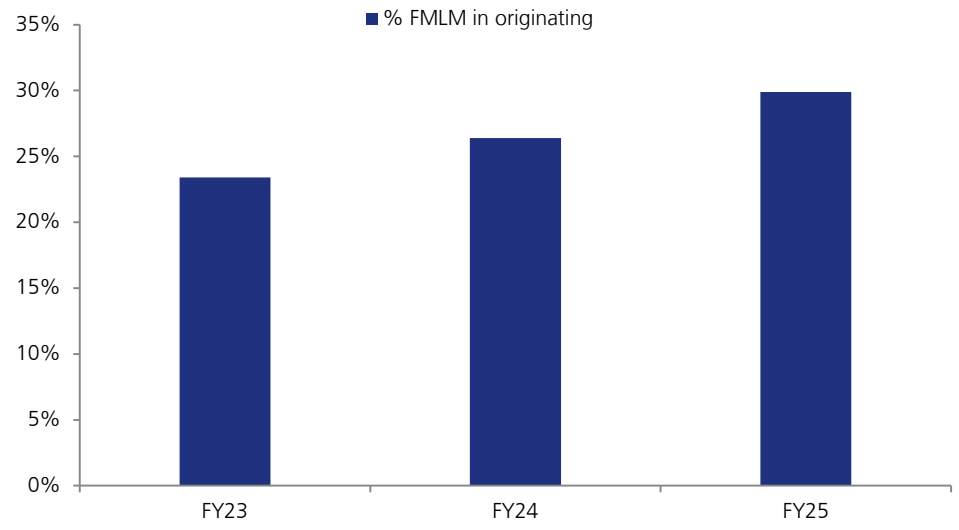
ADSEZ vs. CCRI railway haulage charges		
Rail haulage charges	INR/TEU	INR/NTKM
ADSEZ	34,729	1.87
CCRI	35,600	1.97
Base charge of Indian railways	21,629	1.16
Total charges	**INR/TEU**	**INR/NTKM**
ADSEZ	47,662	2.56
CCRI	50,655	2.80
Indian railways	31,033	1.67
% difference CCRI vs ADSEZ		**9.3%**

Source: Industry, JM Financial

Management thrust on end mile logistics (trucking) can arrest market share loss but can also be a drag on margins

We feel the management's delayed response to developing FMLM connections, across CCRI's terminal network (64 as of FY23), is one of the key reasons for market share loss. CCRI's FMLM coverage, i.e., share of originating volume having FMLM facilities was only 23% in FY23. We believe it was weaker in FY22, when only 35 of 61 terminals had FMLM facilities, as CCRI had not yet invested in a trucking fleet or technology. However, in Oct'23, following the elevation of Mr Sanjay Swarup as the CMD, the company witnessed a change with focus on end mile logistics and software. The current CMD has a target of increasing CCRI's FMLM share to 80% by FY27 (currently 35% at end-1QFY26 with 5% contribution to revenue). **While the focus on FMLM is welcome, trucking margin is 3-4% vs. 20-25% at CCRI level**.

Exhibit 6. First mile last mile share is rising but still away from target of 80% by FY27



Source: Company, JM Financial

CCRI is also investing in LNG trucks and bunkering facilities at its terminals (ICDs) as well as in software apps to improve service delivery. The two terminals selected for app-based tracking have shown promising results and the management has plans for a wider rollout. These actions are addressing two emerging megatrends in customer demand, in our view.

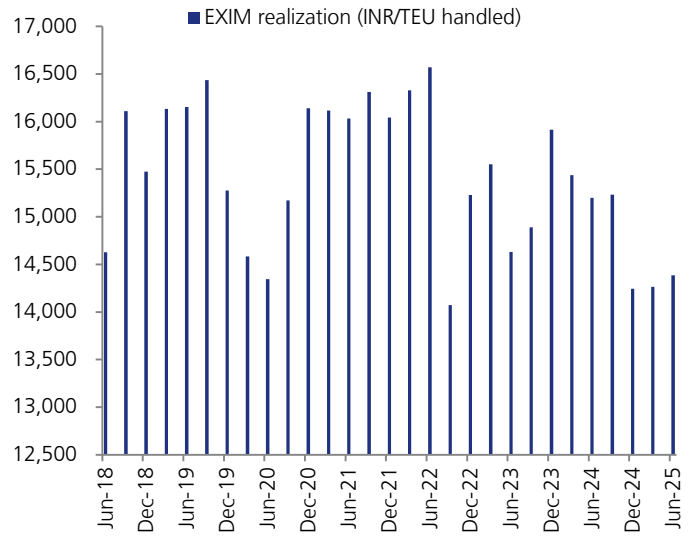
- **Provide integrated logistics solutions, with high service delivery levels:** We note that CCRI's pricing is higher than peers, including Adani Logistics. However, in rail transport, we find that service levels are more important than pricing, especially for cargo destined for longer leads (average value of consignment per twenty-foot equivalent unit (TEU) is USD 60,000 vs. USD 300-400/TEU for rail transport). We also note that CCRI has wider network coverage than any other CTO, including Adani Logistics. Based on management commentary, CCRI now aims to focus on higher service levels, while maintaining premium pricing.
- **Green logistics (reduced emissions):** This is being addressed by deploying LNG trucks and using renewable energy at terminals to operate equipment. So far (till FY25), 130 LNG powered trucks have been deployed and a further 200 are being procured.

Resultant pricing and margin challenges may continue in the near term

CCRI's realisation on unit EXIM volume handled or even on originating volume has been relatively stagnant since FY21. This highlights the severe pricing pressure the CTO industry is facing both as a result of competitive pricing by integrated port companies and also due to improved competitiveness of trucking following levy of 10% busy season surcharge since 2HFY24.

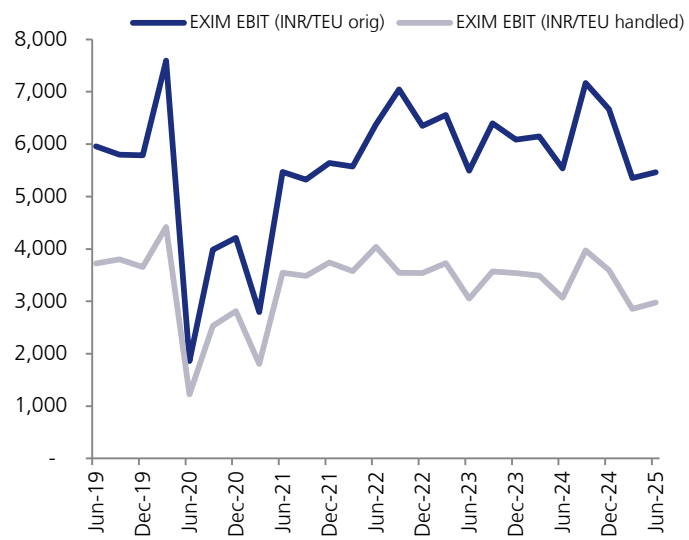
To the management's credit, it has largely kept employee cost in check (reflected in robust productivity levels) and also kept LLF in check at ~INR 4.0bn p.a. through a series of rationalisations of terminals located on Indian Railways land with minimal volume sacrificed in the process.

Exhibit 7. Realisation has weakened in recent quarters



Source: Company, JM Financial

Exhibit 8. EXIM margin is weaker than pre-Covid levels



Source: Company, JM Financial

Indian Railways' tariff hike of 10% may pose a near-term challenge

Rail freight is a key cost, but largely not in CCRI's control; customer preference is a function of rail vs. road competitiveness

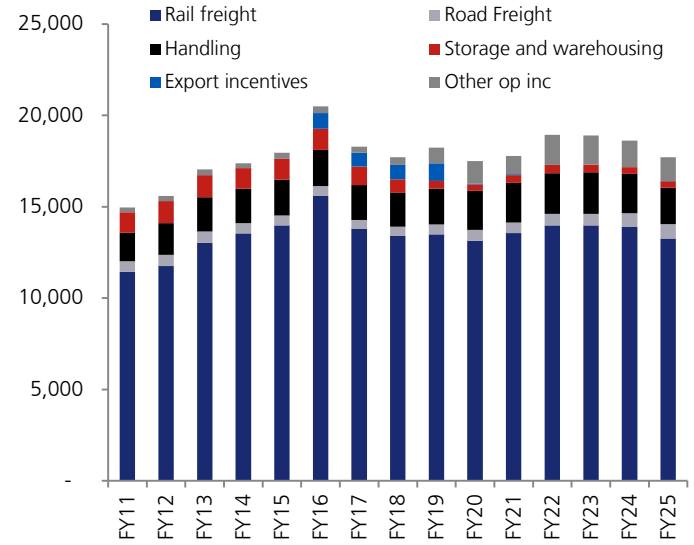
The Indian Railways has implemented sharp tariff hikes in the past that coincided with periods of lower or stable diesel prices. This led to modal share gradually shifting from rail to roads. Though CCRI was able to maintain its market share within CTO operators, the overall rail CTO market growth was sluggish.

Indian Railways decided to levy a busy season surcharge of 10% (w.e.f. 1st Oct'23). This came at a time when diesel prices were relatively stable. To stay competitive vs. road, CCRI was able to undertake a 7% tariff hike in EXIM cargo initially and a lower hike on domestic cargo. This tariff hike covers the rise in rail freight expenses and is unlikely to be margin accretive, in our view. We note that this tariff hike came after a gap of ~5 years. However, due to **aggressive CTO competition the 7% tariff increase could not be absorbed by the market, which impacted EXIM margins in FY25 and also in 1QFY26**.

CCRI's revenue is largely derived from rail freight income, with some smaller contributions from road freight income (possibly a result of FMLM), storage and warehousing. Thus, except for rail haulage, there are limited levers to control margins from an income point of view. In the case of cost items, rail freight expense payable to Indian Railways (for track access charges) is the largest item, and it is not in CCRI's control (rail tariffs are set by Indian Railways, which is a public monopoly).

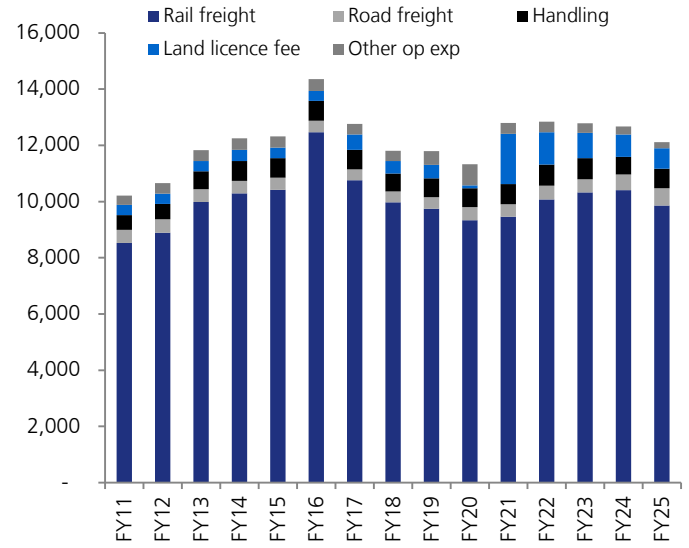
CCRI is focusing on key areas of costs that are in its control, namely, employee cost rationalisation, increased double stacking (the upper stack rail fare is 50% of the lower stack; thus, double stacking reduces costs by 25%) and maintaining LLF at relatively unchanged levels.

Exhibit 9. Rail freight and handling key drivers of revenue



Source: Company, JM Financial

Exhibit 10. Opex driven by rail freight expenses and LLF



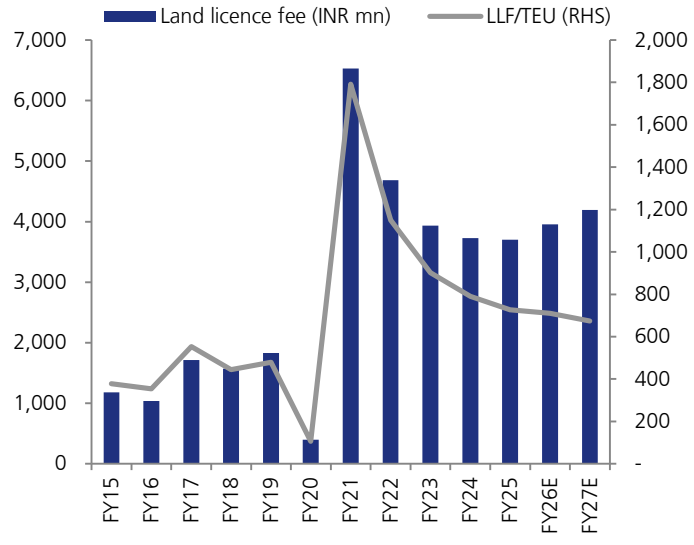
Source: Company, JM Financial

Exhibit 11. Indian Railways undertook abrupt fare hikes in FY15 but recent hikes in FY19 and FY24 were moderate

		Freight rate	(INR/TEU)		Change (INR/TEU)			% increase		
Leads (kms)	FY13	FY15	2HFY19	2HFY24	FY15	2HFY19	2HFY24	FY15	2HFY19	2HFY24
701 - 750	9,983	12,620	13,251	14,576	2,637	631	1,325	26.4%	5.0%	10.0%
751 - 800	10,611	13,418	14,089	15,498	2,807	671	1,409	26.5%	5.0%	10.0%
801 - 850	11,240	14,216	14,927	16,420	2,976	711	1,493	26.5%	5.0%	10.0%
851 - 900	11,868	15,014	15,765	17,342	3,146	751	1,577	26.5%	5.0%	10.0%
901 - 950	12,496	15,812	16,603	18,263	3,316	791	1,660	26.5%	5.0%	10.0%
951 - 1000	13,125	16,610	17,441	19,185	3,485	831	1,744	26.6%	5.0%	10.0%

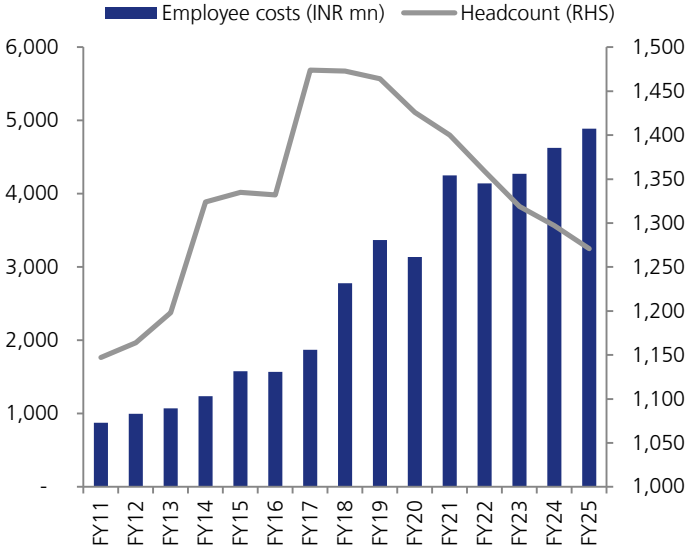
Source: Industry, JM Financial

Exhibit 12. LLF (land licence fees) has been steady



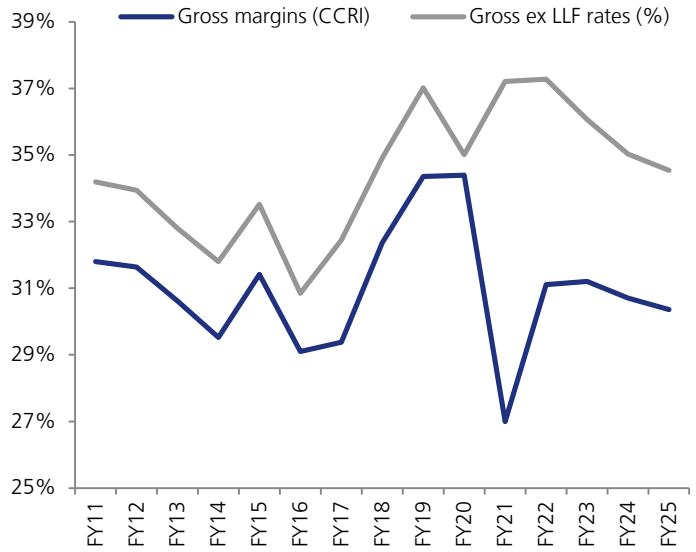
Source: Company, JM Financial

Exhibit 13. Employee cost also largely under check



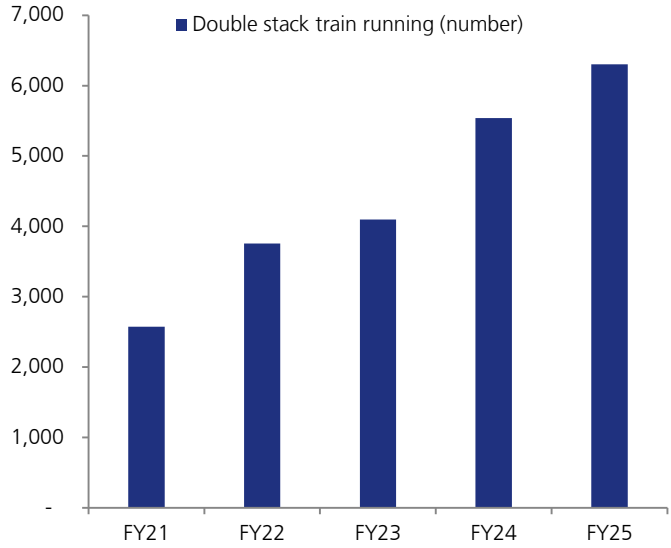
Source: Company, JM Financial

Exhibit 14. Gross margin (ex LLF) has been steady



Source: Company, JM Financial

Exhibit 15. Improved double stacking drives up asset turns



Source: Company, JM Financial

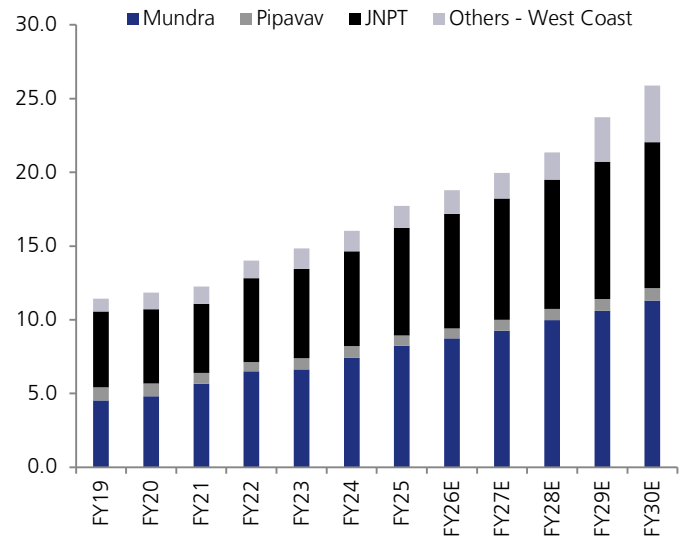
Deep-dive into our volume projections on CCRI (detailed WDFC modelling)

We estimate 11% EXIM CAGR over FY25-28E partly supported by JNPT linkage to WDFC

Based on our deep-dive of WDFC rail container traffic, we arrive at 11% EXIM container volume CAGR over FY25-28E for CCRI. For our analysis, we have projected potential EXIM rail volume for CCRI based on potential rail EXIM container volume on the WDFC route by port (by FY30) and CCRI's market share at key ports. We list key conclusions from our analysis below:

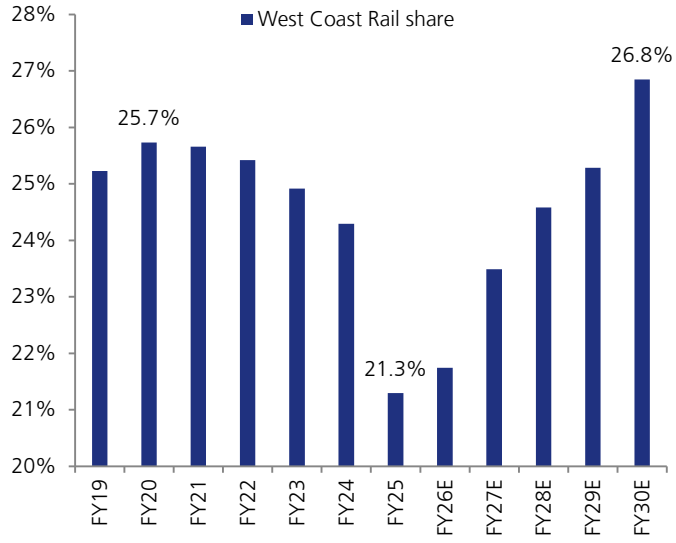
- **Port-based analysis suggests 6% CAGR in port container volume over FY25-28E**: We have considered the key gateway ports on the West Coast, namely Mundra, Pipavav and JNPT, as well as smaller volumes at other terminals, namely Kandla and Mumbai, for our analysis. We estimate c7% CAGR in Mundra, which contributes the highest share in volume growth (in absolute terms). We also estimate that JNPT will largely exhaust its full permitted capacity of 10mnTEU by FY30E (vs. 7.3mnTEU in FY25). We factor in the rise in volume at Kandla terminal (DP World), which would add further capacity at the port (2.15mnTEU).
- **WDFC supports ~12% CAGR over FY25-28E driven by modal shift:** Mundra and Pipavav are already connected to the WDFC, and we expect them to benefit initially. However, the shifts have so far been relatively modest since a significant part of the traffic is short lead (according to GPPV) with volume concentration rising in Gujarat and Rajasthan. We also expect JNPT to connect to WDFC in end-FY26 and rail modal share to rise from 16% in FY25 to 24% by FY30E. JNPT's modal share gains are limited by bulk of the traffic falling outside WDFC zones. These factors enable rail modal share to rise from 21% in FY25 to 27% in FY30E
- **Expect CCRI to lose market share but witness 11% EXIM container volume CAGR over FY25-28E:** We expect Adani Logistics to gain market share in the Mundra region till FY27. Post FY26 and with the connection of JNPT to WDFC, CCRI's market share is likely to stabilise. The market share loss in Mundra zone supports a lower but still decent 11% CAGR in EXIM container volume over FY25-28E.

Exhibit 16. Port-wise container origin (mnTEU)



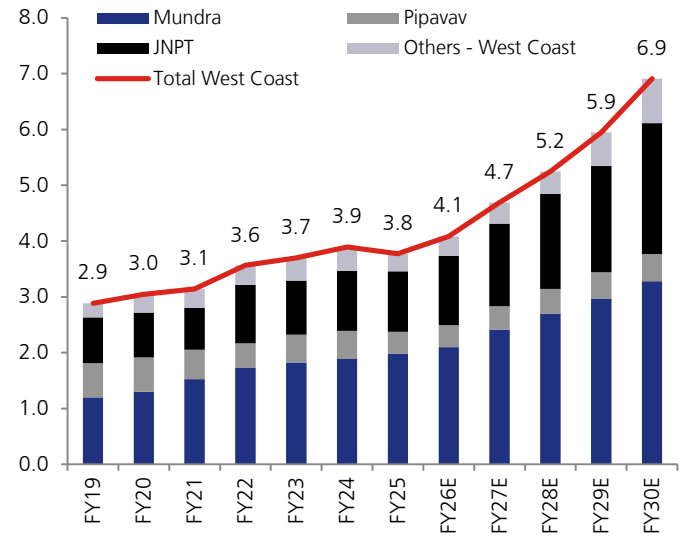
Source: Company, JM Financial, Industry

Exhibit 17. Share of rail evacuation on West Coast containers



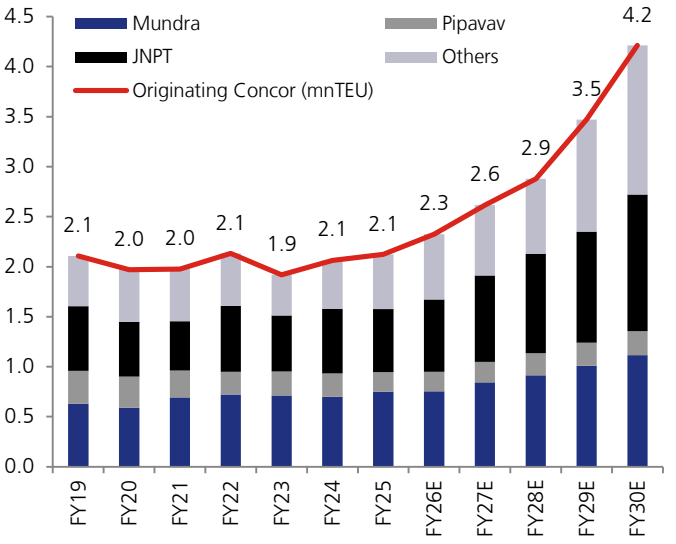
Source: Company, JM Financial, Industry

Exhibit 18. Port-wise rail evacuated containers (mnTEU)



Source: Company, Industry, JM Financial

Exhibit 19. CCRI EXIM volume by ports (mnTEU)



Source: Company, Industry, JM Financial

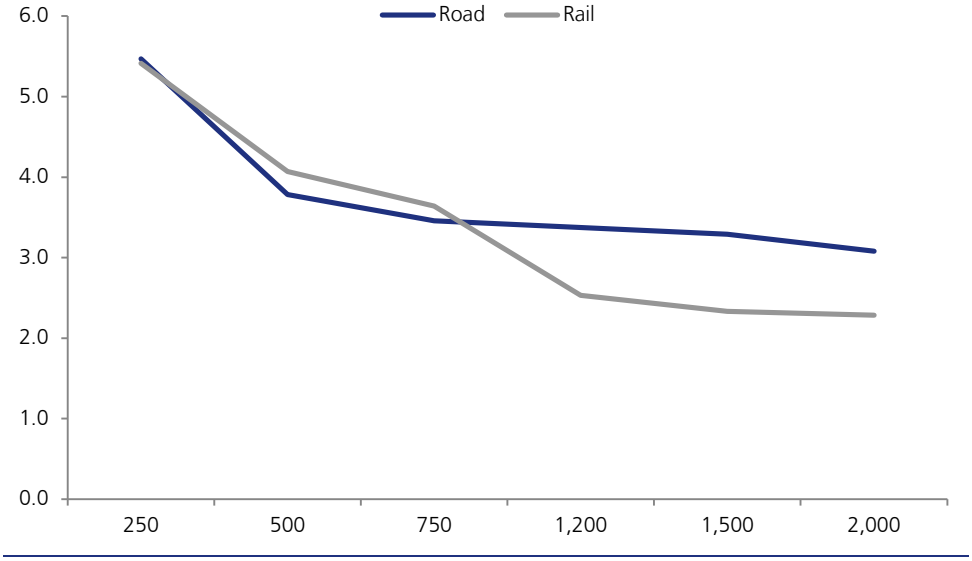
Limitations on rail shift at JNPT as cargoes are not aligned to WDFC

We note that there is a popular misconception that rail freight is cheaper than road freight. While a cursory glance at road and rail tariffs might suggest this, it must be noted that trucking can support door-to-door delivery, while rail traffic needs additional handling and FMLM logistics. We estimate the breakeven distance to be ~500-750km.

Low lead traffic (<400km) may not shift to rail despite DFC

We estimate that ~40% of the containers are for low lead distances (based on National Rail Plan 2030). These cargoes will be hard to shift from road to rail without indulging in aggressive tariff cuts, in our view. This holds true for both Mundra and JNPT, which have relatively well-developed hinterlands in Gujarat and Maharashtra (except in Pipavav, with a less-industrialised hinterland).

Exhibit 20. Railways is cheaper than roads only for long leads (including FMLM costs)



Source: Industry, JM Financial

JNPT hinterland is oriented away from the WDFC

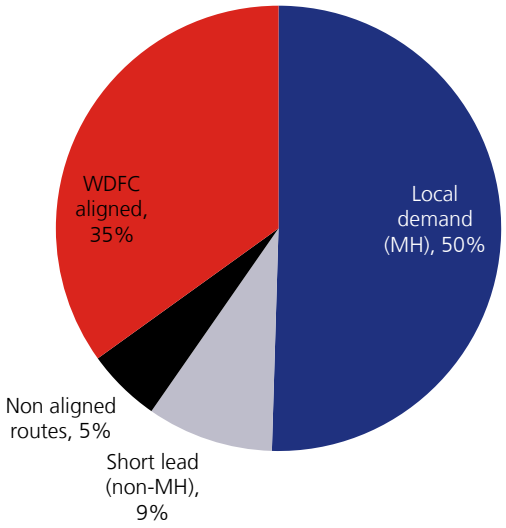
A study by The Energy and Resources Institute (TERI) in 2019 highlighted that shippers prefer rail container movement for import containers. This is because fully loaded containers are being unloaded at ports and these containers need to be sent to ICDs. However, exporters tend to transport smaller quantum of goods by road to ICDs, near the port premises, for aggregation and then containerisation for final exports.

This leads to a significant mismatch between import and export legs, resulting in empty running charges for CTOs. Even with the commissioning of DFCs, effecting the shift in export containers (~40% of traffic) will be challenging, in our view.

Furthermore, for JNPT, unlike Gujarat ports, a significant portion of the hinterland is not aligned to the WDFC (Central and eastern Maharashtra, Hyderabad, and Bangalore). Based on our hinterland study and estimates, only 33% of the container volumes are north-bound long leads (the rest are for local consumption in Maharashtra and South India). This aligns with statements by CCRI management that 30-35% of demand from JNPT is in the northern region. For non-WDFC aligned cargo, we do not expect any modal shift as the railway's competitiveness is impacted by the development of high-quality roads (Mumbai Nagpur Expressway). Therefore, we estimate only ~24% rail coefficient for JNPT in the long term (FY30).

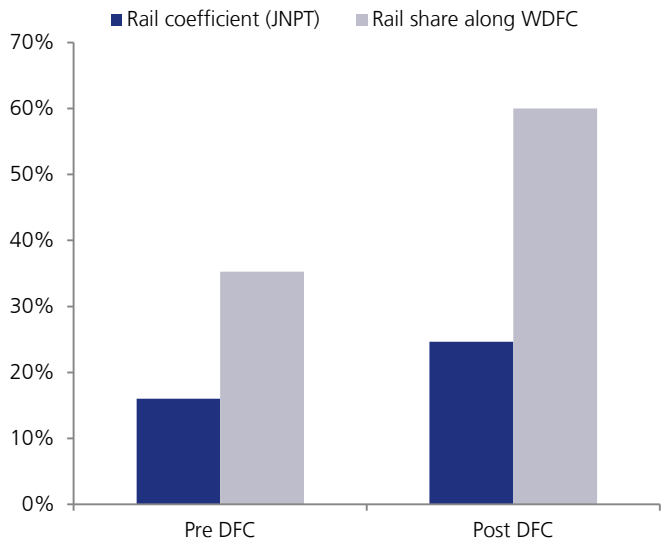
Furthermore, JNPT has no further scope of expansion (current capacity of 10.0m TEU). Unless the planned Vadhavan port is implemented, which we believe is at least a decade away, the Maharashtra WDFC zone area is likely to be saturated in terms of port capacity by FY29E.

Exhibit 21. JNPT hinterland analysis: Majority of traffic is along the non-WDFC route



Source: Industry, JM Financial

Exhibit 22. Rail modal share can rise up to 25% by FY30 vs 16% (FY25) even if rail volume doubles on WDFC stretch



Source: Industry, JM Financial

Peers are investing in ICDs along the WDFC, rail rakes and FMLM capabilities

Key CTO operators, such as Adani Logistics, are investing in ICDs along the WDFC. Other CTOs including Pristine Logistics, Gateways Distriparks, DP World, JM Baxi and Hind Terminals have also invested in setting up ICDs in the region (these terminals are mostly targeted on the Mundra to Dadri routes) along the WDFC

On the JNPT leg, Adani Logistics acquired Navkar's ICD at Tumb (Gujarat), which is linked to the WDFC. JSW has acquired Navkar's assets and is likely to roll out full-fledged CTO operations. **All this implies incremental competition for CCRI.**

CCRI has key ICDs in the zone, namely Swarupgunj and Varanama. Currently, JNPT's cargoes are being aggregated at Varanama, before being transitioned on the WDFC.

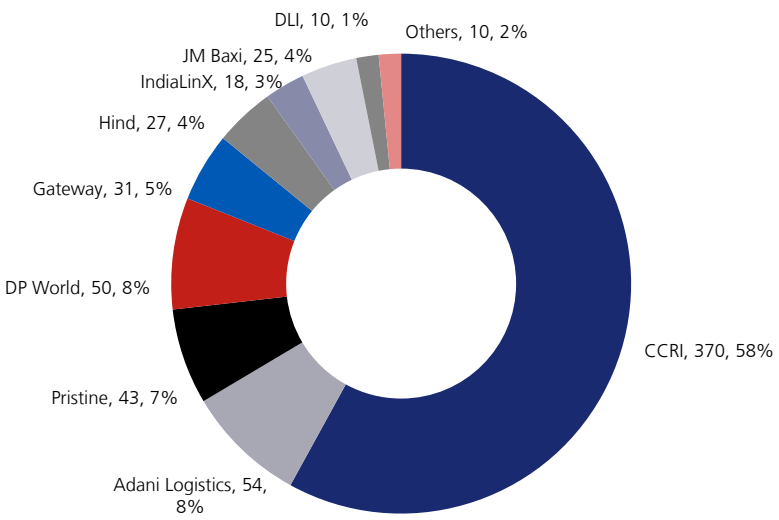
Key peers have increasingly invested in rail rakes for container train operations and in expanding their trucking fleet (owned or leased) to support their FMLM capabilities and act as integrated logistics players.

Exhibit 23. Companies are increasing their presence along the WDFC

Adani Logistics	DP World	Pristine ICD/PFT	Gateway Distriparks	Hind Terminals	JM Baxi
Patil Haryana	Modinagar	Kanpur (UP)	Gurugram Garhi Harsaru	Kila Raipur, Ludhiana	Delhi ICD
Kila Raipur, Ludhiana	Panipat	Ludhiana (Punjab)	Ludhiana Sahnewal	Palwal Logistics Parks	Incchapuri ICD
Kannech, Rajasthan	Hindaun	Patna (Bihar)	Faridabad Piyala		
ICD Tumb	Pali	Siliguri (West Bengal)	Ahmedaad Viramgam		
Malur, Bangalore	Ahmedabad	Birgunj (Nepal)	Kashipur		
Borkehdi, Nagpur	Khazira	SICAL (Bangalore)			
ICD Loni	Hyderabad				
ICD Valvada					
Virochnangar MMLP					

Source: Industry, JM Financial.

Exhibit 24. CCRI still retains the lion's share in container rakes



Source: Company, Industry, JM Financial

Estimate 9% EBITDA and 11% PAT CAGR over FY25-28E

We estimate 9%/11% CAGR EBITDA/EPS for CCRI over FY25-28E. We are 10%/8% lower than consensus estimates on our FY26/27 EBITDA estimates. We believe the consensus estimates do not factor in headwinds on pricing and margins from aggressive competition.

Exhibit 25. JMFe vs. consensus

INR m	JMFe		Consensus		JMFe vs consensus	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	91,671	1,04,123	96,878	1,10,554	-5.4%	-5.8%
EBITDA	18,929	22,548	21,105	24,477	-10.3%	-7.9%
EBITDA margin (%)	20.6%	21.7%	21.8%	22.1%	-114bps	-48bps
PAT	12,525	15,535	14,406	16,902	-13.1%	-8.1%

Source: Company, Industry, JM Financial

DCF-based target price of INR 500, downgrade to REDUCE

We value CCRI's core business using DCF methodology. Based on CCRI's current operations, we arrive at a value of INR 500. For our DCF valuation, we use a risk-free rate of 6.6% (in line with India's G-sec yield), an equity beta of 0.9x and a terminal growth rate of 5%.Thus, we downgrade to REDUCE rating.

Exhibit 26. DCF based TP of INR 500

Parameters	Value
Cost of equity	11.10%
Risk free rate	6.6%
Market premium	5.00%
Adjusted Beta	0.90
Terminal growth	5.0%
NPV of FCFF	3,39,213
Cash on books (FY26E)	41,029
Equity value	3,80,242
Target price	**500**

Source: JM Financial

Investment risks

Upside risks

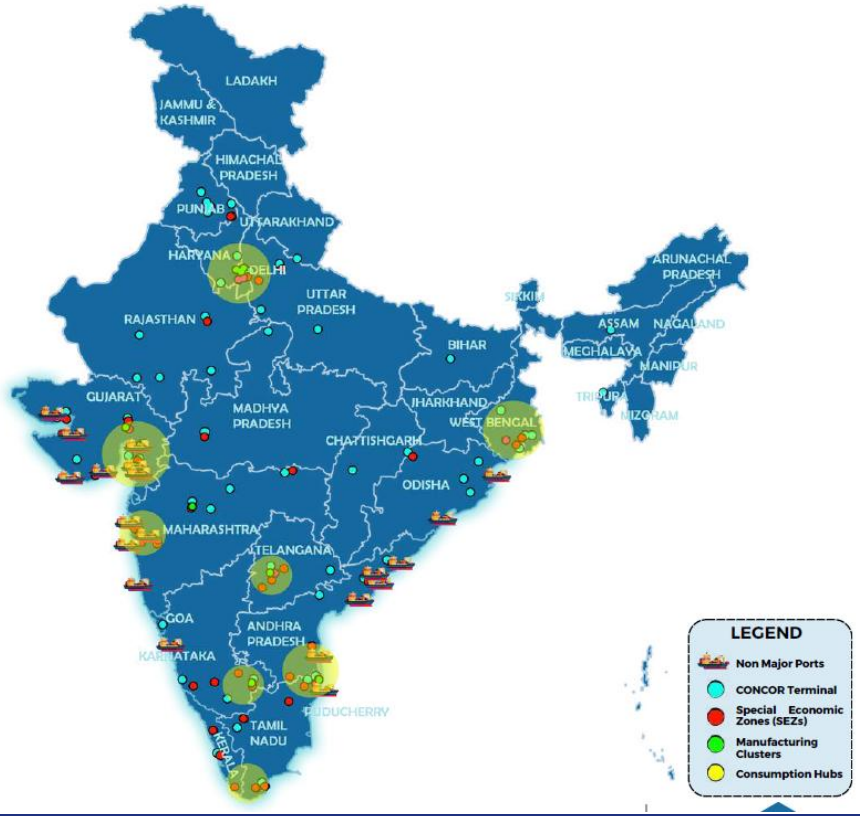
- Market-share gains in the near term and volume benefits from the full commissioning of the WDFC
- Railway tariff rationalisation and predictability supporting modal shift from road to rail
- Lower-than-estimated LLF levels in the event more terminals are surrendered with minimal impact on cargo volumes

Downside risks

- Further market share loss to private CTOs due to pricing aggression and expansion into integrated logistics services by other private players
- Continued delay (beyond FY26) in the connection of JNPT to the WDFC
- Sharp decline in truck freight rates or sharp tariff hike by railways adversely impacting modal shift from road to rail

Annexures

Exhibit 27. Map showing CCRI terminal locations



Source: Niti Aayog

Exhibit 28. Port-wise ICD connectivity

Port terminal	Draft (m)	Capacity (mn TEU)	ICDs
Mundra			
CT1 (MICT)	16.50	1.35	Khodiyar-Sachana-Sanand-Tughlakabd-Patparganj-Dadri-Ghari,Harsaru-Loni-Patli-Piyala-Moradabad-Faridabad- Kahthuwas- Pantnagar-Sonipat-Samalkha-Ludhiana-(Dhandarikalana, Sahnewal, Kanesch Chawa)-Kashipur-Pali-Kota-Jaipur-Jodhpur (Bgkyt, Thar Dry port)- Rewari-Palwal
CT2 (AMCT)	14.00	1.20	
CT3 (AICT-MSC)	16.60	2.80	
CT4 (ACMT-CMA-CGM)	14.50	1.30	
Pipavav			
Maersk terminal	14.50	1.30	Sachana-Khodiyar-Sanand-Tughlakabad-Patparganj-Dadri-Ghari Harsaru-Loni-Patli-Piyala-Faridabad-Kathuwas-Sonipat-Samalkha-Bawal-Sudhiana (Dhandharikalan, Sahnewal, Kanech, Chawa) Kashipur-Pali-Jaipur-Jodhpur (BGKT, Thar Dry Port)
Hazira Adani			
AHCT	14.00	1.20	Tumb, Dashrath

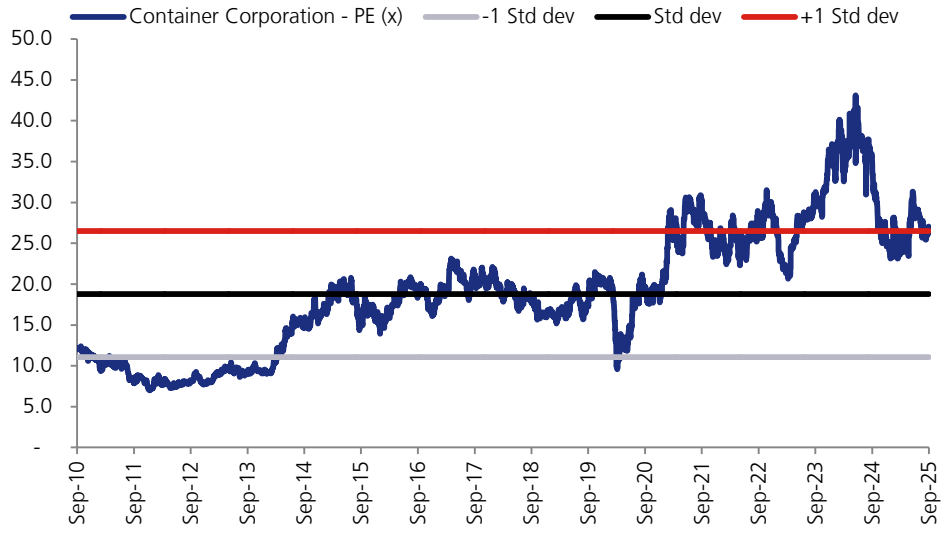
Source: Industry, JM Financial

Exhibit 29. Mundra and Pipavav have stronger rail connectivity to northern hinterland vs. JNPT

	Mode	Train weekly frequency			Haulage time in days		
		Mundra	JNPT	Pipavav	Mundra	JNPT	Pipavav
Tughlakabad	Rail	14	7	7	3	3	3
Ludhiana (5 ICDs)	Rail	14	4	7	4	4	4
Dadri	Rail	14	7	7	3	3	3
Khodiyar	Rail	7	3	4	2	2	2
Samalkha (panipat)	Rail	7		1	3		3
Garhi Harsaru	Rail	3	1	1	3	3	3
Patli	Rail	4		1	3		3
ACTL Faridabad	Rail	3	1	3	3	3	3
MIHAN	Rail		4			2	
Piyala	Rail	7	1	2	3	3	3
Sanand	Rail	3		1	2		2
Jaipur	Rail	3	1	1	3	3	3
Hyderabad	Rail		7			3	
Patparhanj	Rail	7	1	1	3	3	3
Borkhedi	Rail		3			2	
Kanpur	Rail		3			3	3
Sonipat	Rail	7		2	3		3
Jodhpur	Rail	3		1	3		3
Moradabad	Rail	4	1	1	3	3	
Panki	Rail		4			3	
TIHI	Rail		3			2	

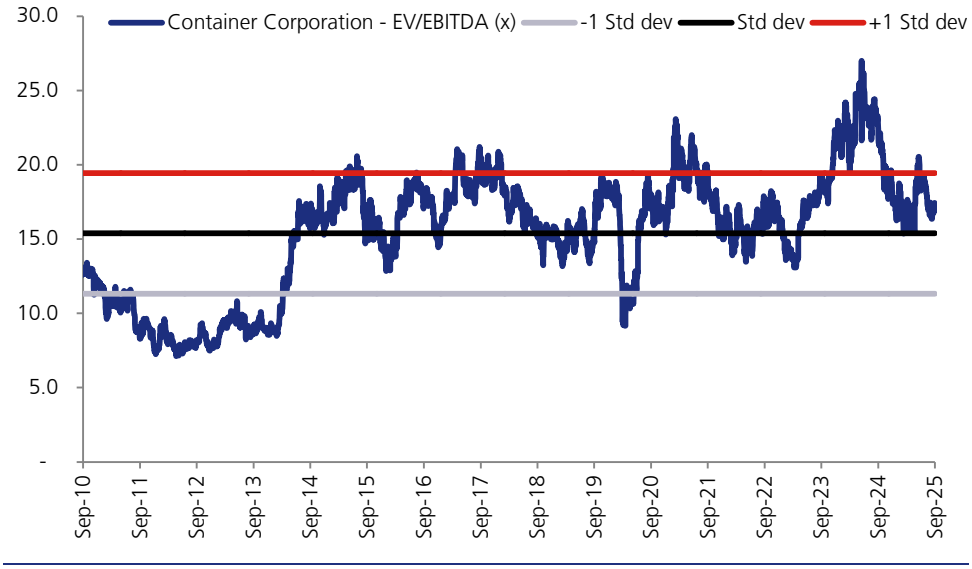
Source: Industry, JM Financial

Exhibit 30. CCRI 12 month forward P/E is higher than average



Source: Bloomberg

Exhibit 31. CCRI's 12 month forward EV EBITDA is marginally higher than average



Source: Bloomberg

Exhibit 32. JMFe vs Consensus

Particulars (INR mn)	JMFe			Consensus			JMFe vs consensus		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	91,671	1,04,123	1,14,329	97,050	1,11,457	1,26,151	-5.5%	-6.6%	-9.4%
EBITDA	18,929	22,548	24,588	20,651	24,032	28,617	-8.3%	-6.2%	-14.1%
EBITDA margin (%)	20.6%	21.7%	21.5%	21.3%	21.6%	22.7%	-63bps	9bps	-118bps
PAT	12,525	15,535	17,506	14,005	16,882	29,781	-10.6%	-8.0%	NA

Source: JM Financial, Bloomberg

Exhibit 33. Change in estimates

Particulars (INR mn)	New			Old			Change in estimates		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	91,671	1,04,123	1,14,329	91,671	1,04,520	1,16,182	0.0%	-0.4%	-1.6%
EBITDA	18,929	22,548	24,588	18,889	22,395	25,384	0.2%	0.7%	-3.1%
EBITDA margin (%)	20.6%	21.7%	21.5%	20.6%	21.4%	21.8%	4bps	23bps	-34bps
PAT	12,525	15,535	17,506	12,495	15,416	18,110	0.2%	0.8%	-3.3%

Source: JM Financial

Financial Tables (Standalone)

Income Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	86,325	88,634	91,671	1,04,123	1,14,329
Sales Growth	6.5%	2.7%	3.4%	13.6%	9.8%
Other Operating Income	0	0	0	0	0
Total Revenue	**86,325**	**88,634**	**91,671**	**1,04,123**	**1,14,329**
Cost of Goods Sold/Op. Exp	59,817	61,723	64,372	72,890	80,730
Personnel Cost	4,628	4,889	5,182	5,337	5,497
Other Expenses	2,584	3,036	3,188	3,348	3,515
EBITDA	**19,296**	**18,986**	**18,929**	**22,548**	**24,588**
EBITDA Margin	22.4%	21.4%	20.6%	21.7%	21.5%
EBITDA Growth	4.8%	-1.6%	-0.3%	19.1%	9.0%
Depn. & Amort.	6,009	5,628	6,207	6,428	6,629
EBIT	13,287	13,357	12,722	16,120	17,959
Other Income	3,783	4,652	4,663	5,283	6,076
Finance Cost	653	695	664	664	664
PBT before Excep. & Forex	16,416	17,314	16,721	20,738	23,371
Excep. & Forex Inc./Loss(-)	-71	-333	0	0	0
PBT	16,345	16,981	16,721	20,738	23,371
Taxes	4,037	4,261	4,196	5,204	5,864
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	12,308	12,720	12,525	15,535	17,506
Adjusted Net Profit	**12,362**	**12,969**	**12,525**	**15,535**	**17,506**
Net Margin	14.3%	14.6%	13.7%	14.9%	15.3%
Diluted Share Cap. (mn)	609.3	609.3	761.6	761.6	761.6
Diluted EPS (INR)	**20.3**	**21.3**	**16.4**	**20.4**	**23.0**
Diluted EPS Growth	5.7%	4.9%	-22.7%	24.0%	12.7%
Total Dividend + Tax	6,702	7,007	6,900	8,557	9,644
Dividend Per Share (INR)	11.0	11.5	9.1	11.2	12.7

Source: Company, JM Financial

Balance Sheet (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	1,18,123	1,23,495	1,30,260	1,38,651	1,48,108
Share Capital	3,047	3,047	3,047	3,047	3,047
Reserves & Surplus	1,15,077	1,20,448	1,27,214	1,35,605	1,45,061
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	0	0	0	0	0
Def. Tax Liab. / Assets (-)	0	0	0	0	0
Total - Equity & Liab.	**1,18,123**	**1,23,495**	**1,30,260**	**1,38,651**	**1,48,108**
Net Fixed Assets	66,128	71,536	73,929	76,101	78,072
Gross Fixed Assets	98,089	1,09,017	1,17,617	1,26,217	1,34,817
Intangible Assets	169	124	124	124	124
Less: Depn. & Amort.	40,911	46,064	52,272	58,700	65,328
Capital WIP	8,782	8,460	8,460	8,460	8,460
Investments	13,336	13,336	13,336	13,336	13,336
Current Assets	59,185	57,923	62,366	68,787	76,567
Inventories	499	497	512	556	620
Sundry Debtors	3,295	3,944	4,064	4,413	4,924
Cash & Bank Balances	32,389	35,622	39,929	45,957	53,162
Loans & Advances	155	162	162	162	162
Other Current Assets	22,848	17,700	17,700	17,700	17,700
Current Liab. & Prov.	20,526	19,300	19,370	19,572	19,867
Current Liabilities	10,247	8,972	9,042	9,244	9,539
Provisions & Others	10,279	10,328	10,328	10,328	10,328
Net Current Assets	38,659	38,623	42,996	49,215	56,700
Total – Assets	**1,18,123**	**1,23,495**	**1,30,260**	**1,38,651**	**1,48,108**

Source: Company, JM Financial

Cash Flow Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	12,308	12,720	12,525	15,535	17,506
Depn. & Amort.	6,009	5,628	6,207	6,428	6,629
Net Interest Exp. / Inc. (-)	653	695	664	664	664
Inc (-) / Dec in WCap.	-1,946	-846	-66	-191	-280
Others	-3,332	-1,545	-4,663	-5,283	-6,076
Taxes Paid	0	0	0	0	0
Operating Cash Flow	**13,692**	**16,652**	**14,668**	**17,153**	**18,444**
Capex	-7,817	-8,380	-8,600	-8,600	-8,600
Free Cash Flow	5,875	8,272	6,068	8,553	9,844
Inc (-) / Dec in Investments	0	0	0	0	0
Others	985	2,367	4,663	5,283	6,076
Investing Cash Flow	**-6,832**	**-6,014**	**-3,937**	**-3,317**	**-2,524**
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-6,702	-7,311	-5,760	-7,144	-8,050
Inc / Dec (-) in Loans	592	-112	0	0	0
Others	-1,936	-1,664	-664	-664	-664
Financing Cash Flow	**-8,047**	**-9,088**	**-6,424**	**-7,808**	**-8,715**
Inc / Dec (-) in Cash	**-1,187**	**1,551**	**4,307**	**6,028**	**7,205**
Opening Cash Balance	3,085	1,898	3,449	7,755	13,784
Closing Cash Balance	1,898	3,449	7,755	13,784	20,989

Source: Company, JM Financial

Dupont Analysis

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	14.3%	14.6%	13.7%	14.9%	15.3%
Asset Turnover (x)	0.7	0.7	0.7	0.7	0.8
Leverage Factor (x)	1.1	1.1	1.1	1.1	1.1
RoE	10.7%	10.7%	9.9%	11.6%	12.2%

Key Ratios

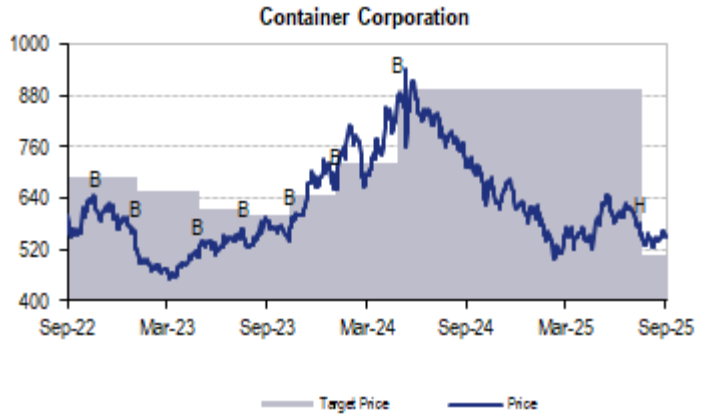
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	193.9	202.7	171.0	182.0	194.5
ROIC	14.3%	13.6%	12.6%	15.4%	16.7%
ROE	10.7%	10.7%	9.9%	11.6%	12.2%
Net Debt/Equity (x)	-0.3	-0.3	-0.3	-0.3	-0.4
P/E (x)	27.1	25.8	33.4	27.0	23.9
P/B (x)	2.8	2.7	3.2	3.0	2.8
EV/EBITDA (x)	20.0	20.2	20.0	16.5	14.9
EV/Sales (x)	4.5	4.3	4.1	3.6	3.2
Debtor days	14	16	16	15	16
Inventory days	2	2	2	2	2
Creditor days	16	12	12	11	12

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
11-Aug-20	Hold	336	
21-Sep-20	Buy	376	11.9
7-Nov-20	Buy	380	1.1
8-Jan-21	Buy	424	11.6
5-Feb-21	Buy	456	7.5
5-Apr-21	Buy	520	14.0
24-May-21	Buy	592	13.8
30-Jul-21	Buy	632	6.8
22-Oct-21	Buy	640	1.3
22-Jan-22	Buy	688	7.5
20-May-22	Buy	616	-10.5
8-Sep-22	Buy	688	11.7
11-Nov-22	Buy	688	0.0
24-Jan-23	Buy	656	-4.7
19-May-23	Buy	616	-6.1
12-Aug-23	Buy	600	-2.6
4-Nov-23	Buy	648	8.0
26-Jan-24	Buy	720	11.1
19-May-24	Buy	896	24.4
7-Aug-25	Hold	508	-43.3

Recommendation History



Gujarat Pipavav | ADD

Growth driven by liquids rather than container

Core container growth has been weak for nearly a decade, and there are no signs of recovery. However, we still expect EBITDA margin expansion and EPS accretion driven by high-margin liquid cargo. Liquid cargo growth is facilitated by Aegis Logistics' thrust into LPG, ammonia and chemicals. Valuation is reasonable but trigger can materialise only with developments on concession extension. We upgrade to Add with a target price of INR 168. Our TP implies ~9x FY28 EV/EBITDA.

- **Trigger on concession extension can be a key catalyst but timing is uncertain:** We believe GPPV will be granted a concession extension once its current concession expires in Sep'28 based on our reading of draft maritime policy of Gujarat Maritime Board (GMB). We expect a concession extension of 20 years but the royalty GMB levies remains uncertain. While we expect royalty in the range of 5%-15%, even within that range EBITDA margin and valuations can vary significantly.
- **Container/bulk outlook still remains challenging:** GPPV has witnessed volume attrition in its container segment since FY15 with current volumes lower than pre-Covid levels. We expect challenges in FY26 as well based on 1QFY26 trends and potential US tariffs on Indian exports. We do not expect volumes to recover to pre-Covid levels by FY28. Even in bulk cargo, we do not expect any material uptick due to lack of thermal coal demand in the hinterland. The WDFC connection has failed to lead to a material pick-up in rail container volumes despite GPPV having a track record of double stack movement since Mar'06 and an existing rail venture Pipavav Rail Corporation (PRCL).
- **Liquids to be the key margin and EPS driver:** Significant capacity additions by AVTL in the form of expansion of LPG tankage (from 1.6mtpa-4.5mtpa), investment into rail gantry for petchem movement and an upcoming grey ammonia terminal (1.0mtpa) provides significant volume visibility till FY30E. Even if other cargo can be relatively stagnant, liquid handled at the port can at least double by FY28E. Connection of the Kandla Gorakhpur LPG pipeline (KGPL) spur (1.5mtpa capacity) and commissioning of 3.0mtpa liquid berth (executed by L&T) by FY27 are key enablers.
- **High margin RoRo volumes provide further margin headroom:** The increase in vehicle exports from GPPV enabled by NYK Logistics is a margin driver. With Maruti guiding for strong exports (including new EV models) this can emerge as a growth area.
- **Valuations are reasonably low at ~10x FY27 EV/EBITDA but trigger is lacking:** The valuations are potentially the lowest in the space. However, growth opportunities are rather limited except in liquids, which is driven by Aegis/AVTL rather than GPPV itself. But **dividend yield of ~5% is attractive along with a net cash position**. We believe a key trigger for the stock can be a potential renewal of concession at royalties ~5-7% (continuation of current regime), in which case the stock can potentially trade above INR 200. A level of INR 140/share can represent an attractive entry point since we believe it factors in royalties at 15%+ on extension, a scenario with low probability.

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Recommendation and Price Target	
Current Reco.	ADD
Previous Reco.	HOLD
Current Price Target (12M)	168
Upside/(Downside)	6.6%
Previous Price Target	164
Change	2.6%

Key Data – GPPV IN	
Current Market Price	INR158
Market cap (bn)	INR76.4/US$0.9
Free Float	56%
Shares in issue (mn)	483.4
Diluted share (mn)	483.4
3-mon avg daily val (mn)	INR246.1/US$2.8
52-week range	227/121
Sensex/Nifty	82,160/25,202
INR/US$	88.3

Price Performance			
%	1M	6M	12M
Absolute	1.2	16.3	-27.3
Relative*	0.2	8.8	-24.9

* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	9,884	9,877	10,657	11,451	13,617
Sales Growth (%)	7.8	-0.1	7.9	7.4	18.9
EBITDA	5,731	5,776	6,482	6,902	8,264
EBITDA Margin (%)	58.0	58.5	60.8	60.3	60.7
Adjusted Net Profit	3,008	3,992	4,455	4,673	5,573
Diluted EPS (INR)	6.2	8.3	9.2	9.7	11.5
Diluted EPS Growth (%)	18.1	32.7	11.6	4.9	19.3
ROIC (%)	33.1	35.5	32.7	27.6	33.4
ROE (%)	14.4	19.0	20.4	20.4	23.5
P/E (x)	25.4	19.1	17.1	16.3	13.7
P/B (x)	3.6	3.6	3.4	3.3	3.2
EV/EBITDA (x)	11.5	11.4	10.6	10.1	8.2
Dividend Yield (%)	4.6	4.6	3.8	4.9	5.8

Source: Company data, JM Financial. Note: Valuations as of 22/Sep/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Growth driven by liquids rather than core container trade

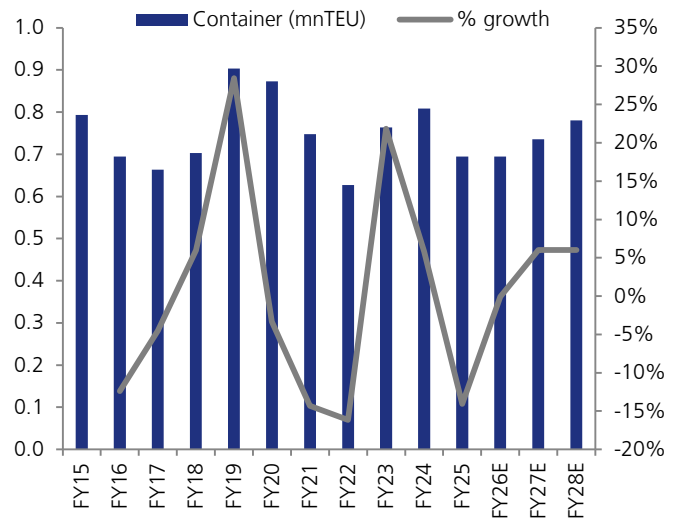
Core container volumes continue to witness challenges of weak hinterland

GPPV is the first private port to be developed in 1998 under GMB Ports policy of 1995 for PPP ports. The port has subsequently passed onto APM Terminals (one of the largest container terminal operators globally) with focus on container volumes (Note: APM Terminals is the ports arm of the Maersk Group, while Maersk handles shipping services). Generally, GPPV has benefitted from global best practices of APM Terminals and was the first port to introduce double stack rail evacuation in Mar'06.

The port is located in the Saurashtra region on the coast of Gujarat, India, which is dominated by agricultural activities and lacks industries; this has impacted the port's prospects. The local hinterland, i.e., the Saurashtra region, did not develop adequately, with planned thermal power projects near the port failing to materialise. Also, until recently, road connectivity in the region was in a state of disrepair. In addition, the parent shifted its focus from GPPV to its asset at JNPT. This is reflected in **progressively weaker revenue share derived from Maersk**.

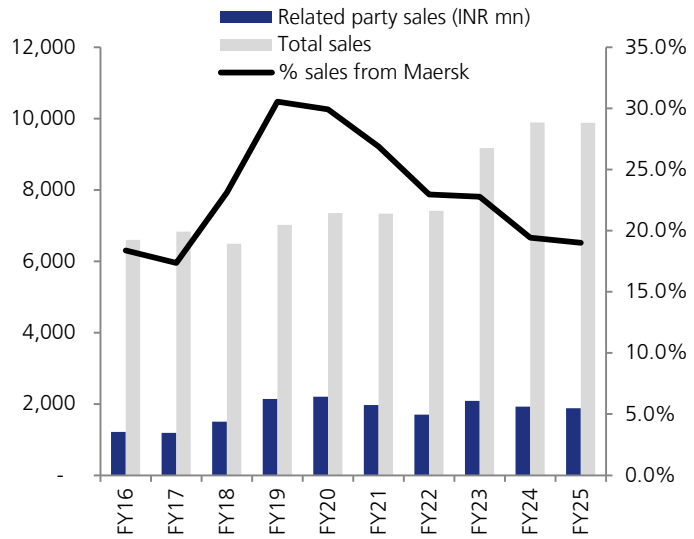
The port has been **losing market share in the region**. The lack of significant investments in the port, to make it more resilient to natural disasters, is another factor that led to the port's loss of market share, in our view. Its operations were severely impacted by the two recent cyclones (Tauktae and Biparjoy), more so when compared to peer, Mundra Port. Previously, the flash floods during Jun'15 (pre-Covid) washed away connecting rail tracks. This adversely affected customer confidence in the port, with many shifting their shipping lines to the nearby Mundra Port, located in Gulf of Kutch, Gujarat. GPPV is among the few ports where container volumes are yet to recover to pre-Covid levels.

Exhibit 1. Container volumes languish below pre-Covid levels



Source: Company, JM Financial

Exhibit 2. Support from Maersk shipping is declining (<20%)



Source: Company, JM Financial

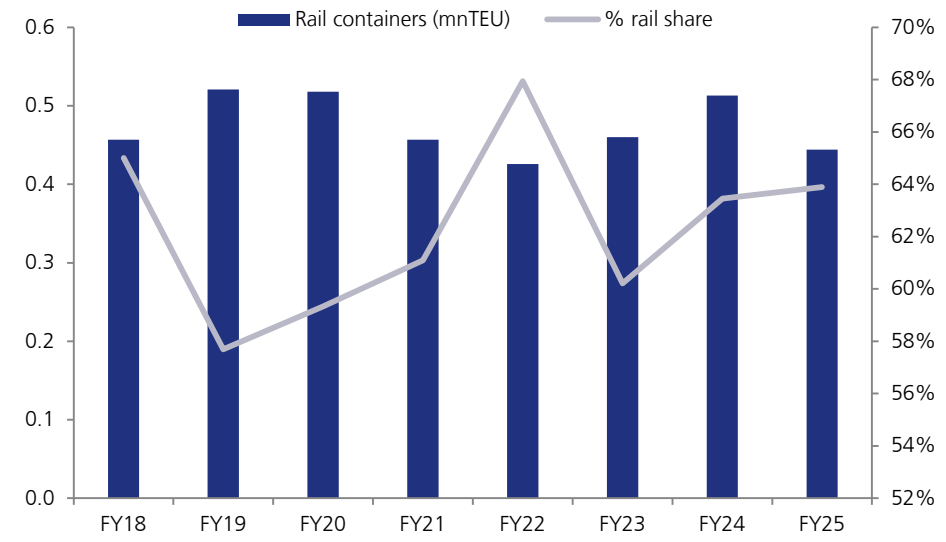
Connection to WDFC has not resulted in higher volumes; US tariffs a near-term challenge impacting 2HFY26

The WDFC (Western Dedicated Freight Corridor) is connected to GPPV via a feeder link connecting at Surendranagar in Gujarat. It was the first port in India to connect to WDFC, which should have ideally led to volume increase since GPPV's associate entity PRCL has among the most efficient rail operations in the region. However, contrary to expectations, rail container volume and rail modal share dipped over FY23-25. The port can handle 22 trains/day (similar to the operating rate at Mundra), but in FY23 it operated an average of only 5.3 trains/day. This highlights the availability of significant spare capacity to drive expansion; thus, congestion is not a reason for weak rail volume growth.

Also, with 13% of EXIM volumes exposed to the US (1QFY26), further adverse impact on volumes is possible in 2HFY26 due to 50% tariffs on Indian exports to the US from 27th Aug' 25. Thus, container volumes may not recover to pre-Covid levels any time before FY28E, in our view.

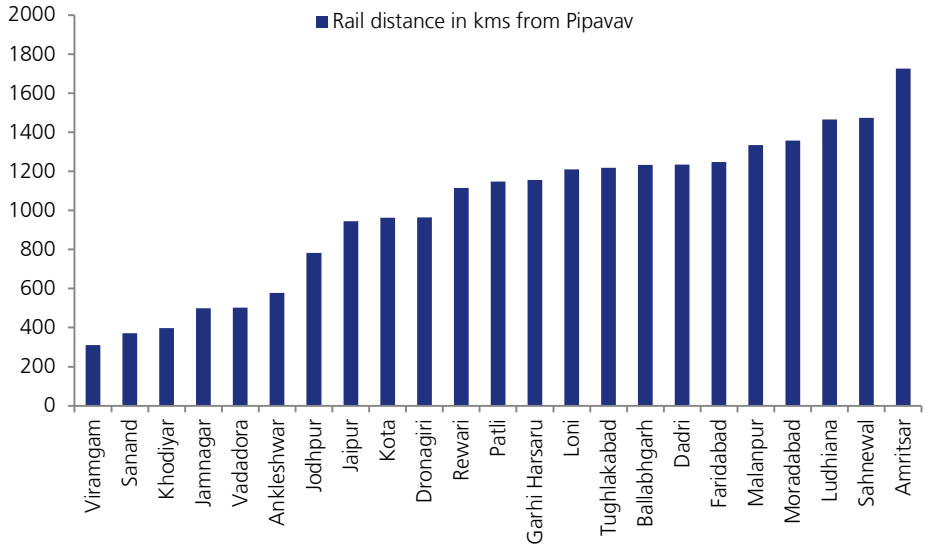
The completion of the Coastal Road has improved road connectivity but the nearby hinterland remains weak. Development of Dholera SEZ will be a key indicator for container volume growth. However, these volume impacts are largely beyond FY30E.

Exhibit 3. Pipavav container evacuation is largely by rail but even here we are witnessing dips despite the connection to WDFC



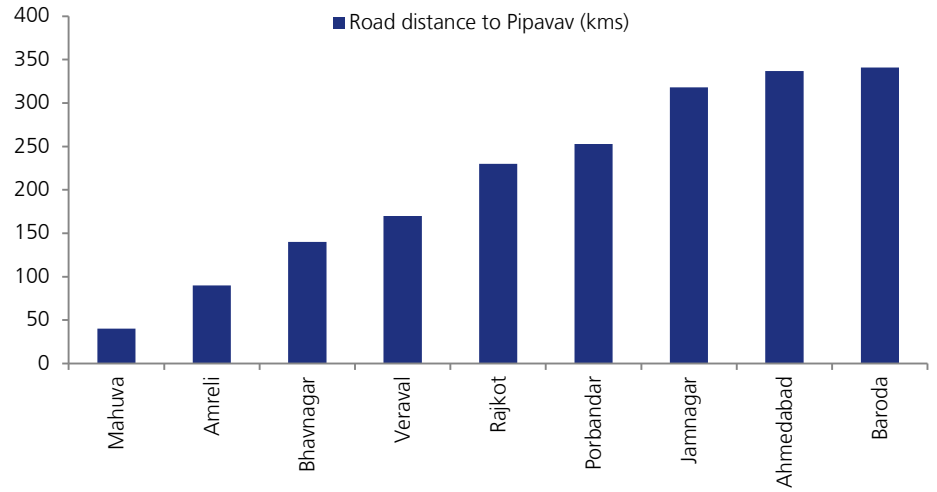
Source: Company, JM Financial

Exhibit 4. GPPV hinterland is largely long lead due to weak nearby hinterland; train connectivity to key hinterland destinations



Source: Company, JM Financial

Exhibit 5. Road connectivity from Pipavav to nearby regions



Source: Company, JM Financial

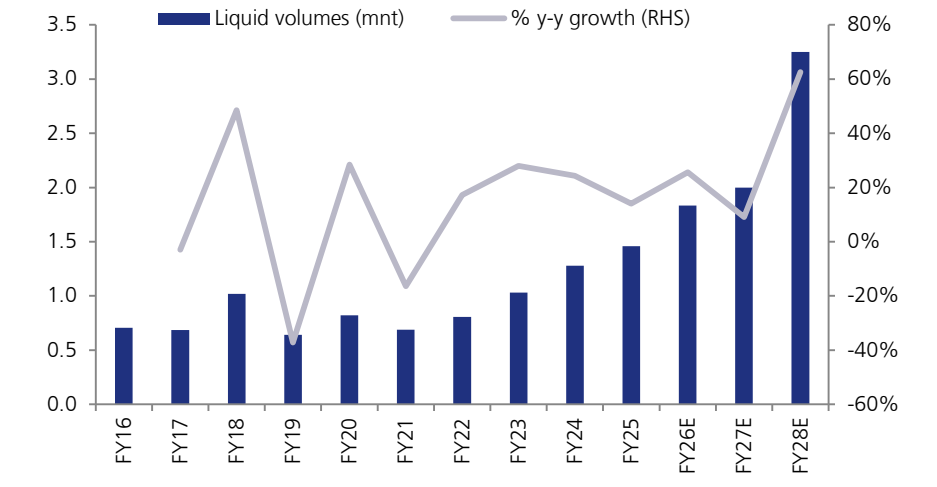
Liquid cargo to witness strong growth driven by strong expansion by AVTL

AVTL has aggressively expanded LPG tankage capacity to 4.6mtpa from 1.6mtpa in Jul'25. The capacity is cryogenic in nature in contrast to the existing high pressure capacities, which leads to economies of space and potentially better evacuation. Further, AVTL commissioned the LPG rail gantry in FY21, which has already led to strong liquids volume uptick over FY21-25. Based on our checks with AVTL, we understand that AVTL can handle 4 LPG rakes per day against current handling of 1-2/day and, thus, evacuation is not a major constraint. In addition, the KGPL spur pipeline to Pipavav is likely to connect to the port by Dec'25, further boosting evacuation capacity by 1.5mtpa.

Besides LPG, AVTL is also constructing 36kt ammonia tankage (~1mtpa) of which 8-10kt is already tied up with Hindustan Zinc for grey ammonia supply to the Chanderiya fertiliser factory. Additionally, AVTL is investing in rail assets for evacuation of petchem, which can boost liquids volume further. In this context, we believe that volume can more than double by FY28E. On its part, GPPV has awarded a USD 90mn contract to L&T Geostructures for construction of a 3mtpa liquid jetty (to be commissioned by Dec'26). This will enable this liquid-driven growth.

While the management does not disclose commodity wise margins, we believe liquids have significantly higher margins. This is demonstrated from the increase in EBITDA despite weakening overall and container volume, highlighting the improved mix effect of liquids.

Exhibit 6. Liquid volume growth driven by berth expansion, connection to KGPL pipeline as well as large capacity expansion by AVTL in LPG, ammonia and other chemicals



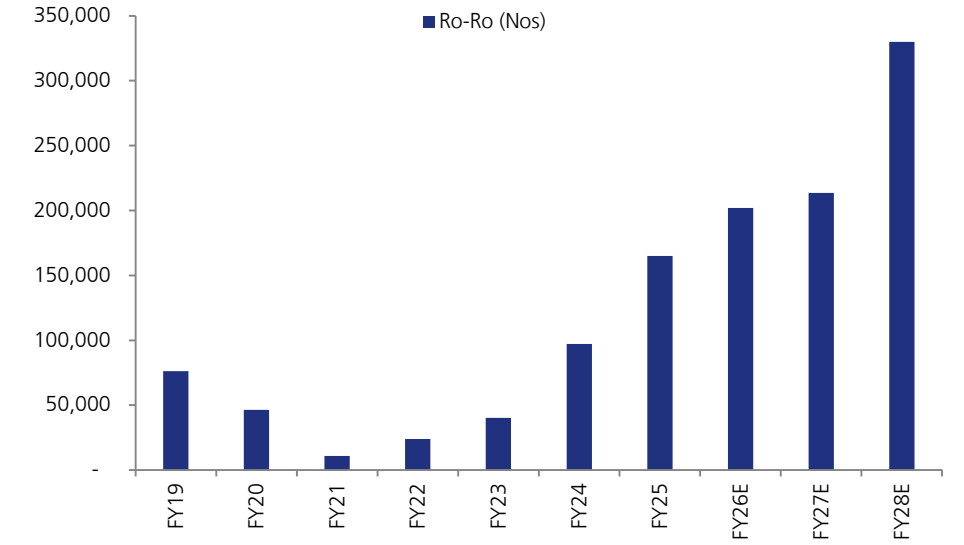
Source: Company, JM Financial

We expect share of high-margin Ro-Ro volumes to increase driven by car exports

We find that investors do not focus on the potential from Ro-Ro (Roll on Roll off), due to low car volumes at the port and historically weak revenue and EBITDA contribution. However, the auto industry leader Maruti Suzuki is targeting to triple its exports by FY30. We see this as a positive for Ro-Ro opportunities at ports. GPPV has existing tie-ups with Maruti as well as Honda, with landside logistics handled by global leader, NYK Logistics. A rise in Maruti's exports will benefit GPPV materially, in our view.

GPPV's earnings from Ro-Ro have been highly profitable, with revenue in the form or berth hire charges, pilotage, and wharfage. Importantly, wharfage at 0.5% of the FOB (freight on board) value of export flows directly to the EBITDA. If the average value of the car exported is INR 0.8mn-1.0mn, GPPV can be earning an EBITDA (from wharfage alone) of INR4-5k/car.

Exhibit 7. Indian car exports from Gujarat to rise, GPPV benefits from that; Ro-Ro margins are significantly higher, thus improving the mix



Source: Company, JM Financial

Bulk volumes (low-margin) may remain relatively stagnant

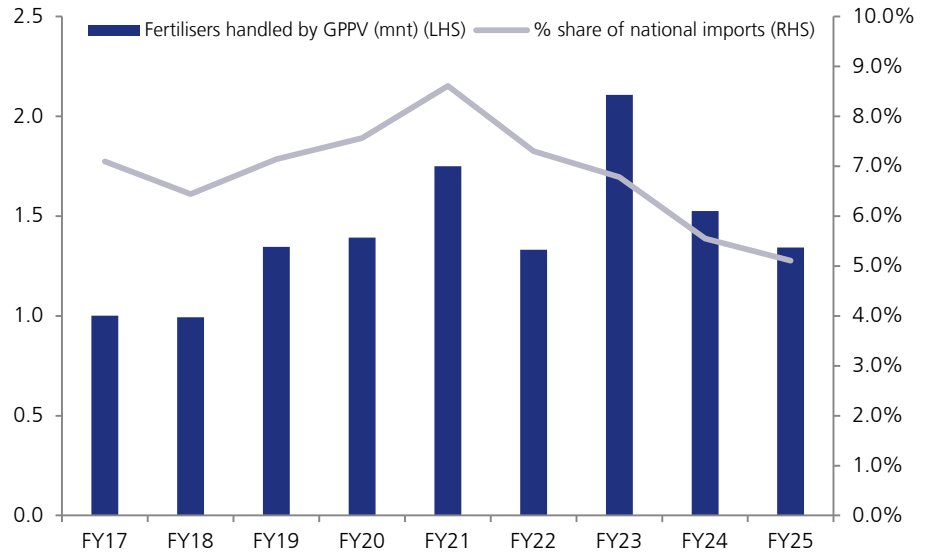
GPPV has bulk cargo handling capacity of 5.0mmtpa. However, this is not a key focus area of the management. The lack of development of thermal power plants in the region has resulted in underutilisation. The subscale volume of coal imports makes it economically unviable to implement full berth mechanisation and, thus, we expect EBITDA margin at bulk operations to be lower at 30-40% vs. the marginal EXIM (export import) container cargo, which has EBITDA margin of over 70%.

In FY22 and FY23, there was an uptick in thermal coal imports, due to damages incurred to Ultratech Cement's (UTCEM IN) jetty at Jafrabad by cyclone Tauktae. As a result, bulk volumes exceeded 4mmt in both years. However, UTCEM's captive jetty has since been repaired and, as a result, FY24 and FY25 volumes have reverted to pre-Covid levels. At present, there are no thermal coal imports. Imports are largely fertilisers and minerals.

Fertilisers have the highest share in bulk volume handled at GPPV, followed by minerals. We note that fertiliser imports (primarily urea) and their allocation by ports is an activity regulated by the Ministry of Fertilisers. We estimate low single-digit growth in the segment, in sync with fertiliser imports and national foodgrain production.

A higher share of fertilisers within bulk cargo is inherently more profitable as realizations is at the upper end of the bulk realizations (INR 550-650/tn). A higher fertiliser realisation should result in higher handling income since bagging of fertilisers is done at the port premises.

Exhibit 8. Fertiliser allocation dependent on govt allocation, GPPV's share fell (FY24-25)



Source: Company, Industry, JM Financial

Increased liquid share and price hikes drive margins despite volume headwinds

We estimate revenue and EBITDA CAGR of 11%/13% over FY25-28E

GPPV has undertaken a price hike effective from 1st Jan'25, leading to a 5% effective hike on 3QFY25 prevailing tariffs and ~33% vs. Dec'19 tariffs in USD terms. The tariff hikes are supportive of revenue growth despite modest volume growth. Even then, the present hikes in GPPV tariffs are lower than that of Mundra, based on published tariff.

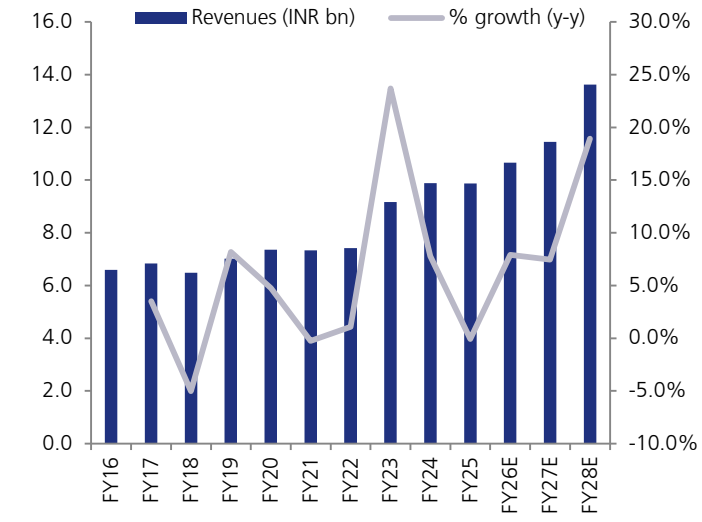
Our revenue and EBITDA growth projections is based on tariff hikes and improved cargo mix, as we expect a higher share of high margin liquids and Ro-Ro while bulk volumes are largely stagnant. We estimate 11% sales CAGR and 13% EBITDA CAGR with EBITDA margin improving from 59% in FY25 to 61% over FY26-28E driven by improved mix.

Exhibit 9. GPPV effective tariff hike of 4-5% (USD terms) to support revenue growth

Tariff changes	Dec-19	Oct-20	Feb-21	May-21	Feb-22	Dec-23	Jan-25	% change vs Dec-23
Terminal Handling charges + Port Infra dev charges								
Normal Containers								
Container not exceeding 20 feet in length								
Loaded	97	104	104	109	115	123	129	4.9%
Empty	78	84	84	88	93	99	104	5.1%
Container exceeding 20 feet but not 40 feet in length								
Loaded	151	162	162	170	180	192	202	5.2%
Empty	124	133	133	140	148	158	166	5.1%
Port dues (per GRT)								
Containers								
Foreign vessels	0.168	0.168	0.168	0.168	0.168	0.168	0.168	0.0%
Coastal Vessel	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.0%
Pilotage (per GRT)								
Containers								
Foreign vessels	0.43	0.54	0.54	0.57	0.61	0.65	0.68	5.0%
Coastal Vessel	0.34	0.35	0.35	0.35	0.35	0.35	0.37	5.0%
Fixed marine dues rise (per GRT)								
Containers								
Foreign vessels	0.60	0.70	0.70	0.74	0.77	0.82	0.85	4.0%
Coastal Vessel	0.40	0.42	0.42	0.42	0.42	0.42	0.44	4.2%

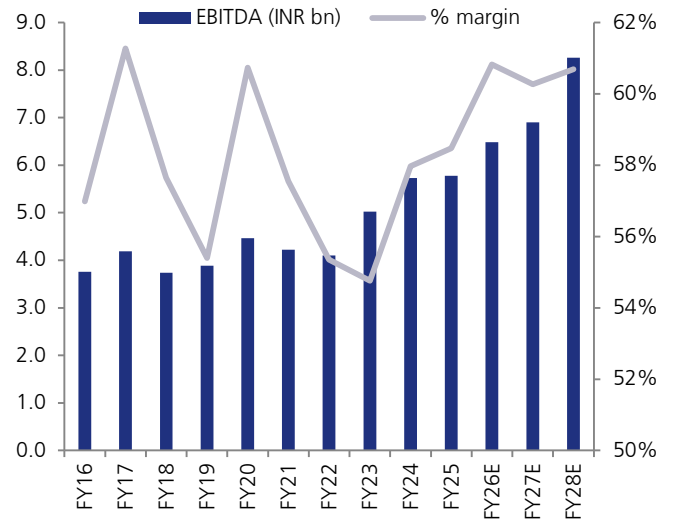
Source: Company

Exhibit 10. Tariff hikes support revenue growth



Source: Company, JM Financial

Exhibit 11. Improved mix drives EBITDA margin accretion



Source: Company, JM Financial

Adequate waterfront and additional capex to support future growth

Capex commitment of INR 33bn; green ammonia plant by Welspun also promising

European companies are increasingly focusing on India as their fastest-growing market and APM Terminals/Maersk are no exceptions. We note that APM Terminals (during Jan'24 Vibrant Gujarat Summit) committed to a capex of INR33bn to enhance port capacities in both container and liquids as well as enhance port mechanisation. This indicates the management's confidence on potential renewal of port concessions (currently expiring in Sep'28). The improvement of confidence by the global CEO likely stems from the fact that JNPT port's capacity (10mnTEU), where APM has a terminal, might get saturated by FY28E. Thus, incremental north-bound cargo has to move through via Mundra or GPPV, which also have strong rail connection to northern ICDs.

In addition, Welspun has also signed an MOU for developing green ammonia ecosystem at the Pipavav port. The green ammonia plants are likely to be export-oriented (EU, South Korea, or Japan), and can further support liquid volumes. Note that one tonne of green hydrogen is equivalent to 5.6T of green ammonia exports. We note that AVTL has the required capabilities to handle green ammonia logistics along with its marketing partner Itochu (Japan).

Adequate waterfront to support strong capacity expansion

GPPV has adequate waterfront to support multi-fold increase in container capacity as well as bulk capacity. However, we think that after the proposed round of capacity expansion at liquid berth to 5.2mnt, there is limited scope to further increase liquid capacity. Currently, GPPV has scope to expand rail services to 22 trains/day (almost similar level to the current operating rate at Mundra) and thus, we do not think GPPV's capacity is constrained. Furthermore, since GPPV is a net cash company, access to cash for investment is unlikely to be a major challenge, in our view.

Exhibit 12. Adequate waterfront and landside capacity to support expansion at GPPV

Capacity	FY25	Max
Containers (mnTEU)	1.35	4.50
Liquid (mnt)	2.00	5.2+
Bulk (mnt)	4.00	15.00
Daily container trains (No.s)	5.3	22
Ro-Ro (No.s)	1,64,977	3,00,000

Source: Company, JM Financial

Core port asset valued using DCF; TP of INR 168, upgrade to ADD

Being a single port asset with finite concession life, we believe DCF is the best basis to value GPPV. The current 30-year concession agreement expires in Sep'28. However, based on draft concession documents prepared by GMB and the management's recent discussion with the Gujarat state administration, it is likely that a 20-year concession extension will be achieved. This is further supported by the parent's aggressive capex plans. However, the timing of announcement remains uncertain. Another uncertainty pertains to the royalty that could be levied once the concession is extended. Note that the draft documents released by GMB do not delve into this aspect.

Note that, for deriving our TP, we assume that the company will successfully extend its concession agreement by 20 years and its royalty rate will range between 5% (the current royalty regime is expected to continue and be extended by 20 years) and 15% (lower than the 18% charged by GMB to captive ports handling third party cargo). We also factor in a terminal depreciated replacement value (DRV) payment at the end of the extended concession. We use risk free rate of 6.7% (in line with India's G-sec yield) and equity beta of 0.7x. We assign equal weight to both 5% and 15% royalty rate. We also add Pipavav Rail (PRCL) to our TP calculation. We value Pipavav Rail (PRCL) at 2.0x P/BV, which is a 50% discount to the largest CTO, CCRI, given the smaller scale of its operations. Note that contribution from PRCL is low.

Exhibit 13. DCF-based TP of INR 168, estimating royalty of extension at 10%

		Equity Value at		
NPV with DRV	No extension	5% royalty	15% royalty	Target price
NPV of cashflows till FY49	7,696	70,108	43,815	56,962
Terminal Value using DRV	40,812	95,487	95,487	95,487
NPV of terminal value	31,246	10,479	10,698	10,588
Port value	38,942	80,587	54,513	67,550
Cash on books (FY26E)	7,574	7,574	7,574	7,574
PRCL stake (~2x P/B)	6,258	6,258	6,258	6,258
GPPV value	52,774	94,419	68,345	81,382
No. of shares	483	483	483	483
Target Price	**109**	**195**	**141**	**168**

Source: JM Financial

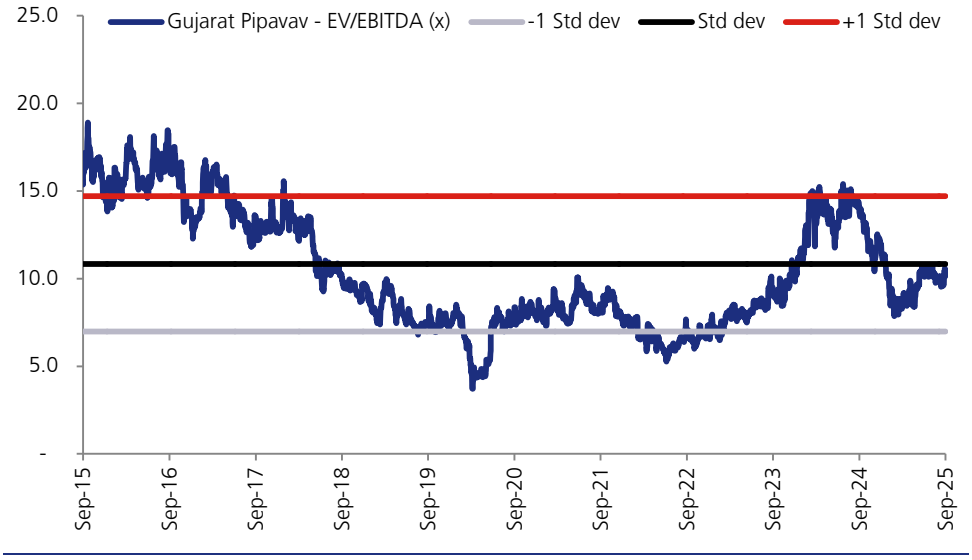
We have provided sensitivity of TP to royalty rates. We think that royalty rates are unlikely to be more than 18%, as this is the royalty rate charged by GMB to captive ports for handling third party cargo. The higher rates of 30% that we have shown is to highlight an extreme event that the royalty charged is at par with what major ports charge to terminal operators (this scenario is extremely unlikely as the government undertakes all major capex at major ports, including capital dredging and investment in evacuation infrastructure.

Exhibit 14. Sensitivity of valuations to royalty rates

Royalty	Valuation (INR/sh)	Upside
3%	209	32%
5%	197	25%
10%	168	7%
15%	141	-10%
18%	125	-21%
20%	113	-28%
25%	85	-46%

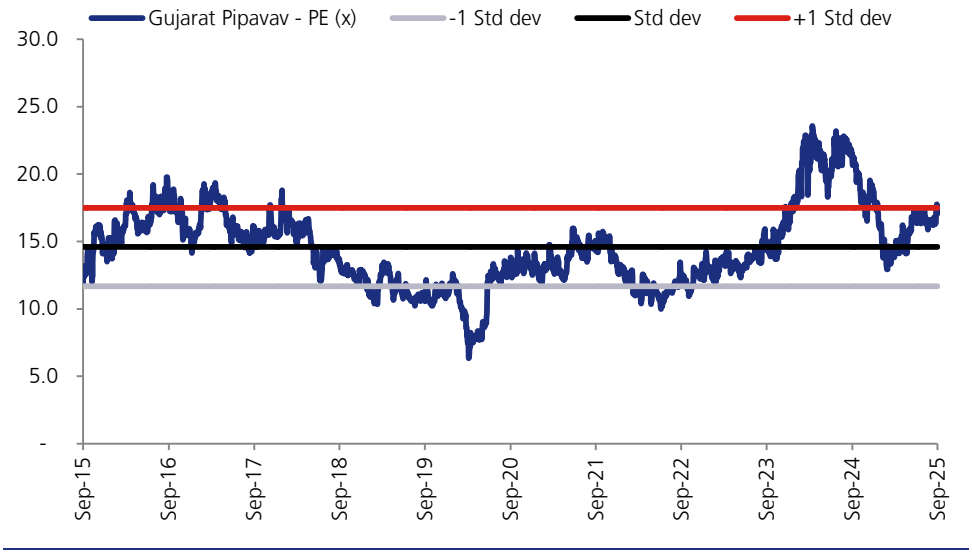
Source: JM Financial

Exhibit 15. GPPV 1 year forward EV/EBITDA close to average



Source: Bloomberg

Exhibit 16. GPPV 1 year forward P/E above average



Source: Bloomberg

Exhibit 17. Change in estimates

Particulars (INR mn)	New			Old			New vs Old		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	10,657	11,451	13,617	10,749	12,067	13,534	-0.9%	-5.1%	0.6%
EBITDA	6,483	6,902	8,264	6,545	7,310	8,237	-1.0%	-5.6%	0.3%
EBITDA margin (%)	60.8%	60.3%	60.7%	60.9%	60.6%	60.9%	-6bps	-30bps	-17bps
PAT	4,455	4,673	5,573	4,501	4,981	5,557	-1.0%	-6.2%	0.3%

Source: JM Financial

Exhibit 18. JMFe vs Consensus

Particulars (INR mn)	JMFe			Consensus			JMFe vs consensus		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	10,657	11,451	13,617	10,568	11,797	13,189	0.8%	-2.9%	3.2%
EBITDA	6,483	6,902	8,264	6,213	6,911	7,728	4.3%	-0.1%	6.9%
EBITDA margin (%)	60.8%	60.3%	60.7%	58.8%	58.6%	58.6%	203.4bps	169.2bps	209.2bps
PAT	4,455	4,673	5,573	4,291	4,745	5,189	3.8%	-1.5%	7.4%

Source: JM Financial, Bloomberg

Key investment risks

- **Non-extension of the concession:** This is the biggest investment risk, followed by higher-than-expected royalty rates in case of concession extension. In the event concession is not renewed, then GPPV is eligible for a terminal payment by GMB in the form of DRV. Incorporating explicit cash flows till FY29 and DRV paid, we estimate that fair valuation is unlikely to exceed INR 105/share, which is materially lower than current price levels.
- **Higher-than-expected royalty**: We value GPPV by assigning equal weight to our assumption of 5% and 15% royalty rate. We think it is unlikely for royalty rates to exceed 18%, as this is the royalty rate charged by GMB to captive ports for handling third party cargo. However, a higher-than-expected royalty presents a risk to our valuation.
- **Competitor aggression**: This is especially true for competitive pressure from Mundra port. Presently, tariffs at Mundra terminal are at a premium to GPPV. However, in the event ADSEZ indulges in tariff competition, there could be significant risk of loss of market share in the core container trade.

Annexure

Exhibit 19. Key container services at Pipavav; Maersk services and coastal services are highlighted in different shades

Shipping line	Service	Sailing Day	Frequency	Port rotation
Maersk	Middle East Coast Line (MECL)	Sat	Weekly	Pipavav, Nhava Sheva, Salalah, Algeciras, Newark, Charleston, Savannah, Houston, Norfolk, Newark, Algeciras, Port Said, Djibouti ,Jebel Ali, Port Qasim, Pipavav
Maersk/X-Press	Far East India (FM3/NWX/FI13)	Thu	Weekly	Pipavav, Karachi, Mundra, Colombo, Port Klang, Singapore, Qingdao, Tianjin, Busan, Pipavav
Maersk/Global Feeder	Shaheen Exp (Shahex)	Tue	Weekly	Pipavav, Jebel Ali, Sohar, Jebel Ali, Mundra (MICT), Pipavav
One/X-Press	Thailand India Pakistan (TIP)	Tue	Weekly	Pipavav, Muhammad Bin Qasim, Karachi, Nhava Sheva, Colombo, Port Kelang, Leam Chambang, Singapore, Port Kelang, Pipavav
ONE	Pacific Southwest (PS3)	Sun	Weekly	Pipavav, Colombo, Port Klang, Singapore, Cai mep, Haiphong, LA/LB, Oakland, Pusan, Shanghai, Ningbo, Shekou, Singapore, Port Klang, Nhava Sheva, Pipavav
OOCL / ZIM/ RCL	China India Exp (CIX-3/CIXA)	Fri	Weekly	Pipavav, Colombo, Port Klang, Singapore, Hongkong, Shanghai, Ningbo, Xiamen, Shekou, Nhava Sheva, Pipavav
COSCO/OOCL	China India Exp (CI1)	Wed	Weekly	Pipavav, Karachi, Colombo, Singapore, Caimap, Hongkong, Shanghai, Ningbo, Shekou, Nansha, Singapore, Port Klang, Nhava Sheva, Pipavav
SCI - Coastal	SCI Middle East Liner Express (SMILE)	Sun	Weekly	Pipavav, Mundra, Cochin,Tuticorin, Pipavav
Unifeeder/Shreyas/Avana (Coastal)	West Coast Central (WCC)	Thu	Weekly	Pipavav, Hazira, Cochin, Mangalore, Tuticorin, Mundra, Pipavav
	Pan India Coastal 1 (coastal)			Pipavav, Cochin, Tuticorin, Kandla, Pipavav
Global Feeder/Simamarine (Coastal)	Colombo Cochin Gulf (CCG)	Fri	Fortnightly	Pipavav, Mangalore, Cochin, Colombo, Katupalli, Vizag, Krishnapatanam, Pipavav

Source: Company

Financial Tables (Standalone)

Income Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	9,884	9,877	10,657	11,451	13,617
Sales Growth	7.8%	-0.1%	7.9%	7.4%	18.9%
Other Operating Income	0	0	0	0	0
Total Revenue	**9,884**	**9,877**	**10,657**	**11,451**	**13,617**
Cost of Goods Sold/Op. Exp	1,747	1,689	1,646	1,874	2,258
Personnel Cost	791	868	924	973	1,157
Other Expenses	1,616	1,544	1,605	1,702	1,938
EBITDA	**5,731**	**5,776**	**6,482**	**6,902**	**8,264**
EBITDA Margin	58.0%	58.5%	60.8%	60.3%	60.7%
EBITDA Growth	14.1%	0.8%	12.2%	6.5%	19.7%
Depn. & Amort.	1,156	1,171	1,258	1,385	1,417
EBIT	4,575	4,605	5,224	5,517	6,847
Other Income	787	810	810	809	683
Finance Cost	93	59	75	75	75
PBT before Excep. & Forex	5,268	5,357	5,959	6,251	7,455
Excep. & Forex Inc./Loss(-)	530	0	0	0	0
PBT	4,738	5,357	5,959	6,251	7,455
Taxes	1,200	1,365	1,505	1,578	1,882
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	3,538	3,992	4,455	4,673	5,573
Adjusted Net Profit	**3,008**	**3,992**	**4,455**	**4,673**	**5,573**
Net Margin	30.4%	40.4%	41.8%	40.8%	40.9%
Diluted Share Cap. (mn)	483.4	483.4	483.4	483.4	483.4
Diluted EPS (INR)	**6.2**	**8.3**	**9.2**	**9.7**	**11.5**
Diluted EPS Growth	18.1%	32.7%	11.6%	4.9%	19.3%
Total Dividend + Tax	3,529	3,529	2,895	3,738	4,458
Dividend Per Share (INR)	7.3	7.3	6.0	7.7	9.2

Source: Company, JM Financial

Balance Sheet (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	20,927	21,189	22,589	23,319	24,189
Share Capital	4,834	4,834	4,834	4,834	4,834
Reserves & Surplus	16,093	16,354	17,755	18,484	19,355
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	0	0	0	0	0
Def. Tax Liab. / Assets (-)	1,059	1,029	1,029	1,029	1,029
Total - Equity & Liab.	**21,986**	**22,218**	**23,618**	**24,348**	**25,218**
Net Fixed Assets	14,386	14,118	18,597	20,079	19,382
Gross Fixed Assets	21,981	22,761	28,498	31,365	32,085
Intangible Assets	802	827	827	827	827
Less: Depn. & Amort.	9,091	10,017	11,275	12,660	14,076
Capital WIP	30	21	21	21	21
Investments	830	830	830	830	830
Current Assets	11,565	11,650	8,557	7,830	9,480
Inventories	90	99	103	111	126
Sundry Debtors	577	477	495	533	605
Cash & Bank Balances	10,446	10,689	7,574	6,801	8,365
Loans & Advances	6	2	2	2	2
Other Current Assets	447	382	382	382	382
Current Liab. & Prov.	4,795	4,380	4,366	4,391	4,474
Current Liabilities	1,685	1,284	1,270	1,295	1,378
Provisions & Others	3,110	3,096	3,096	3,096	3,096
Net Current Assets	6,770	7,270	4,191	3,439	5,006
Total – Assets	**21,986**	**22,218**	**23,618**	**24,348**	**25,218**

Source: Company, JM Financial

Cash Flow Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	3,538	3,992	4,455	4,673	5,573
Depn. & Amort.	1,156	1,171	1,258	1,385	1,417
Net Interest Exp. / Inc. (-)	93	59	75	75	75
Inc (-) / Dec in WCap.	460	24	-36	-21	-3
Others	-397	-784	-810	-809	-683
Taxes Paid	0	0	0	0	0
Operating Cash Flow	**4,850**	**4,461**	**4,942**	**5,303**	**6,378**
Capex	-720	-954	-5,738	-2,867	-720
Free Cash Flow	4,130	3,507	-796	2,436	5,658
Inc (-) / Dec in Investments	0	0	0	0	0
Others	-1,773	38	3,810	3,809	683
Investing Cash Flow	**-1,074**	**-562**	**-1,928**	**942**	**-37**
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-3,384	-3,722	-3,054	-3,943	-4,703
Inc / Dec (-) in Loans	0	0	0	0	0
Others	-313	-288	-75	-75	-75
Financing Cash Flow	**-3,697**	**-4,010**	**-3,129**	**-4,018**	**-4,777**
Inc / Dec (-) in Cash	**79**	**-111**	**-115**	**2,227**	**1,564**
Opening Cash Balance	158	237	126	11	2,238
Closing Cash Balance	237	126	11	2,238	3,801

Source: Company, JM Financial

Dupont Analysis

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	30.4%	40.4%	41.8%	40.8%	40.9%
Asset Turnover (x)	0.4	0.4	0.4	0.5	0.5
Leverage Factor (x)	1.1	1.1	1.1	1.1	1.1
RoE	14.4%	19.0%	20.4%	20.4%	23.5%

Key Ratios

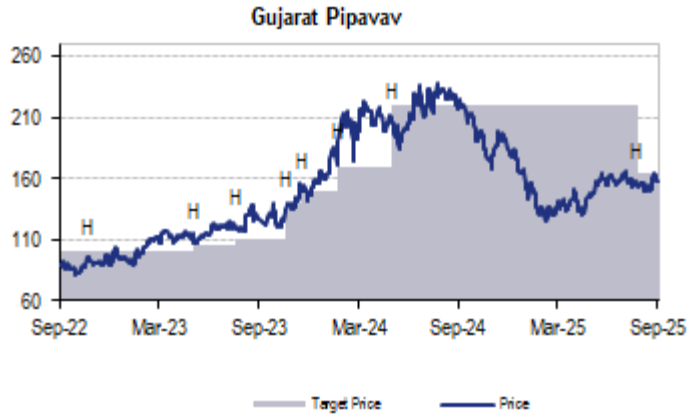
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	43.3	43.8	46.7	48.2	50.0
ROIC	33.1%	35.5%	32.7%	27.6%	33.4%
ROE	14.4%	19.0%	20.4%	20.4%	23.5%
Net Debt/Equity (x)	-0.5	-0.5	-0.3	-0.3	-0.3
P/E (x)	25.4	19.1	17.1	16.3	13.7
P/B (x)	3.6	3.6	3.4	3.3	3.2
EV/EBITDA (x)	11.5	11.4	10.6	10.1	8.2
EV/Sales (x)	6.7	6.6	6.5	6.1	5.0
Debtor days	21	18	17	17	16
Inventory days	3	4	4	4	3
Creditor days	53	41	39	38	38

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
10-Jun-20	Hold	85	
6-Aug-20	Hold	88	3.5
13-Nov-20	Hold	100	13.6
12-Feb-21	Hold	110	10.0
28-May-21	Hold	115	4.5
16-Aug-21	Hold	108	-6.1
14-Nov-21	Hold	108	0.0
19-May-22	Hold	100	-7.4
3-Aug-22	Hold	100	0.0
10-Nov-22	Hold	100	0.0
26-May-23	Hold	106	6.0
10-Aug-23	Hold	110	3.8
9-Nov-23	Hold	140	27.3
11-Dec-23	Hold	150	7.1
13-Feb-24	Hold	170	13.3
23-May-24	Hold	220	29.4
13-Aug-25	Hold	164	-25.3

Recommendation History



APPENDIX I

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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