

# Gujarat Pipavav Ports Ltd

**Decadal growth opportunity with significant margin of safety**



**Kyon ki bhaiya, sabse bada rupaiya.**

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**BUY @ CMP INR 101**
**Target: INR 175 in 18-24 months**
**Upside Potential: 74 %**

## Decadal growth opportunity with significant margin of safety

China+1 and the success of the PLI scheme has ensured that India has emerged as a favored destination for global manufacturing. **Gujarat Pipavav Ports Ltd (GPPL)** with its strategic location is best placed to leverage this accelerating trend. GPPL's stock price has significantly underperformed not only the surging Indian stock market but also its global peers, making it one of the cheapest valued port operators.

Uncertainty over the renewal of its port license (expiring in September 2028) had suppressed the valuation. We have reason to believe that the permissions would get renewed this year itself (for another 20 years i.e., till 2048) given the fact that GPPL has complied with each of the requirements of the Gujarat Maritime Board (GMB).

**At the current valuation of 6.0X FY24 EV/EBITDA, the stock is significantly undervalued.** Parentage of AP Moller Maersk (global leader in container shipping), a strong growth outlook for India's EXIM trade, leverage of the dedicated freight corridor (DFC), DMIC and Make in India (Aatmanirbhar Bharat), significant cash pile of INR 725 cr and commitment of ~INR 730 cr to enhance port capacities (by 18.5% to 1.6 mn TEU) make GPPL an attractive proposition for a long-term decadal growth story with a significant margin of safety.

At the CMP of INR 101, the stock is trading at 6.0X FY24 EV/EBITDA, which is significantly lower than peers – 11.0X of Adani Ports SEZ and 7X of Gateway Distriparks. **We value the stock at INR 175 (11.0X FY24 EV/EBITDA) given its strong growth outlook, debt free status and strong parentage. Our price objective represents an upside of 74% from the CMP over the next 18-24 months.**

### Industry Logistics

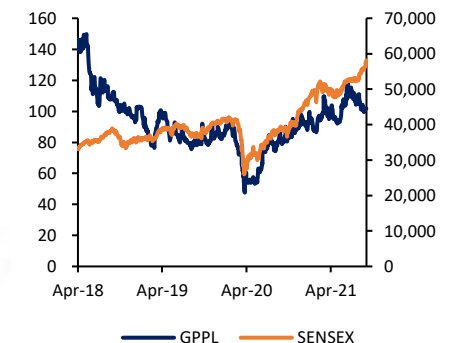
#### Scrip Details

Face Value (INR)	10.0
Market Cap (INR Cr)	4,917
Price (INR)	101
No of Shares O/S (Cr)	48.34
3M Avg Vol (000)	240
52W High/Low (INR)	124/75
Dividend Yield (%)	4.5

#### Shareholding (%) Jun 2021

Promoter	44.0
Institution	44.4
Public	11.6
<b>TOTAL</b>	<b>100.0</b>

#### Price Chart

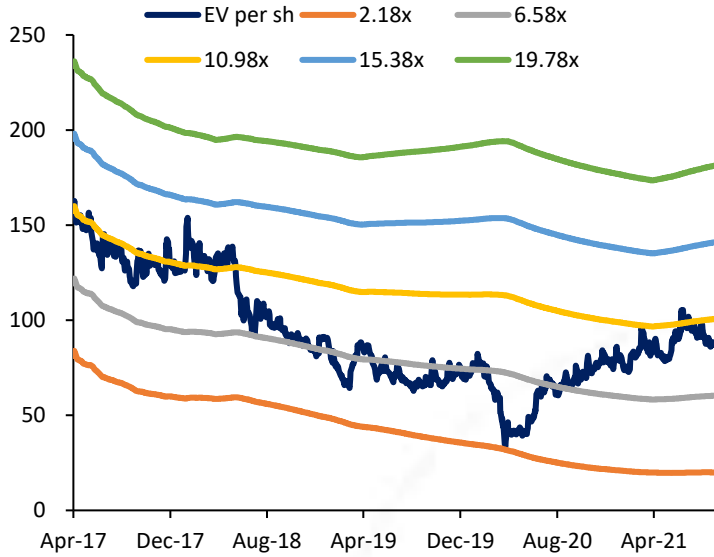


### Key Financial Data (INR Cr, unless specified)

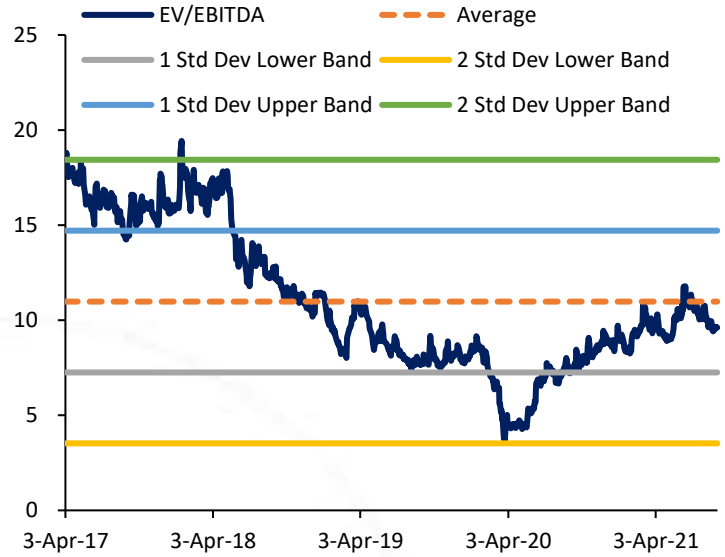
	Revenue	EBITDA	Net Profit	EBITDA (%)	Net Profit (%)	EPS (₹)	BVPS (₹)	RoE (%)	RoIC (%)	P/E (X)	P/BV (X)	EV/EBITDA (X)
FY20	735.4	446.6	292.4	60.7	39.8	6.0	43.1	14.0	13.7	16.7	2.3	9.6
FY21	733.5	422.1	210.4	57.6	28.7	4.4	42.0	10.4	13.6	23.2	2.4	10.0
FY22E	858.1	510.5	303.5	59.5	35.4	6.3	41.5	15.1	17.9	16.1	2.4	8.2
FY23E	1,026.0	613.4	366.6	59.8	35.7	7.6	41.9	18.1	23.8	13.3	2.4	7.0
FY24E	1,202.3	720.3	452.3	59.9	37.6	9.4	42.3	22.1	27.6	10.8	2.4	6.0

**Healthy balance sheet and strong business potential deserves re-rating**

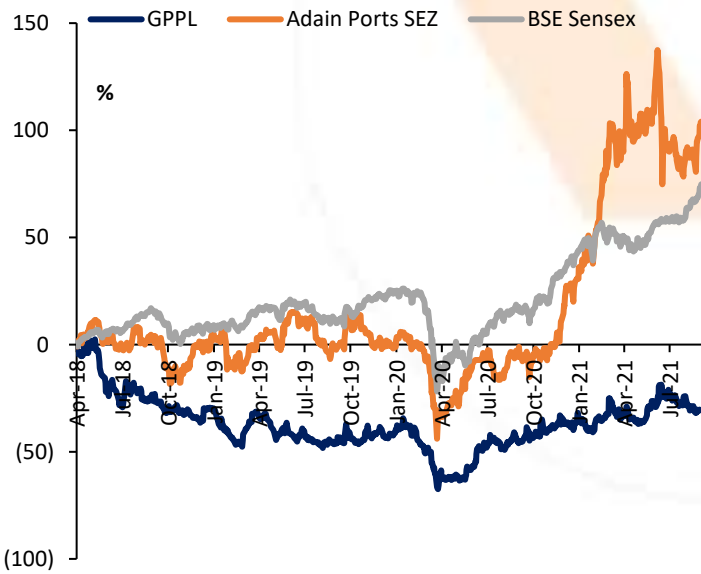
GPPL 1 year forwarded EV/EBITDA



GPPL EVEBITDA trend



Price performance of GPPL, APSEZ & Sensex

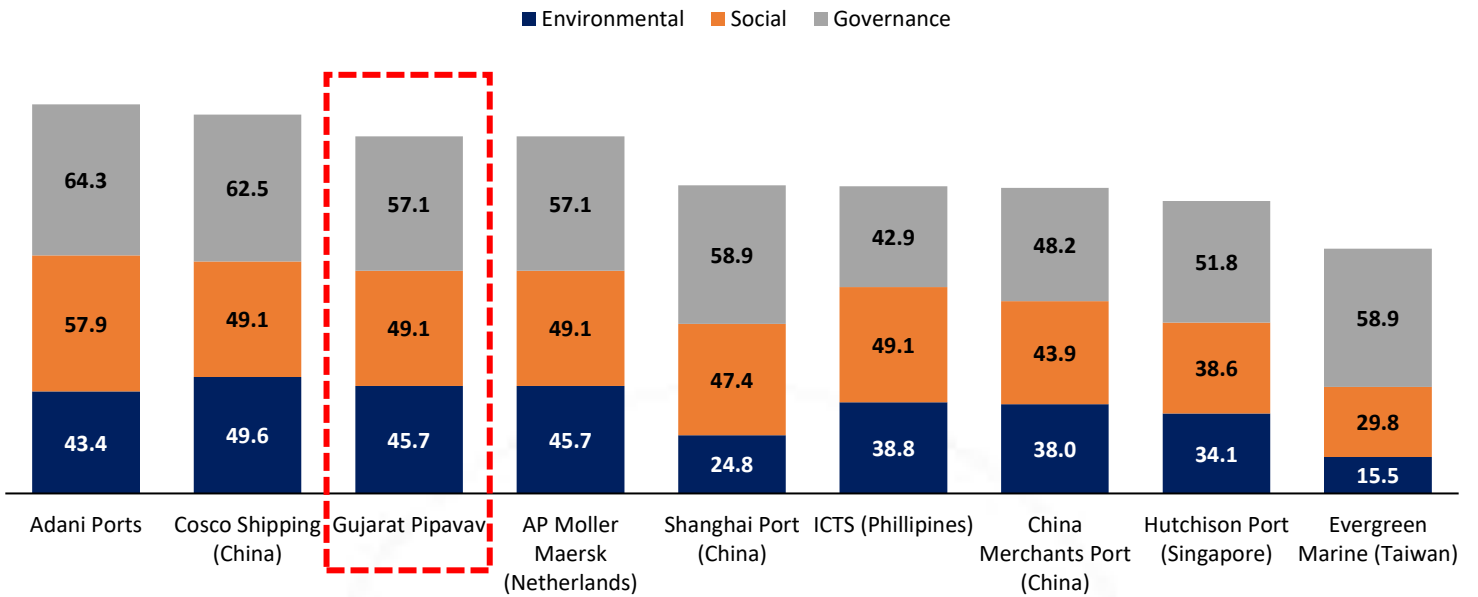


EV/EBITDA: Valuation of GPPL to APSEZ (X)



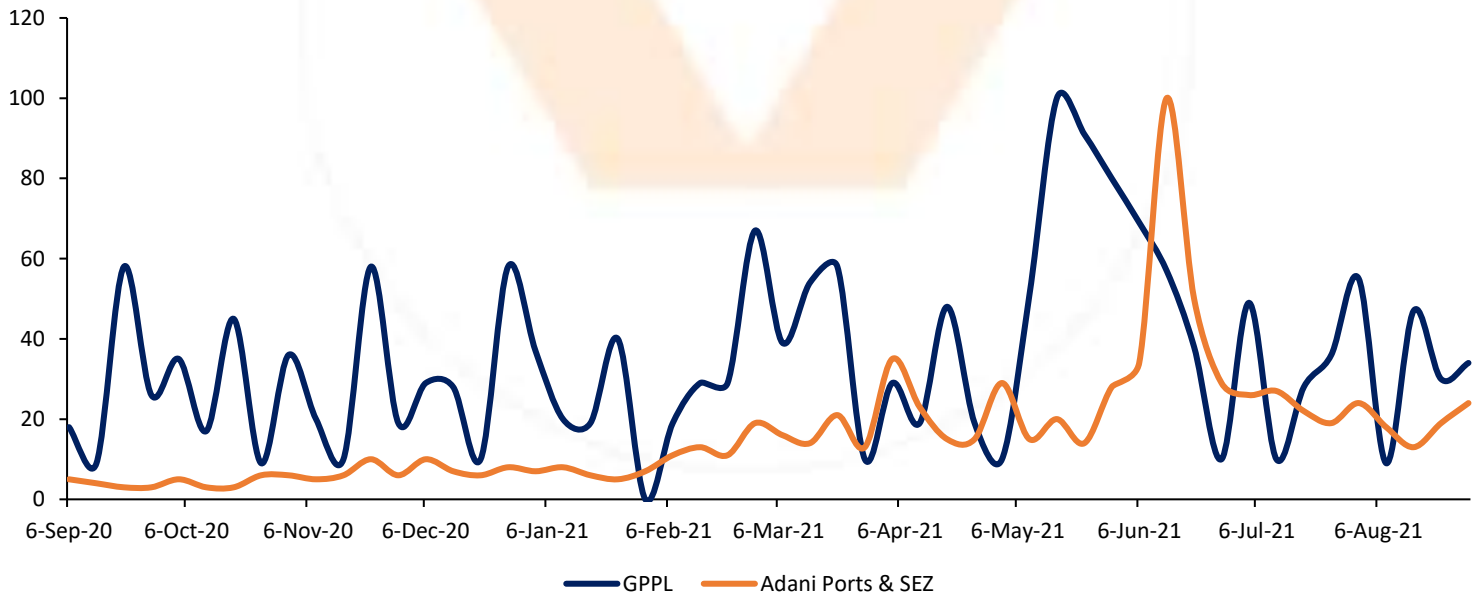
Source: Ventura Research

**High ESG Scores of GPPL Justifies Premium Valuation**



Source: Bloomberg

**Google Trends: GPPL vs Adani Ports SEZ**



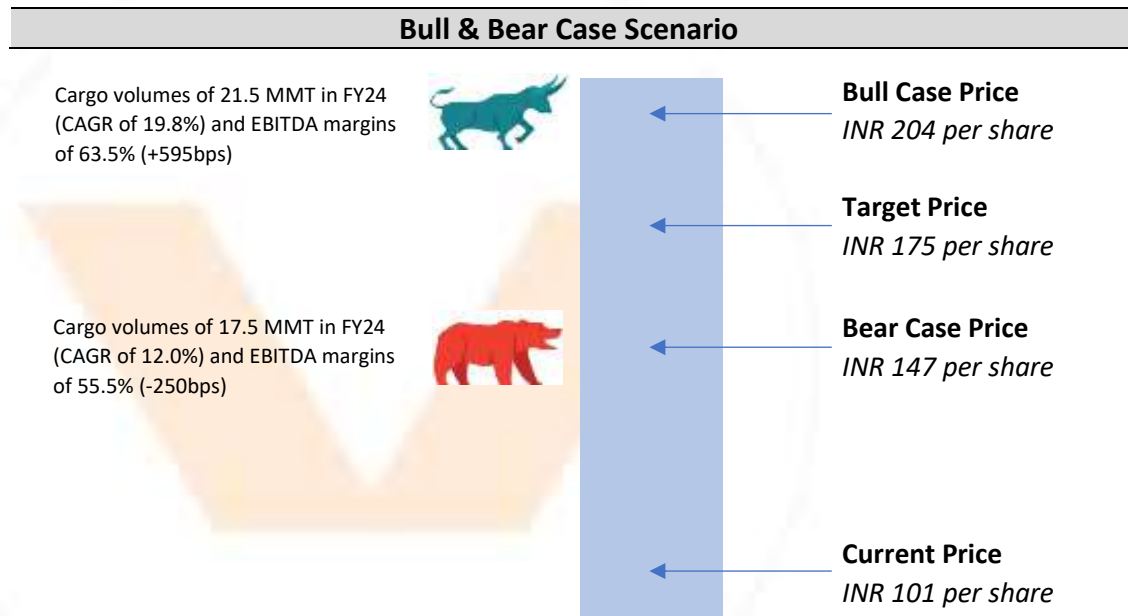
Source: Bloomberg

## Our Bull and Bear Case Scenarios

We have prepared a Bull and Bear case scenario based on FY24 Cargo Volumes and EBITDA margins.

- **Bull Case:** We have assumed 21.5 mn MT of cargo volumes in FY24 (CAGR of 19.8%) and EBITDA margins of 63.5% (+595bps), which will result in a Bull Case price target of INR 204 per share (upside of 102% from CMP)
- **Bear Case:** We have assumed 18 mn MT of cargo volumes in FY24 (CAGR of 12.0%) and EBITDA margins of 55.5% (-205bps), which will result in a Bear Case price target of INR 147 per share (upside of 46% from CMP)

Even at our Bear Case scenario, the target price is 46% higher than the CMP of INR 101. Management is upbeat of maintaining EBITDA margins above 60%, so the upside is expected to be better than 47% in the next 18-24 months.



## Price Sensitivity Analysis

		FY24 Cargo Volumes (Mn MT)									
		175	17.5	18.0	18.5	19.0	19.5	20.0	20.5	21.0	21.5
FY24 EBITDA Margin	55.5%	147	151	155	160	164	168	172	176	180	
	56.5%	150	154	158	162	166	171	175	179	183	
	57.5%	152	156	161	165	169	173	178	182	186	
	58.5%	155	159	163	168	172	176	180	185	189	
	59.5%	157	162	166	170	175	179	183	188	192	
	60.5%	160	164	169	173	177	182	186	191	195	
	61.5%	162	167	171	176	180	185	189	194	198	
	62.5%	165	169	174	178	183	187	192	197	201	
	63.5%	167	172	176	181	186	190	195	200	204	

■ Bull Case Price

■ Target Price

■ Bear Case Price

## Valuation and Comparable Metric of Domestic and Global Shipping & Logistic Companies

Figures are in USD Mn (unless specified)

Company Name	Mkt Cap	Price	PEG 2021-24	EV/EBITDA (X)				P/E (X)				P/BV (X)				RoE (%)				RoIC (%)				Sales				EBITDA Margin (%)				Net Margin (%)			
				2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
<b>Domestic Peers</b>																																			
Gujarat Pipavav Ports Ltd	655	1.4	0.3	10.0	8.2	7.0	6.0	23.3	14.2	12.2	10.3	2.4	2.4	2.4	2.3	10.4	16.9	19.5	22.8	13.6	17.9	20.7	24.0	98	114	137	160	57.6	59.5	59.8	59.9	28.7	40.3	39.3	39.7
Adani Ports & SEZ Ltd	19,880	9.7	0.6	22.0	15.4	12.7	10.7	29.5	22.4	18.3	15.0	4.8	3.7	3.2	2.7	16.1	16.4	17.4	18.2	10.0	12.9	15.5	18.4	1,691	2,375	2,772	3,144	63.6	65.8	66.4	66.7	39.8	37.3	39.3	42.2
Gateway Distriparks Ltd	435	3.5	0.3	12.0	10.4	8.8	7.3	34.2	24.3	18.6	12.8	2.2	2.1	1.9	1.7	6.3	8.6	10.3	12.9	9.0	11.3	13.4	14.9	159	181	207	231	26.5	26.7	26.3	27.9	8.0	9.9	11.3	14.7
Allcargo Logistics Ltd	749	3.0	0.4	10.9	8.8	8.0	7.2	32.1	17.7	15.2	13.8	2.4	2.2	1.9	1.8	7.5	12.2	12.7	12.7	9.0	10.7	12.4	14.1	1,414	1,652	1,793	1,972	6.0	6.4	6.5	6.5	1.6	2.6	2.7	2.7
Transport Corp	433	5.6	0.5	13.1	10.8	8.8	7.3	21.8	15.5	12.8	11.8	2.7	2.4	2.0	1.8	12.4	15.4	16.0	15.2	12.0	14.5	16.1	17.9	378	432	501	552	9.3	9.7	10.0	10.9	5.3	6.5	6.8	6.7
Container Corp Ltd	5,368	8.8	0.4	35.6	22.2	15.5	12.4	78.9	35.5	26.7	22.2	3.9	3.6	3.4	3.1	4.9	10.2	12.6	14.0	6.3	13.0	18.5	25.7	866	1,026	1,261	1,478	16.3	22.9	26.1	26.7	7.9	14.7	15.9	16.4
Aegis Logistics Ltd	1,275	3.6	0.4	24.4	15.7	11.2	9.3	42.4	25.6	19.6	15.8	4.8	4.2	3.4	2.7	11.4	16.6	17.6	17.1	16.0	26.8	35.5	30.8	518	733	1,017	1,146	10.1	10.6	10.2	10.9	5.8	6.8	6.4	7.1
Mahindra Logistics Ltd	709	9.9	0.3	39.3	24.3	17.9	12.7	75.0	65.9	41.3	26.5	9.1	8.4	7.2	5.7	5.2	12.8	17.5	21.5	7.5	18.2	23.9	24.6	440	548	661	820	4.1	5.4	6.1	7.0	0.9	2.0	2.6	3.3
VRL Logistics Ltd	375	4.2	0.2	12.8	9.5	7.8	6.4	61.7	34.1	23.9	15.0	4.6	4.1	3.8	3.1	7.4	12.0	15.9	20.6	8.8	12.6	21.1	27.1	236	291	349	393	14.1	14.3	14.3	15.6	2.6	3.8	4.5	6.4
<b>Global Peers</b>																																			
Shanghai Port	18,888	0.8	8.4	10.0	9.1	8.9	8.6	10.6	10.8	10.6	10.2	1.3	1.2	1.1	1.0	12.0	10.9	10.3	10.5	8.9	9.3	8.7	9.5	5,094	5,389	5,590	5,814	40.1	39.0	36.0	36.0	35.0	32.4	31.8	31.8
Hutchison Port Holdings	1,786	0.2	5.7	4.7	4.8	4.6	4.5	16.2	15.7	15.3	15.0	0.5	0.5	0.5	0.5	4.2	3.4	3.6	3.6	9.3	8.2	8.5	9.2	1,494	1,442	1,460	1,489	62.0	59.3	59.3	59.3	9.3	7.9	8.0	8.0
AP Moller Maersk	53,524	2,824.4	7.9	2.8	4.6	5.6	5.8	15.2	8.0	12.2	14.4	1.4	1.4	1.3	1.2	35.3	16.9	10.6	8.0	36.8	18.6	13.1	10.2	55,629	49,838	48,184	48,721	35.2	24.8	20.4	19.7	24.4	13.4	9.1	7.6
Cosco Shipping Ports	2,491	0.8	0.5	10.6	9.5	9.3	8.1	7.1	6.5	5.9	5.1	0.4	0.4	0.4	0.4	6.1	6.4	6.7	6.7	2.7	2.9	3.0	3.0	1,184	1,288	1,426	1,639	36.0	35.9	34.3	34.3	29.8	29.9	29.6	29.6
China Merchants Ports	5,605	1.5	0.8	7.8	7.2	13.5	11.7	8.8	8.2	7.9	6.8	0.5	0.4	0.4	0.4	5.2	5.4	5.5	5.5	3.2	3.2	2.9	2.9	1,326	1,396	1,503	1,729	77.0	77.5	48.0	48.0	48.0	48.7	47.4	47.4
ICTS Corp	7,365	3.6	0.5	9.4	8.5	7.6	6.8	22.6	18.9	15.9	12.3	7.8	6.3	6.1	6.0	34.7	33.1	38.7	48.9	23.0	25.4	29.9	29.9	1,758	1,893	2,014	2,255	60.1	60.5	61.3	61.6	18.6	20.6	23.1	26.6
Evergreen Marine Corp	27,002	5.1	2.3	2.6	3.5	4.6	3.9	17.3	6.3	17.3	14.4	2.7	2.1	2.2	2.1	67.6	34.0	12.7	12.7	75.0	62.1	26.5	26.5	15,635	13,040	12,189	14,626	58.6	47.7	38.1	38.1	43.3	32.9	12.8	12.8

Source: Ventura Research & Bloomberg

## Financial Analysis and Projections

With all the key drivers in place, we expect GPPL's cargo volumes and revenues to grow at a CAGR of 14.8% to 19.4 mn MT and 17.9% to INR 1,202 cr over FY21-24E, along with 236bps and 893bps expansions in EBITDA and PAT margins to 59.9% and 37.6%, respectively, over the same period. Subsequently, RoE and RoIC are expected to improve to 22.1% (+1174bps) and 27.6% (+1397bps), respectively, by FY24. GPPL has maintained an average dividend payout of over 90% in the past several years. Debt free balance sheet and annual FCF run rate of over INR 250 cr ensures similar dividend payouts and buyback opportunities in the coming years.

### Financial Summary

Fig in INR Cr (unless specified)	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
<b>Cargo Volume (Mn MT)</b>	<b>10.8</b>	<b>11.3</b>	<b>13.5</b>	<b>13.6</b>	<b>12.8</b>	<b>14.0</b>	<b>16.7</b>	<b>19.4</b>	<b>21.7</b>	<b>23.9</b>	<b>26.2</b>	<b>28.2</b>	<b>30.4</b>	<b>32.2</b>
<i>YoY Growth (%)</i>		4.8	19.4	1.0	(5.9)	9.3	19.0	16.2	12.3	9.9	9.5	7.9	7.6	6.2
<i>Per Tonne Avg Realization (INR)</i>	634.9	575.3	521.1	540.5	572.7	612.9	616.0	621.0	624.3	629.8	636.0	644.1	652.6	662.7
<i>YoY Growth (%)</i>		(9.4)	(9.4)	3.7	6.0	7.0	0.5	0.8	0.5	0.9	1.0	1.3	1.3	1.6
<b>Revenue</b>	<b>683.1</b>	<b>648.9</b>	<b>702.0</b>	<b>735.4</b>	<b>733.5</b>	<b>858.1</b>	<b>1,026.0</b>	<b>1,202.3</b>	<b>1,356.9</b>	<b>1,504.6</b>	<b>1,663.2</b>	<b>1,817.3</b>	<b>1,980.8</b>	<b>2,135.5</b>
<i>YoY Growth (%)</i>		(5.0)	8.2	4.8	(0.3)	17.0	19.6	17.2	12.9	10.9	10.5	9.3	9.0	7.8
Operating Expenses	121.3	118.5	144.2	127.1	137.5	156.1	191.3	228.8	264.1	298.0	334.7	370.2	407.8	442.9
Employee Cost	48.4	52.9	59.7	56.7	67.2	80.5	100.3	122.2	138.4	153.7	170.4	186.5	203.7	219.8
Other Expenses	94.8	103.4	109.2	105.0	106.7	111.0	121.0	131.0	141.0	151.0	161.0	171.0	181.0	191.0
<b>EBITDA</b>	<b>418.6</b>	<b>374.1</b>	<b>388.9</b>	<b>446.6</b>	<b>422.1</b>	<b>510.5</b>	<b>613.4</b>	<b>720.3</b>	<b>813.5</b>	<b>901.8</b>	<b>997.1</b>	<b>1,089.6</b>	<b>1,188.3</b>	<b>1,281.8</b>
<i>YoY Growth (%)</i>		(10.6)	4.0	14.9	(5.5)	20.9	20.1	17.4	12.9	10.9	10.6	9.3	9.1	7.9
<i>EBITDA per Tonne</i>	389.1	331.6	288.7	328.2	329.6	364.7	368.2	372.1	374.3	377.5	381.3	386.2	391.5	397.8
<i>Margin (%)</i>	61.3	57.6	55.4	60.7	57.6	59.5	59.8	59.9	60.0	59.9	59.9	60.0	60.0	60.0
<b>PAT</b>	<b>249.9</b>	<b>198.5</b>	<b>205.6</b>	<b>292.4</b>	<b>210.4</b>	<b>303.5</b>	<b>366.6</b>	<b>452.3</b>	<b>506.0</b>	<b>561.7</b>	<b>631.8</b>	<b>704.1</b>	<b>779.1</b>	<b>850.5</b>
<i>YoY Growth (%)</i>		(20.6)	3.6	42.2	(28.0)	44.2	20.8	23.4	11.9	11.0	12.5	11.4	10.6	9.2
<i>PAT per Tonne</i>	232.3	176.0	152.7	214.9	164.3	216.8	220.1	233.6	232.8	235.1	241.6	249.5	256.7	263.9
<i>Margin (%)</i>	36.6	30.6	29.3	39.8	28.7	35.4	35.7	37.6	37.3	37.3	38.0	38.7	39.3	39.8
<b>Shareholders' Fund</b>	<b>2,019.5</b>	<b>2,014.1</b>	<b>2,021.0</b>	<b>2,084.8</b>	<b>2,032.2</b>	<b>2,005.7</b>	<b>2,024.0</b>	<b>2,046.6</b>	<b>2,071.9</b>	<b>2,100.0</b>	<b>2,131.6</b>	<b>2,166.8</b>	<b>2,205.8</b>	<b>2,248.3</b>
<i>Return on Equity (%)</i>	12.4	9.9	10.2	14.0	10.4	15.1	18.1	22.1	24.4	26.7	29.6	32.5	35.3	37.8
<b>Capital Employed</b>	<b>2,019.5</b>	<b>2,014.1</b>	<b>2,021.0</b>	<b>2,143.3</b>	<b>2,078.7</b>	<b>2,027.5</b>	<b>2,024.0</b>	<b>2,046.6</b>	<b>2,071.9</b>	<b>2,100.0</b>	<b>2,131.6</b>	<b>2,166.8</b>	<b>2,205.8</b>	<b>2,248.3</b>
<i>Return on Capital Employed (%)</i>	12.2	10.5	8.9	9.5	8.9	11.7	16.9	20.7	23.2	25.6	28.4	31.0	33.6	35.9
<b>Invested Capital</b>	<b>1,667.3</b>	<b>1,582.5</b>	<b>1,487.3</b>	<b>1,493.8</b>	<b>1,353.4</b>	<b>1,328.8</b>	<b>1,432.4</b>	<b>1,532.3</b>	<b>1,624.6</b>	<b>1,607.7</b>	<b>1,482.7</b>	<b>1,344.0</b>	<b>1,206.6</b>	<b>1,075.4</b>
<i>Return on Invested Capital (%)</i>	14.8	13.4	12.2	13.7	13.6	17.9	23.8	27.6	29.6	33.5	40.8	49.9	61.4	75.0
Cash Flow from Operations	402.0	314.6	295.7	339.5	384.1	481.7	569.5	653.1	714.5	779.4	857.7	933.9	1,016.5	1,091.9
Cash Flow from Investing	(240.9)	(128.8)	(122.2)	(81.1)	(101.0)	(53.2)	(175.0)	(300.0)	(250.0)	(250.0)	(250.0)	(240.0)	(249.0)	(258.9)
Cash Flow from Financing	(227.2)	(203.7)	(198.1)	(250.3)	(295.7)	(361.1)	(376.6)	(430.3)	(481.5)	(534.5)	(601.2)	(669.9)	(741.2)	(809.2)
<b>Net Cash Flow</b>	<b>(66.1)</b>	<b>(17.9)</b>	<b>(24.6)</b>	<b>8.2</b>	<b>(12.6)</b>	<b>67.4</b>	<b>17.9</b>	<b>(77.2)</b>	<b>(17.0)</b>	<b>(5.0)</b>	<b>6.5</b>	<b>23.9</b>	<b>26.3</b>	<b>23.8</b>
NOPLAT	222.4	169.7	176.2	264.2	186.2	280.3	341.5	422.9	480.4	538.4	605.6	671.2	741.0	806.5
<b>Free Cash Flow</b>	<b>195.4</b>	<b>226.9</b>	<b>241.8</b>	<b>384.0</b>	<b>277.9</b>	<b>219.5</b>	<b>193.4</b>	<b>276.1</b>	<b>347.7</b>	<b>516.7</b>	<b>689.0</b>	<b>769.6</b>	<b>835.6</b>	<b>897.3</b>

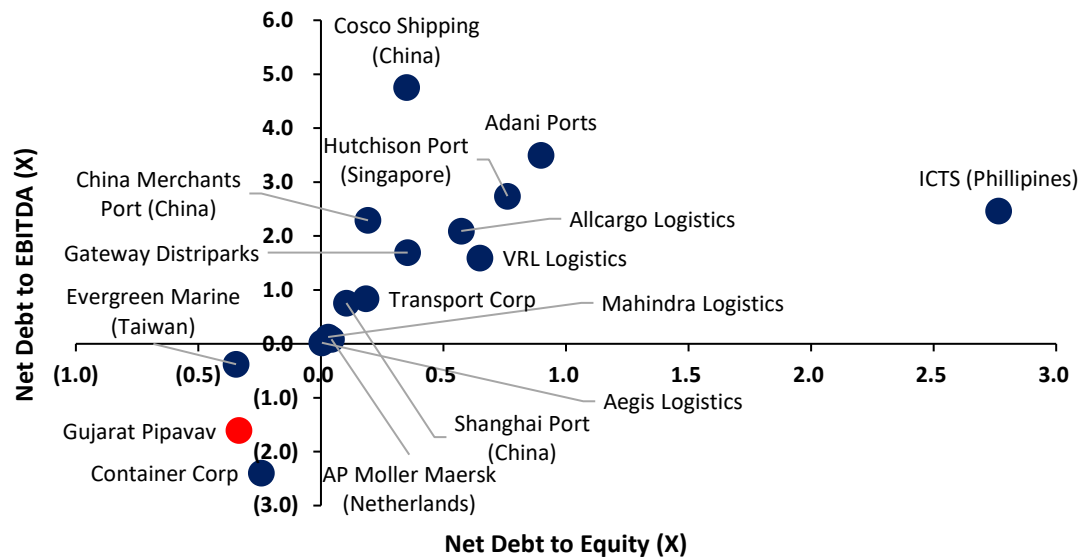
Source: Company Reports & Ventura Research



## Balance sheet strength

GPPL is a debt free company and has cash & cash equivalents of INR 725 cr, which accounts for 30% of its total assets. The company generates more than INR 250 cr of free cash flows every year, which should entail sufficient contribution for future capex requirements without depleting cash reserves. GPPL, along with Evergreen Marine (Taiwan), are the only two listed port companies with a negative net debt status.

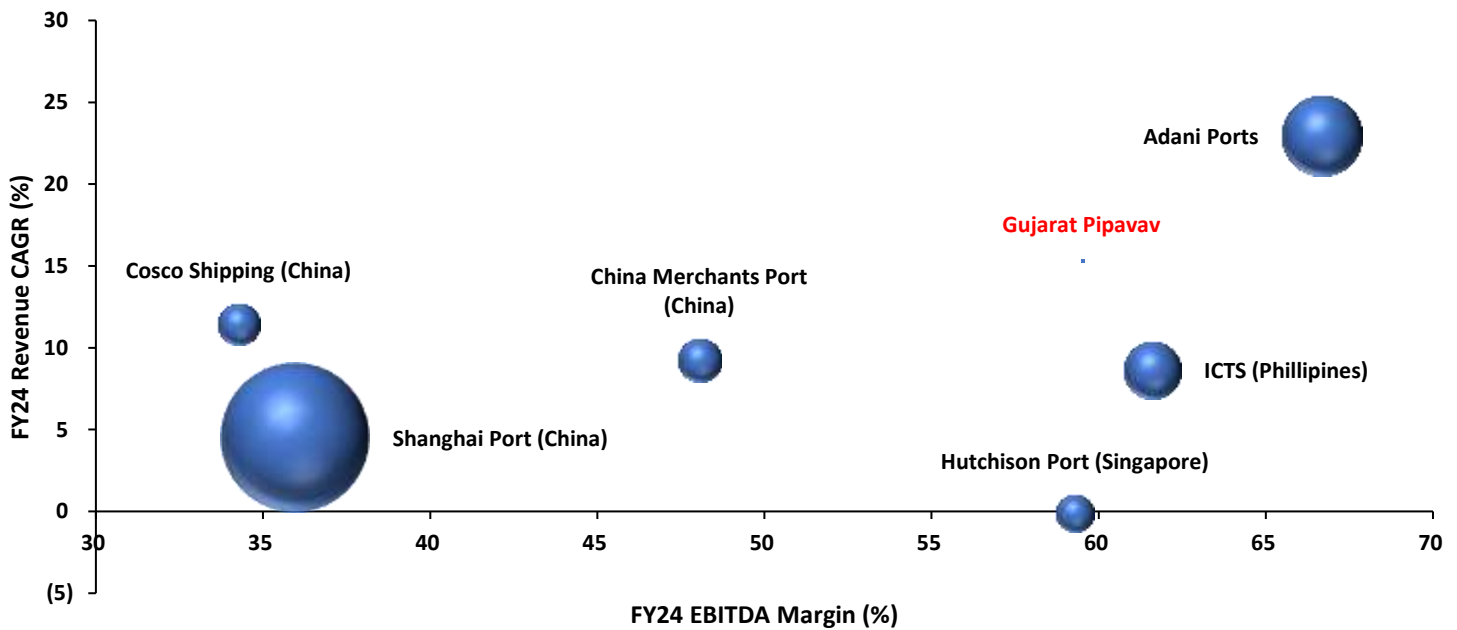
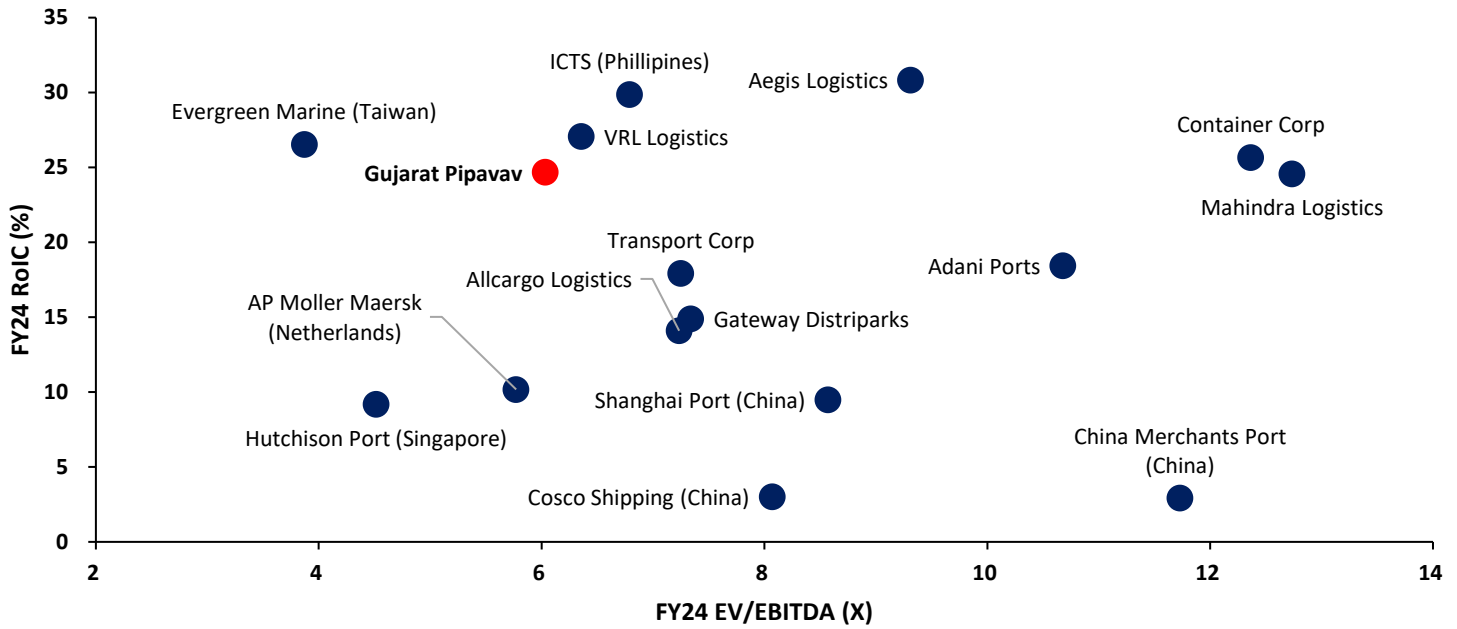
### Healthy balance sheet compared to any other player across the globe



Source: Company Reports & Bloomberg

Further, there is substantial scope for operating leverage to play out given that its capacity utilization still hovers at 55-60% of its current capacity. The proposed capex will be funded exclusively by internal resource generation. This, along with the operating leverage, should be RoIC accretive. Already its RoIC is among the top percentile for all listed ports globally. As a result, we believe that the stock should command a premium valuation compared to its peers.

**One of the best RoIC in the industry and strong growth potential is available at discounted valuations**



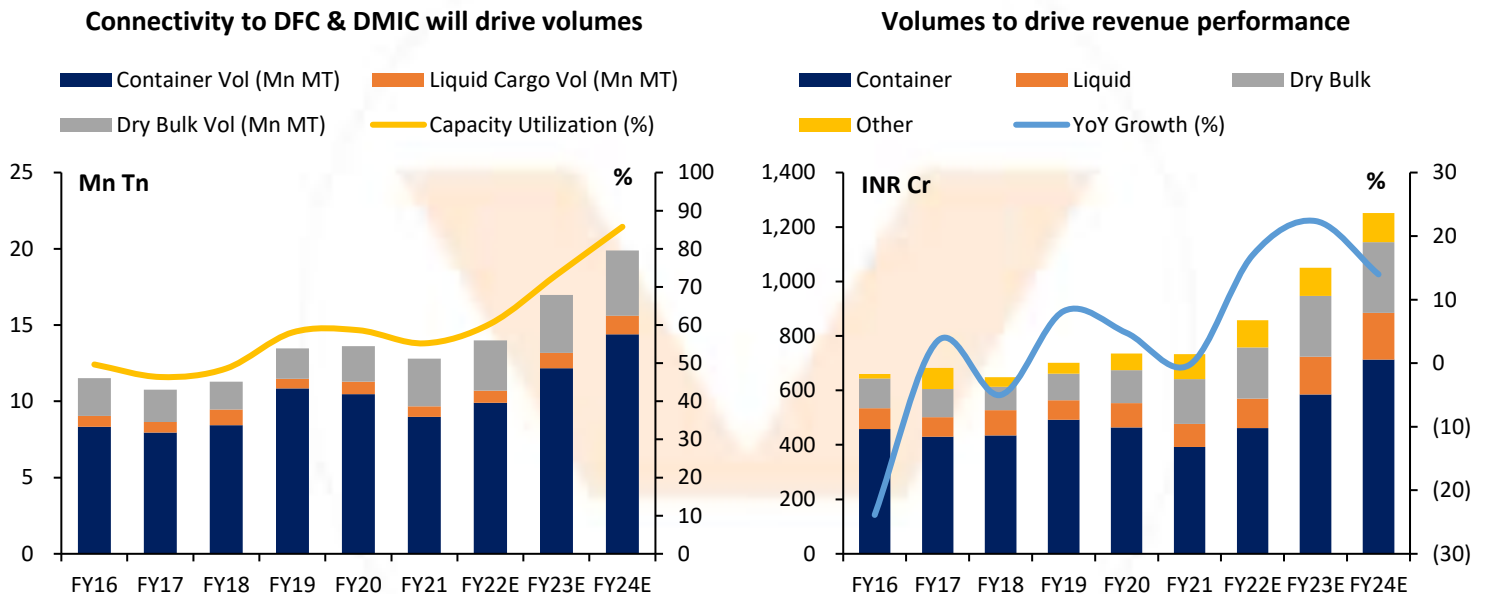
Source: Ventura Research, ACE Equity & Bloomberg

## Strong revenue growth on the cards

GPPL's revenues has experienced subdued growth of 4.2% CAGR to INR 734 cr over the period FY18-21 due to the pandemic, driven by

- Container cargo revenues degrowing at 3.4% CAGR to INR 392 cr (17.1% volume CAGR to 748 mn TEU),
- Liquid cargo revenues degrowing at 2.4% CAGR to INR 85 cr (12.3% volume CAGR decline to 0.7 mn MT), and
- Dry bulk cargo revenues growing at 24.2% CAGR to INR 165 cr (19.9% volume CAGR to 3.1 mn MT).

### Expected Rise in India's Merchandise Volumes to drive GPPL's Revenue Performance



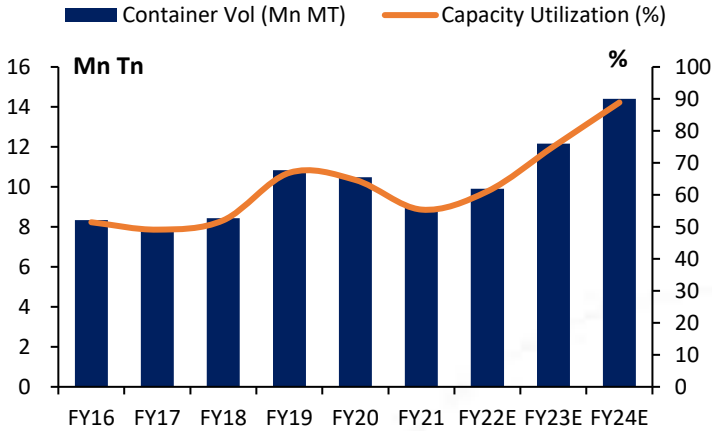
Source: Company Reports & Ventura Research

Going ahead we expect the overall revenues to grow at 17.9% CAGR to INR 1,202 cr by FY24, on the back of

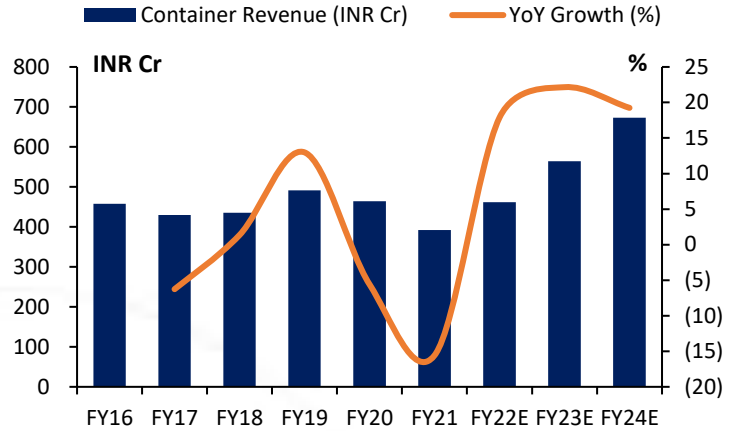
- Container cargo revenues growing at 19.7% CAGR to INR 673 cr (15.6% volume CAGR to 1,155 mn TEU),
- Liquid cargo revenues ramping-up at 25.4% CAGR to INR 169 cr (20.3% volume CAGR to 1.2 mn MT), and
- Dry bulk cargo revenues showing traction of 15.7% CAGR to INR 255 cr (11.0% volume CAGR to 4.3 mn MT).

**GPPL's Segmental Performance**

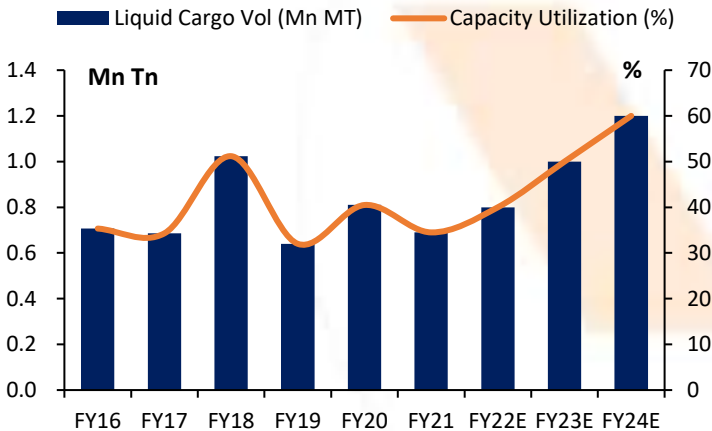
**India's merchandise trade to drive overall container volumes**



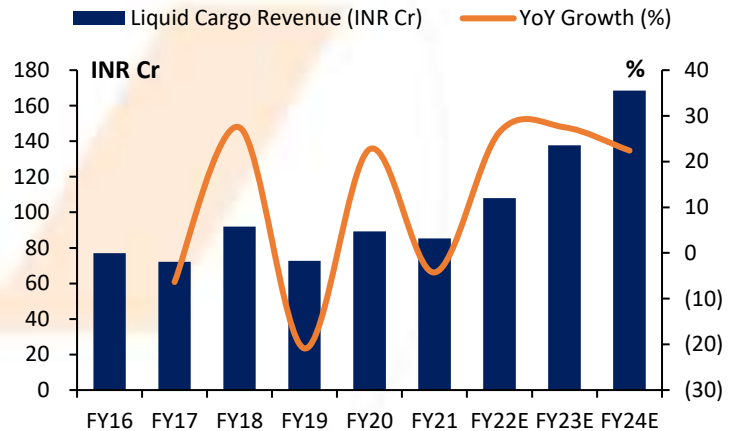
**Container volumes to drive segmental revenue performance**



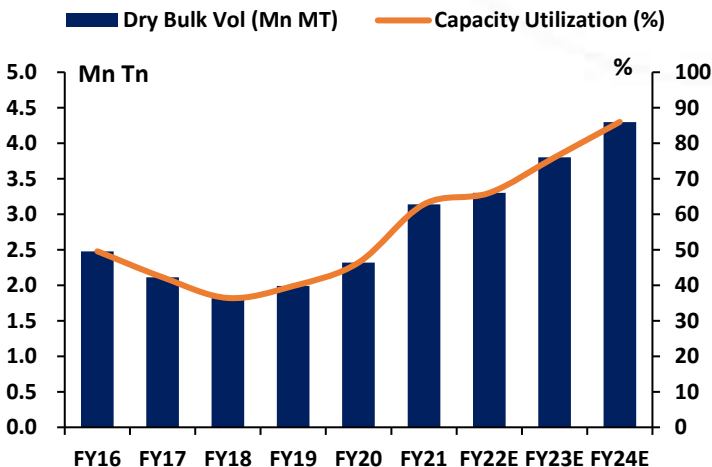
**Rise in India's energy requirement to improve liquid cargo volumes**



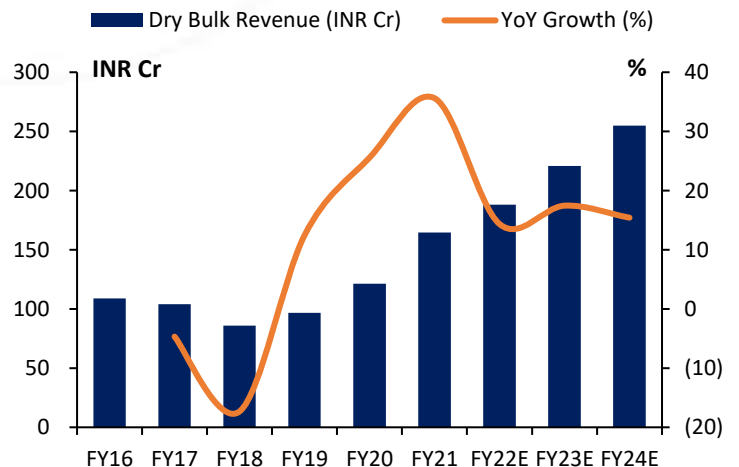
**Better capacity utilization to improve segment's revenue performance**



**Exports to drive dry bulk volumes from port**



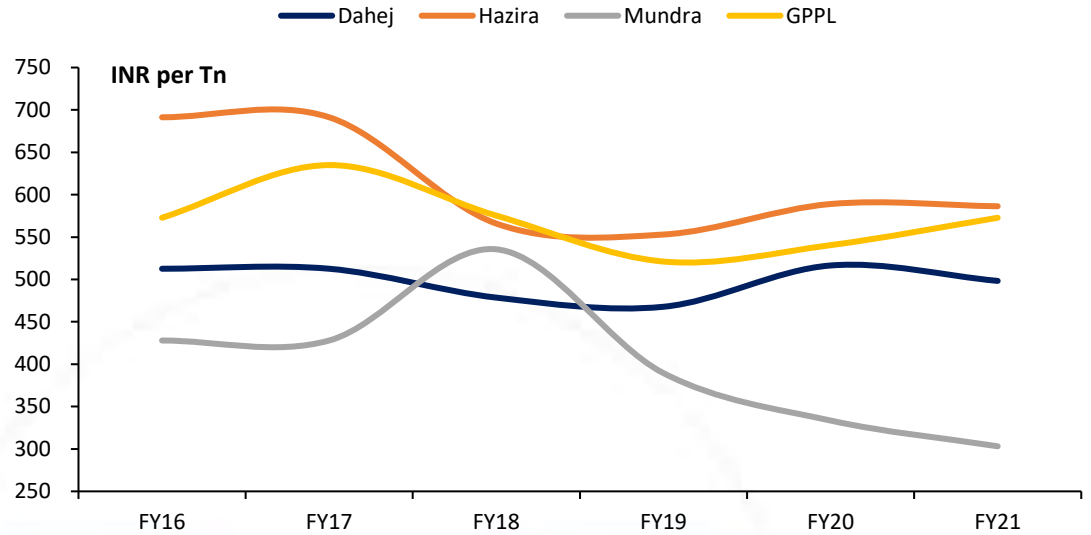
**Higher volumes ensures better revenue growth**



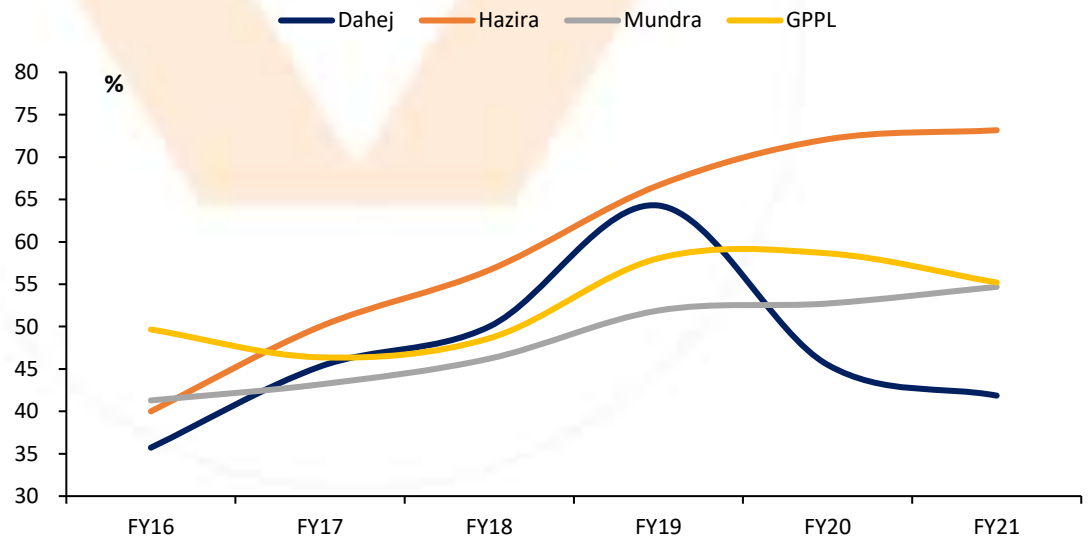
Source: Company Reports & Ventura Research

Amongst its peers GPPL's average realization is one of the highest, given that it does zero transshipment business.

**One of the best Average Per Unit Realization**



**Capacity Utilization of Peers**



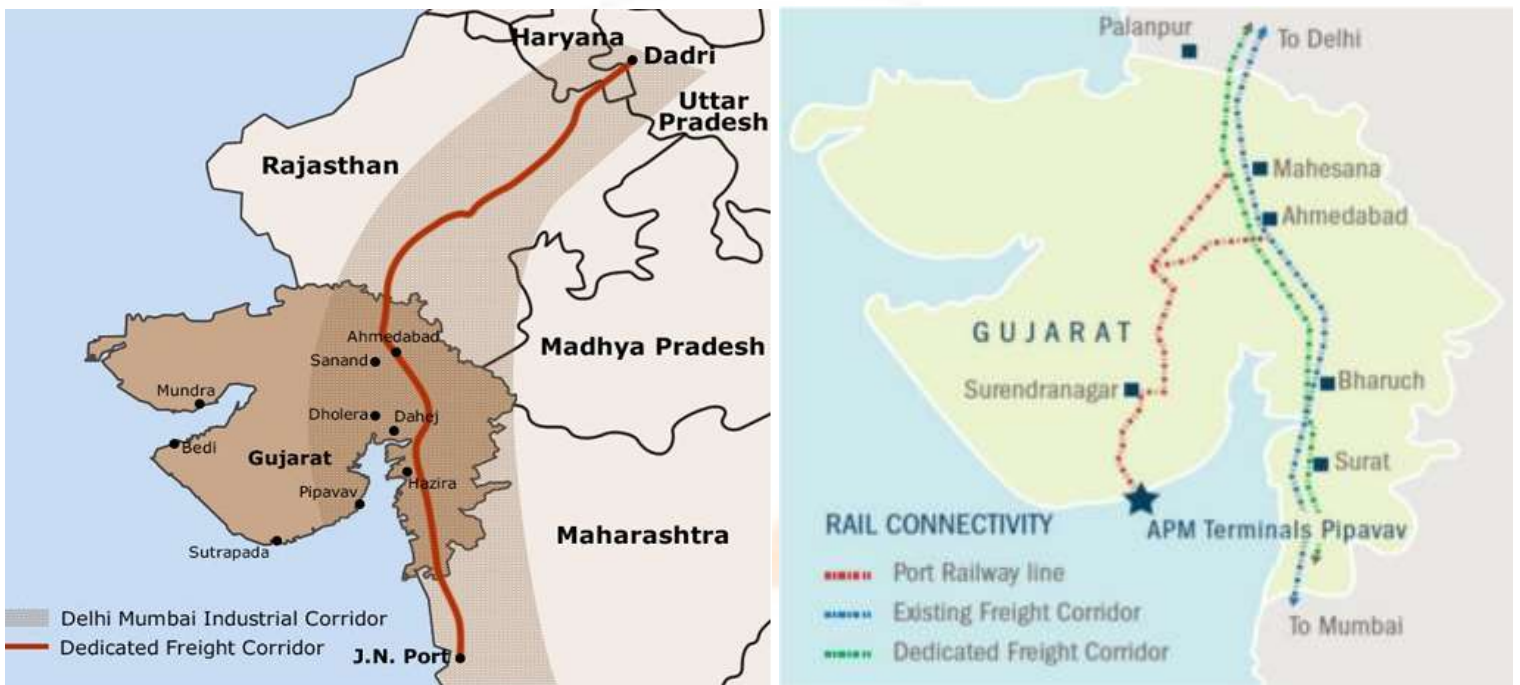
Source: Company Reports & Ventura Research

The key factors contributing to the stellar growth are enumerated below:

**Strategic Location – Proximity to Nhava Sheva and nearest port for key cargo generating regions of Rajasthan, Delhi/NCR, Punjab and Madhya Pradesh**

Pipavav port is strategically at the entrance of the Gulf of Khambat in Saurashtra (Gujarat), services imports from and exports to MENA and handles cargos from Rajasthan, Delhi/NCR, Punjab and Madhya Pradesh, which collectively contributes ~60% of India’s cargo.

**Pipavav handles cargo volumes of 7 states and it is enroute on DMIC and Western DFC corridors**



Source: Company Reports & Industry Articles

The ambitious Western DFC (WDFC) railway project that connects Punjab to Gujarat is on the verge of completion (June 2022). In addition, Indian Railways is procuring new wagons for DFC which will have a capacity of 32 tonnes (compared to the current capacity of 23 tonnes) and will also run double stack trains on heavy haul locomotives. This will substantially improve the wagon capacity per train. Higher capacity means more container volumes for ports. And with the WDFC connectivity to JNPT Mumbai deferred by another 2-3 years at the minimum, we expect GPPL to be the biggest beneficiary.

Nearly 60% of Gujarat’s industrial area located in DMIC and 40% of the total investments in the entire 1,535 km of the DFC is likely to be in Gujarat. This augurs well for long term revenues visibility.

## Growth opportunities from China+1 and ‘Make in India’

India has emerged as a preferred trading partner, after China, for global MNCs, and is expected to accelerate maritime trade in the coming years. China+1 policy would directly benefit India due to its

- Location advantage
- Improving infrastructure
- Favorable government policies
- Cost competitive economics
- Engineering expertise
- India itself is a huge underpenetrated market given its demographics and rapidly improving per capita income

Countries that already have free trade agreements (FTAs) with India are more inclined towards the China+1 policy and considering India as an alternative to China. Besides, the US, India, Japan, and Australia (QUAD group) are also negotiating to form a supply chain pact to reduce their dependency on Chinese supply.

### India’s Free Trade Agreement with 43 countries to benefit merchandize export

#### INDIA's Free Trade Agreements (FTA)

Proposed/Under consultation and study	13
Framework Agreement (FA) signed/FTA Under Negotiation	1
Under Negotiation	14
Signed but not yet In Effect	1
Signed and In Effect	14
<b>TOTAL</b>	<b>43</b>

Source: Asia Regional Integration Center

In addition, India’s thrust on domestic manufacturing (‘Make in India’ as well as ‘Make for India’), PLI, RoDTEP and the significant tax breaks awarded to new enterprises setting up businesses in India (up to 2023) are potential game changers for India’s industrial activities and export trade. This substantially adds to the volume growth outlook and hence we believe that high growth should sustain over the decade.

## Government thrust to overhaul the multimodal infrastructure will improve India’s competitiveness dramatically

India’s logistics and transportation infrastructure has been facing capacity constraints. The government aims to significantly boost the manufacturing sector to contribute an all-time high of about 25% of GDP by FY25, from below 16% currently, but that will require significant investments on rail, roads and ports.

The insufficient logistics infrastructure of India is overshadowing its competitiveness as an alternative to China. The World Bank Logistics Performance Index (LPI) has ranked India at around 40th in the world.

The World Bank Logistics Performance Index (LPI)						
World Bank LPI Score	2007	2010	2012	2014	2016	2018
Japan	4.0	4.0	3.9	3.9	4.0	4.0
South Korea	3.5	3.6	3.7	3.7	3.7	3.6
China	4.0	3.5	3.5	3.5	3.7	3.6
Taiwan	3.6	3.7	3.7	3.7	3.7	3.6
Thailand	3.3	3.3	3.2	3.4	3.3	3.4
Vietnam	2.9	3.0	3.0	3.7	3.0	3.3
Malaysia	3.5	3.4	3.5	3.6	3.4	3.2
<b>India</b>	<b>3.1</b>	<b>3.1</b>	<b>3.1</b>	<b>3.1</b>	<b>3.4</b>	<b>3.2</b>
Mexico	2.9	3.0	3.1	3.1	3.1	3.1
Philippines	2.7	3.1	3.0	3.0	2.9	2.9

Source: World Bank

Sagarmala in combination with DFCs and other infrastructure initiatives has the potential to lower logistics costs substantially thereby improving cost competitiveness (it is pertinent to note that sea transport costs INR 0.75 per Km compared to INR 1.50 per Km for rail transport and INR 2.30 per Km for road transport).

**Sagarmala (Line of Ports) and DFC (Western & Eastern Rail Connectivity) to enhance logistics**



Source: Ministry of Commerce



### Ambitious project of SAGARMALA to improve port connectivity

#### Road connectivity projects under SAGARMALA

State	No of Project	Length (Km)	Cost (\$ Bn)
Gujarat	4	690	3.00
Maharashtra	14	2,351	8.33
Goa	2	110	0.21
Karnataka	7	781	0.95
Kerala	21	220	0.69
Tamil Nadu	19	1,913	8.50
Andhra Pradesh	36	2,184	4.68
Odisha	4	62	0.10
West Bengal	5	275	1.44

#### Rail connectivity projects under SAGARMALA

Status	No of Project	Length (Km)	Cost (\$ Bn)
Completed	13	426	0.40
Under Implementation	27	1,967	2.92
Pre Implementation	30	1,854	3.93

#### Multimodal logistics parks under SAGARMALA

Status	No of Parks	Cost (\$ Bn)
Completed	1	18.62
Under Implementation	9	267.65
Pre Implementation	5	266.41

Source: Ministry of Shipping

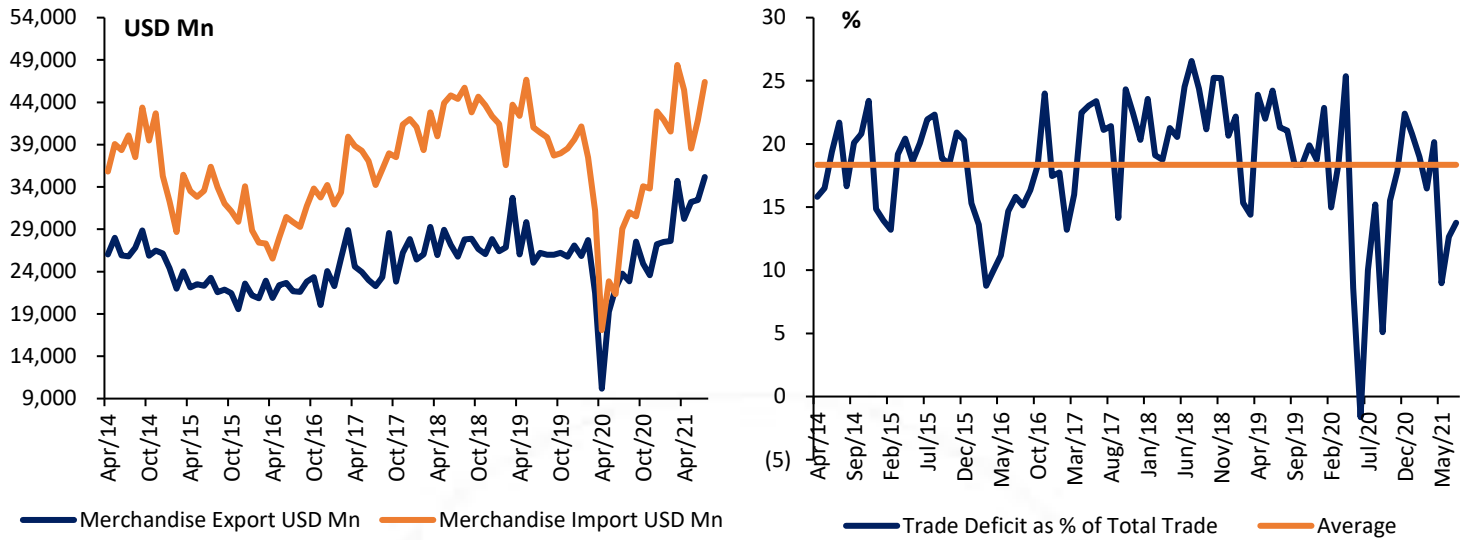
### Coastal Economic Zone (CEZ) planned under Sagarmala

CEZ	State	Districts Covered	Linkage Ports
Kachch	Gujarat	Kachchh	Deen Dayal, Mundra
Saurashtra	Gujarat	Junagarh, Amreli, Bhavnagar, Ahmedabad	Pipavav
Suryapur	Gujarat	Bharuch, Surat, Navsari, Valsad	Dahej, Hazira
North Konkan	Maharashtra	Nashik, Thane, Mumbai, Pune, Raigarh	JNPT, Mumbai
South Konkan	Maharashtra, Goa	Ratnagiri, Sindhudurg, North Goa, South Goa	Dighi, Jaigarh, Mormugao
Dakshin Kanara	Karnataka	Udupi, Dakshin Kannada, Kodagu, Mysore	New Mangalore
Malabar	Kerala	Ernakulam, Alappuzha Kollam, Thiruvananthapuram	Cochin
Mannar	Tamil Nadu	Kanyakumari, Tirunelveli, Thoothukudi	VOCT (Tuticorin)
Poompuhar	Tamil Nadu	Cuddalore, Perambalur, Ariyalur, Tiruchirappallu, Thanjavur, Thiruvarur, Nagapattinam	Cuddalore
VCIC South	Tamil Nadu	Thiruvallur, Chennai, Kancheepuram	Chennai, Kamarajar, Katupalli
VCIC Central	Andhra Pradesh	Chittoor, Nellore	Krishnapatnam
VCIC North	Andhra Pradesh	Guntur, Krishna, West Godavari, East Godavari, Visakhapatnam, Vizianagaram, Srikakulam	Vizag, Kakinada
Kalinga	Odisha	Puri, Jagatsinghapur, Cuttack, Kendrapara, Jajapur, Bhadrak	Paradip, Dhamara
Gaud	West Bengal	Purba Medinipur, South twenty Parganas	Kolkata, Haldia

Source: Ministry of Shipping

China+1 offers a chance for India to integrate itself further into global value chains. The early signs of export recoveries are visible – India reported USD 130 bn of export in Apr-Jul 2021, which was significantly higher than USD 75 bn in Apr-Jul 2020 (lower due to lockdown) and USD 107 bn in Apr-Jul 2019, which was a normal year.

**PLI, RoDTEP and China+1 to boost export in coming years**



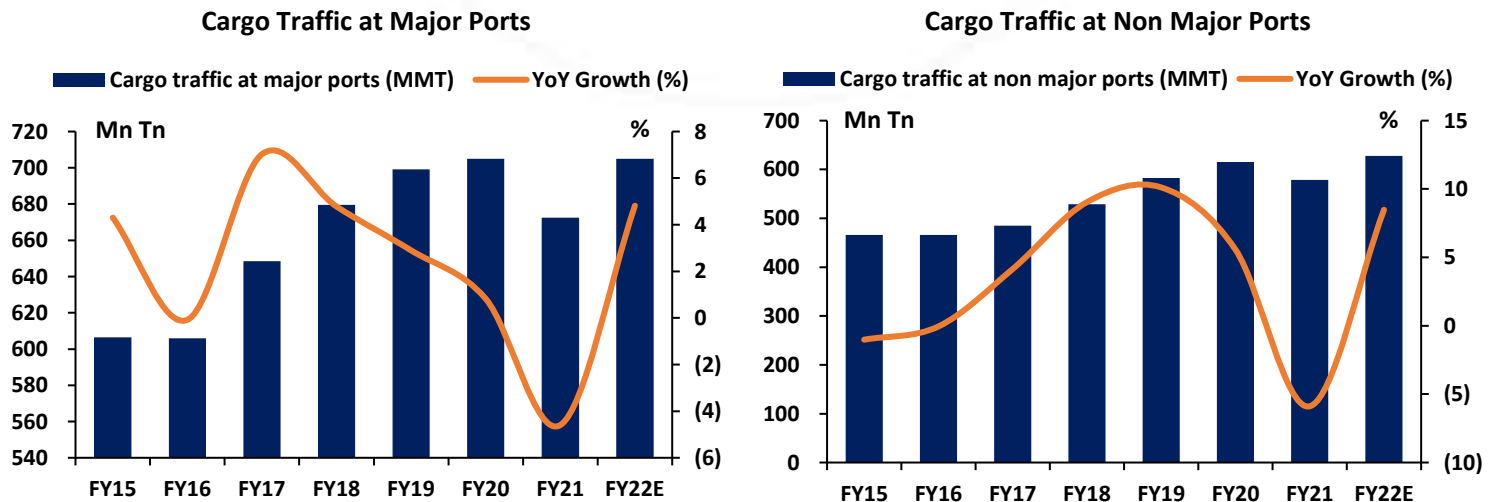
Source: Ministry of Commerce

**Rising volumes from non-major ports**

With the expected pick up in merchandise volumes and rising need for port infrastructure, we believe that the major ports will fall short of meeting demand. This provides opportunity to serve the incremental demand and increase their capacities in time

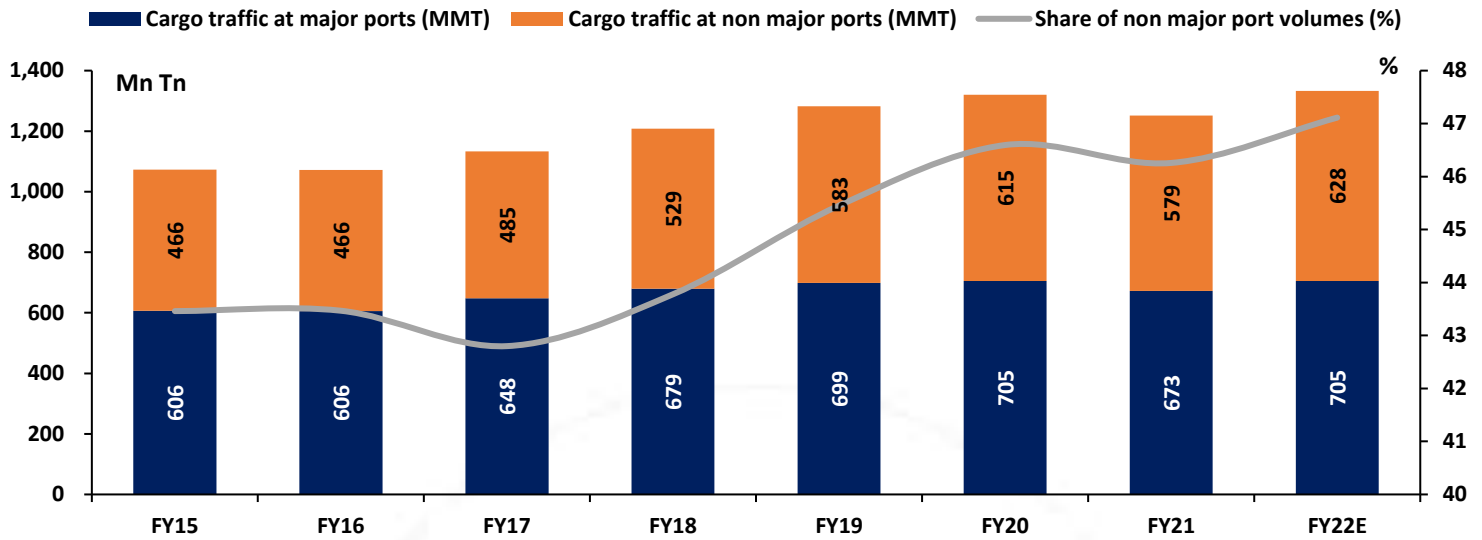
India has 12 major and 205 non-major ports. In the last few years, the growth in cargo volumes at non-major ports has been faster compared to major ports due to the pick-up in local manufacturing & industrial volumes and an improvement in logistics infrastructure. During FY15-20, cargo volumes at major ports grew at a CAGR of 3.1% to 673 mn MT, while at non-major ports, the volumes clocked a CAGR of 5.7% to 579 mn MT.

**Recovery in Non-Major Port Cargo is Better**



Source: Ministry of Shipping & Ventura Research

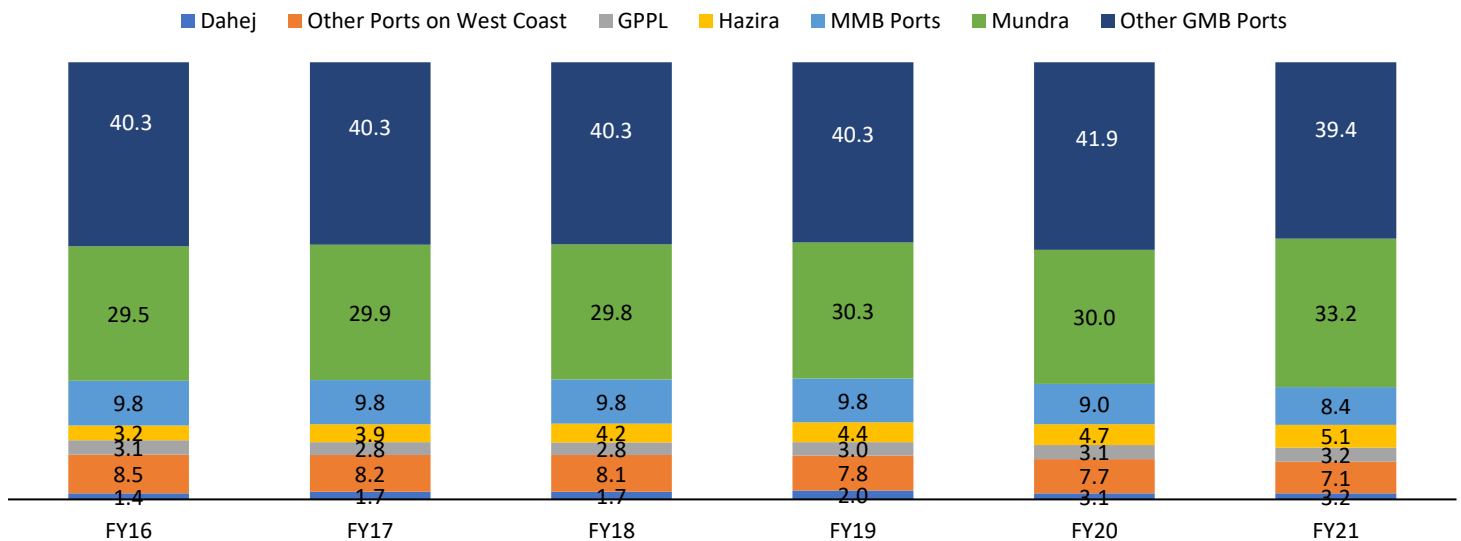
**Non-major ports are gaining traction due to improvement in local logistics infrastructure**



Source: Company Reports & Industry Articles

Despite rising competition on the western coast of India, the cargo volume share of GPLL has improved in the last 4-5 years due to its strategic location and modern infrastructure.

**Volume Market Share (in %) of Various Ports on the West Coast**



Source: Ministry of Commerce

**Catering to multi cargo services**

Pipavav port currently has a capacity to handle up to 1.35 million TEUs of containers, 4.0 mn MT of dry bulk cargo, 2.0 mn MT of liquid cargo and about 250,000 cars per year. Additional marine side and land side areas are available at the port for future development

**Well Equipped Infrastructure to Handle Multi Cargo Volumes**

Container	Bulk Cargo	Liquid Bulk	RoRo
<p><b>Capacity to handle 1.35 mn TEU containers</b></p> <p>Dedicated Container berths of total length 735m and maximum draft of 14.5m, 5 dedicated railway sidings, 8 Post Panamax Quay Cranes, 20 Rubber Tire Gantry Cranes (RTGs), 4 Rail Mounted Gantry Cranes (RMGC), 3 Reach Stackers, 2 Empty Handlers and associated support infrastructure</p>	<p><b>Capacity to handle 4.0 mn MT of Dry Bulk Cargo</b></p> <p>One dedicated berth with alongside draft of 13.5m equipped with 3 shore cranes and 4 dedicated railway sidings for bulk cargoes. Commodity mix - Coal, Fertilizers, Minerals, Agri Products and Project Cargoes</p>	<p><b>Capacity to handle 2.0 mn MT of Liquid Bulk</b></p> <p>One dedicated berth with alongside draft of 12 m. ~ 4,70,000 KL (123 tankages) of operational tankage capacity for all classes of cargo (LPG, POL, Chemicals, Veg Oil, Bitumen etc.)</p>	<p><b>Capacity to handle 2,50,000 passenger cars</b></p> <p>The port is equipped with a stock yard for around 6,000 cars along with a Pre-Delivery Inspection (PDI) facility - This includes a mobilisation yard with a capacity to accommodate approximately 1,200 cars on the Quay</p>

Source: Company Reports

The port is positioned opposite two islands, which act as a natural breakwater, the port is safe in all weather conditions, even during the monsoon season. In May 2021, cyclone Tauktae hit the western coast of India, and this was the first time Pipavav Port was hit by a cyclone. A draft availability of 14.5 m ensures that even large vessels can be serviced, improving GPPL attractiveness as a port of call.

**Excellent rail-road connectivity to North and North -Western India**

GPPL has a 38.8% stake in Pipavav Railways Corp Ltd (PRCL), a JV with the Indian Railways. PRCL has a 271 km rail line which runs from Pipavav to Surendranagar, which is a junction and connects Pipavav port to Ahmedabad and Mehsana, which are on the main line of WDFC.

**PRCL Rail Connectivity**



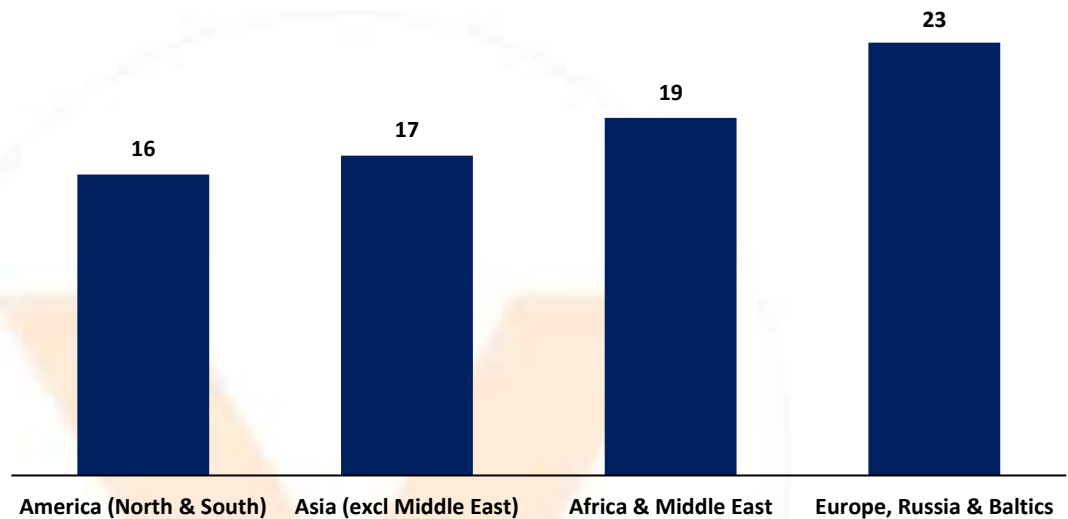
Source: Company Reports

This entire railway line from Pipavav to Ahmedabad and Mehsana has the capacity to handle double stack trains, which is in-line with the infrastructure of WDFC

### Strong parental backing and expertise from AP Moller Maersk

GPPL is backed by the AP Moller Maersk (APMM) group, headquartered in The Hague, Netherlands. It is the world’s largest port and terminal operator with 75 ports and terminal facilities in 42 countries. The company provides port management and operations to over 60 shipping companies and serves the world’s leading importers and exporters.

**Number of APMM ports and terminals in different continents**



Source: Company Reports

APMM is bullish on India’s maritime growth story and has plans to expand the port capacities in the coming years and announced a capex plan of USD 97 mn (INR 730 cr) to enhance container capacity to 1.60 mn TEU at Pipavav Port. This will include the purchase of four Wharf Cranes (USD 3 mn each), two Yard Crane (USD 40 mn each) and the remaining USD 5 mn on container yard and basic port infrastructure for new cranes. However, this expansion will depend on the renewal of the concession agreement with Gujarat Maritime Board (GMB), which is expiring in September 2028.

APMM has complied with all the required parameters and guidelines (as per international standards) to renew the concession and requested GMB to confirm the status on renewal in the current year of 2021. The renewal is expected to be for the minimum period of 20 years.

#### Management’s commentary on concession in Q1FY22 result conference call

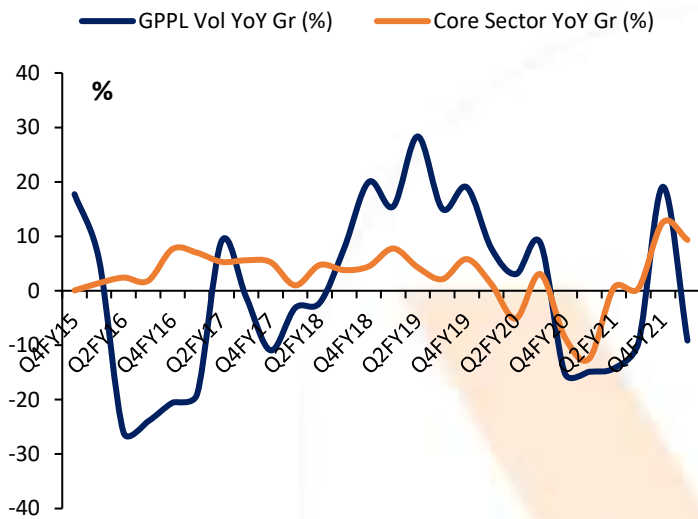
*“On the concession, its ongoing. We are on the right track and in fact, yesterday only we had confirmation verbally from GMB that we are doing all the right things. GMB has sought third party assistance from a consultancy on this. All is good in our communication with GMB and the process is ongoing and it’s going as fast as it can. We are hopeful of getting confirmation this year.” – Mr Santosh Breed, CFO, Gujarat Pipavav Ports Ltd*

## High correlation to core sector and industrial activity indicates encouraging prospects for GPPL

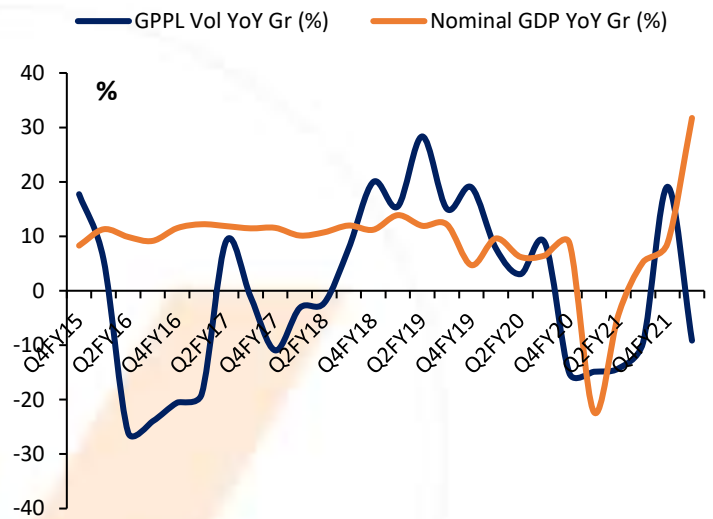
Port activity is highly correlated to core sector growth and industrial activity as shown in the charts below. With the government focused on reviving the core sector and industrial activity, port volumes are also expected to gain strong traction. We expect GPPL to be a beneficiary of the infrastructure growth story.

### GPPL's Volume Performance Correlation with Leading Economic Indicators

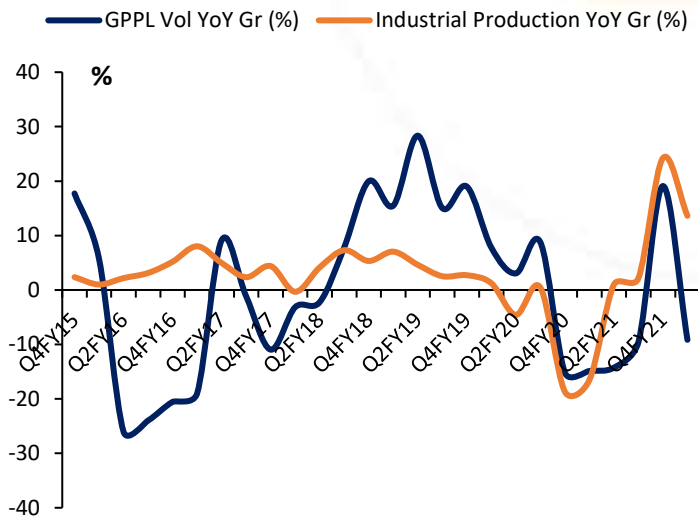
**Highly Correlated to Core Sector Growth**



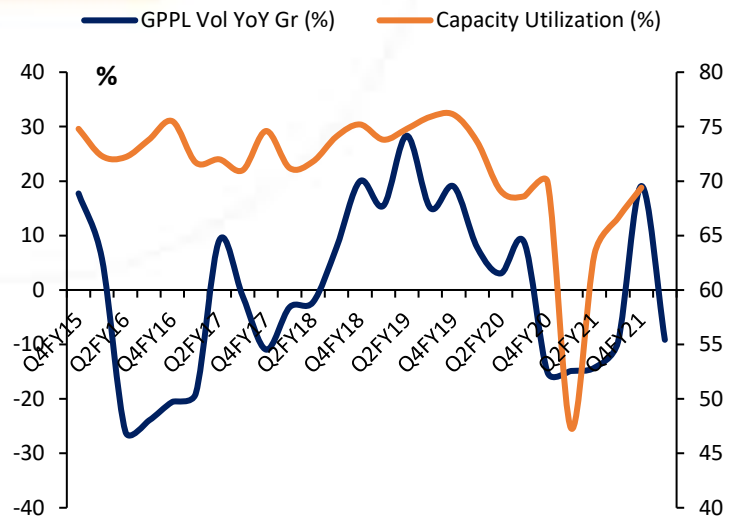
**Very Low Correlation to Nominal GDP**



**Highly Correlated to Industrial Production**



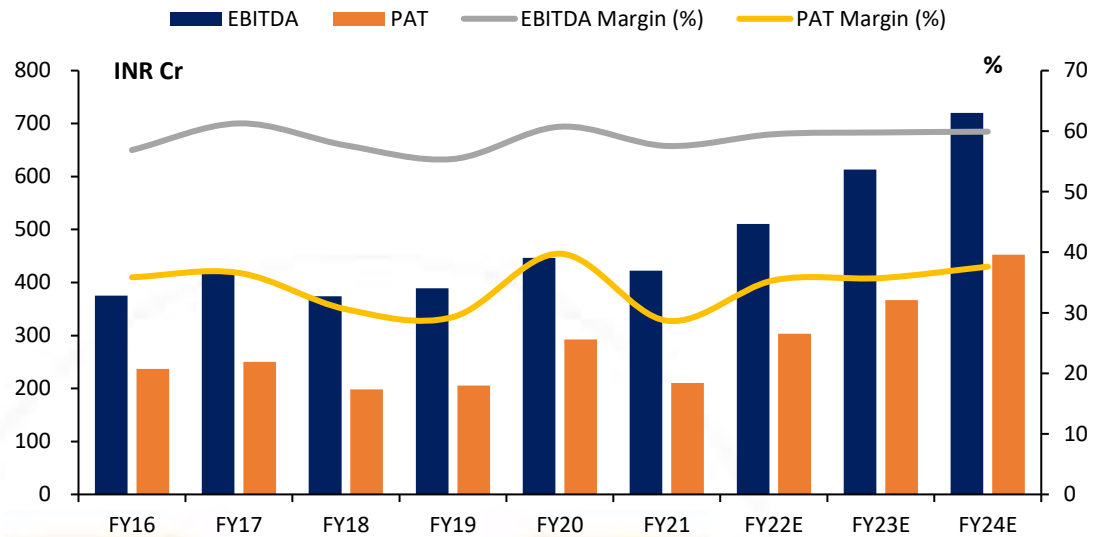
**Highly Correlated to Capacity Utilization**



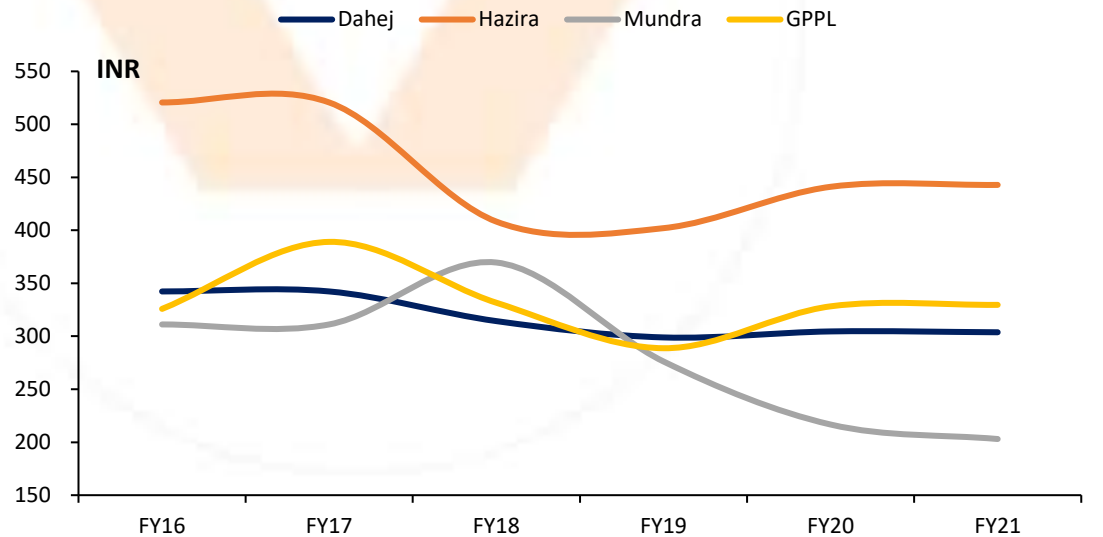
Source: Ministry of Commerce

**Profitability to witness marked improvement given the stabilization of margins and effect of operating leverage**

**Margins to remain stable and gradually improve with capacity utilization**



**EBITDA per Tonne is in-line with peers**



Source: Company Reports & Ventura Research

## Management Team

Key Persons	Designation	Details
<b>Mr Tejpreet Singh Chopra</b>	Chairman	He holds an MBA degree from Cornell University - Johnson Graduate School of Management and has experience in the renewables and environment industry. He has worked in the areas of Port Operations, Wind Energy, Leveraged Finance, Six Sigma, and Capital Markets.
<b>Mr Jakob Friis Sorensen</b>	Managing Director	He holds an MBA degree from Henley Management College, UK and has been associated with AP Moller Maersk Group for more than 34 years and appointed as a MD in Jan 2020
<b>Mr Santosh Breed</b>	CFO	He has been associated with AP Moller Maersk Group for more than 20 years and appointed as a CFO in Nov 2017

Source: Company Reports

## Key Risks & Concerns

- In case the concession is not renewed then the business case would be that GPPL would have to transfer the port along with all its facilities to either the government or the future port operator. However, this is a very low probability outcome and the management is fairly confident that the concession would get renewed.

Taking into consideration the net present value of cash flows until FY28 (sum total INR 39 per share) and the FY21 book value per share of INR 42, we get a realizable value of INR 81 per share. Implicit in this calculation is the fact that assets are valued at book without taking into consideration the replacement cost which is substantially higher than the CMP of INR 101. It is safe to consider the fact that the stock is virtually available at distressed valuation.

- Gujarat has been a key industrial and manufacturing state. Over capacity at regional levels is one of the key concerns in the port industry.
- Government has plans to reduce its dependency on fossil fuels, which could reduce the import of crude oil, LPG and other petroleum products
- GPPL faces risks due to natural calamities. Recently, Taute cyclone disrupted Pipavav port operations for a couple of weeks during Apr 2021



### Quarterly and Annual Performance

Figures in INR Crores	Q1FY20	Q2FY20	Q3FY20	Q4FY20	FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	FY21	Q1FY22	FY22E	FY23E	FY24E
Total Container Vol (000 TEU)	221.0	224.0	231.0	197.0	873.0	186.0	168.0	199.0	195.0	748.0	150.0	825.0	988.0	1,155.0
Container Revenue					464.2					391.9		462.0	564.3	672.9
Liquid Cargo Vol (Mn MT)	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.7	0.1	0.8	1.0	1.2
Liquid Revenue					89.2					85.4		108.0	137.7	168.5
Dry Bulk Vol (Mn MT)	0.5	0.7	0.7	0.4	2.3	0.4	0.9	0.8	1.0	3.1	0.7	3.3	3.8	4.3
Dry Bulk Revenue					121.3					164.5		188.1	220.9	255.0
Other Operating Revenue					60.7					91.7		100.0	103.0	106.1
<b>Revenue from Operations</b>	<b>177.6</b>	<b>199.2</b>	<b>196.6</b>	<b>161.9</b>	<b>735.4</b>	<b>159.0</b>	<b>182.7</b>	<b>198.4</b>	<b>193.4</b>	<b>733.5</b>	<b>159.6</b>	<b>858.1</b>	<b>1,026.0</b>	<b>1,202.3</b>
YoY Growth (%)	0.0	0.0	0.0	0.0	4.8	(10.5)	(8.3)	0.9	19.4	(0.3)	0.4	17.0	19.6	17.2
Operating Expenses	31.0	33.5	37.2	25.4	127.1	24.8	40.9	38.5	33.2	137.5	29.0	156.1	191.3	228.8
YoY Growth (%)	0.0	0.0	0.0	0.0	(11.9)	(20.0)	22.2	3.5	30.9	8.2	16.7	13.6	22.5	19.6
Employee Cost	14.5	13.6	14.4	14.1	56.7	16.3	15.3	18.7	16.8	67.2	18.0	80.5	100.3	122.2
YoY Growth (%)	0.0	0.0	0.0	0.0	(5.0)	12.1	12.3	30.2	18.9	18.4	11.0	19.8	24.7	21.8
Other Expenses	29.7	25.4	28.0	22.0	105.0	22.4	23.5	31.1	27.8	106.7	24.7	111.0	121.0	131.0
YoY Growth (%)	0.0	0.0	0.0	0.0	(3.9)	(24.5)	(7.4)	11.4	26.5	1.7	10.2	4.0	9.0	8.3
<b>EBITDA</b>	<b>102.4</b>	<b>126.7</b>	<b>117.1</b>	<b>100.4</b>	<b>446.6</b>	<b>95.5</b>	<b>102.9</b>	<b>110.0</b>	<b>115.6</b>	<b>422.1</b>	<b>87.9</b>	<b>510.5</b>	<b>613.4</b>	<b>720.3</b>
YoY Growth (%)	0.0	0.0	0.0	0.0	14.9	(6.8)	(18.8)	(6.0)	15.1	(5.5)	(7.9)	20.9	20.1	17.4
Margin (%)	57.7	63.6	59.5	62.0	60.7	60.1	56.3	55.5	59.7	57.6	55.1	59.5	59.8	59.9
Depreciation & Amortization	31.6	32.7	33.3	33.8	131.5	33.1	33.6	33.3	33.5	133.5	33.4	144.3	156.9	155.2
<b>EBIT</b>	<b>70.8</b>	<b>94.0</b>	<b>83.8</b>	<b>66.6</b>	<b>315.2</b>	<b>62.4</b>	<b>69.3</b>	<b>76.8</b>	<b>82.1</b>	<b>288.7</b>	<b>54.5</b>	<b>366.2</b>	<b>456.4</b>	<b>565.1</b>
YoY Growth (%)	0.0	0.0	0.0	0.0	14.2	(11.9)	(26.2)	(8.4)	23.3	(8.4)	(12.6)	26.9	24.6	23.8
Margin (%)	39.9	47.2	42.6	41.1	42.9	39.2	38.0	38.7	42.4	39.4	34.2	42.7	44.5	47.0
Other Income	16.1	11.6	11.4	11.8	50.9	11.1	13.4	8.4	9.4	44.2	7.3	42.0	40.0	40.0
Finance Cost	1.7	1.8	1.9	2.0	7.4	1.7	1.6	1.5	1.5	6.3	1.3	6.4	6.5	0.7
<b>PBT</b>	<b>85.3</b>	<b>103.8</b>	<b>93.2</b>	<b>76.4</b>	<b>358.7</b>	<b>71.8</b>	<b>81.1</b>	<b>83.7</b>	<b>90.0</b>	<b>326.6</b>	<b>60.5</b>	<b>401.8</b>	<b>490.0</b>	<b>604.4</b>
YoY Growth (%)	0.0	0.0	0.0	0.0	11.8	(15.8)	(21.9)	(10.2)	17.9	(8.9)	(15.7)	23.1	21.9	23.4
Margin (%)	48.0	52.1	47.4	47.2	48.8	45.1	44.4	42.2	46.5	44.5	37.9	46.8	47.8	50.3
Reported Tax	28.8	36.1	(27.1)	28.5	66.3	25.3	28.6	29.4	32.8	116.1	17.4	98.3	123.3	152.1
Tax Rate (%)	33.8	34.8	(29.1)	37.3	18.5	35.3	35.3	35.1	36.4	35.6	28.8	24.5	25.2	25.2
<b>PAT</b>	<b>56.4</b>	<b>67.7</b>	<b>120.4</b>	<b>47.9</b>	<b>292.4</b>	<b>46.4</b>	<b>52.4</b>	<b>54.3</b>	<b>57.2</b>	<b>210.4</b>	<b>43.1</b>	<b>303.5</b>	<b>366.6</b>	<b>452.3</b>
YoY Growth (%)	0.0	0.0	0.0	0.0	42.2	(17.8)	(22.5)	(54.9)	19.5	(28.0)	(7.2)	44.2	20.8	23.4
Margin (%)	31.8	34.0	61.2	29.6	39.8	29.2	28.7	27.4	29.6	28.7	27.0	35.4	35.7	37.6
Adjusted EPS	1.2	1.4	2.5	1.0	6.0	1.0	1.1	1.1	1.2	4.4	0.9	6.3	7.6	9.4
Return on Equity					14.0					10.4		15.1	18.1	22.1
Return on Invested Capital					13.7					13.6		17.9	23.8	27.6

Source: Company Reports &amp; Ventura Research

## Financial Analysis & Projections

Figures are in INR Crores	FY20	FY21	FY22E	FY23E	FY24E	Figures are in INR Crores	FY20	FY21	FY22E	FY23E	FY24E
<b>Income Statement</b>						<b>Per Share Data &amp; Yields</b>					
Revenue	735.4	733.5	858.1	1,026.0	1,202.3	Adjusted EPS	6.0	4.4	6.3	7.6	9.4
YoY Growth (%)	4.8	(0.3)	17.0	19.6	17.2	Adjusted Cash EPS	8.8	7.1	9.3	10.8	12.6
Operating Expenses	127.1	137.5	156.1	191.3	228.8	Adjusted BVPS	43.1	42.0	41.5	41.9	42.3
YoY Growth (%)	(11.9)	8.2	13.6	22.5	19.6	FCF per share	7.9	5.7	4.5	4.0	5.7
Employee Cost	56.7	67.2	80.5	100.3	122.2	FCF Yield (%)	7.9	5.7	4.5	4.0	5.7
YoY Growth (%)	(5.0)	18.4	19.8	24.7	21.8	CFO per share	7.0	7.9	10.0	11.8	13.5
Other Expenses	105.0	106.7	111.0	121.0	131.0	CFO Yield (%)	7.0	7.9	9.9	11.7	13.4
YoY Growth (%)	(3.9)	1.7	4.0	9.0	8.3	<b>Solvency Ratio (X)</b>					
EBITDA	446.6	422.1	510.5	613.4	720.3	Total Debt to Equity	0.0	0.0	0.0	0.0	0.0
YoY Growth (%)	14.9	(5.5)	20.9	20.1	17.4	Net Debt to Equity	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Margin (%)	60.7	57.6	59.5	59.8	59.9	Net Debt to EBITDA	(1.3)	(1.6)	(1.3)	(1.0)	(0.7)
Depreciation & Amortization	131.5	133.5	144.3	156.9	155.2	Interest Coverage Ratio	42.7	45.7	57.4	70.5	836.7
EBIT	315.2	288.7	366.2	456.4	565.1	<b>Return Ratios (%)</b>					
YoY Growth (%)	14.2	(8.4)	26.9	24.6	23.8	Return on Equity	14.0	10.4	15.1	18.1	22.1
Margin (%)	42.9	39.4	42.7	44.5	47.0	Return on Capital Employed	9.5	8.9	11.7	16.9	20.7
Other Income	50.9	44.2	42.0	40.0	40.0	Return on Invested Capital	13.7	13.6	17.9	23.8	27.6
Finance Cost	7.4	6.3	6.4	6.5	0.7	<b>Working Capital</b>					
PBT	358.7	326.6	401.8	490.0	604.4	Inventory Days	4	5	5	5	5
YoY Growth (%)	11.8	(8.9)	23.1	21.9	23.4	Receivable Days	23	22	22	21	20
Margin (%)	48.8	44.5	46.8	47.8	50.3	Payable Days	15	17	16	15	15
Reported Tax	66.3	116.1	98.3	123.3	152.1	Net Working Capital Days	12	10	11	11	10
Tax Rate (%)	18.5	35.6	24.5	25.2	25.2	Net Working Capital to Sales (%)	3.2	2.8	3.0	3.0	2.7
PAT	292.4	210.4	303.5	366.6	452.3	<b>Valuation (X)</b>					
YoY Growth (%)	42.2	(28.0)	44.2	20.8	23.4	P/E Ratio	16.7	23.2	16.1	13.3	10.8
Margin (%)	39.8	28.7	35.4	35.7	37.6	P/BV Ratio	2.3	2.4	2.4	2.4	2.4
<b>Balance Sheet</b>						EV/EBITDA	9.6	10.0	8.2	7.0	6.1
Share Capital	483.4	483.4	483.4	483.4	483.4	EV/Sales	5.8	5.7	4.9	4.2	3.6
Total Reserves	1,601.4	1,548.8	1,522.3	1,540.6	1,563.2	<b>Cash Flow Statement</b>					
Shareholders' Fund	2,084.8	2,032.2	2,005.7	2,024.0	2,046.6	Profit Before Tax	358.7	326.6	401.8	490.0	604.4
LT Lease Liabilities	39.6	24.5	11.5	0.0	0.0	Adjustments	44.0	170.6	183.4	207.9	202.9
Other LT Financial Liabilities	3.4	6.9	8.1	9.7	11.3	Change in Working Capital	3.2	3.0	(5.2)	(5.1)	(2.0)
LT Employee Benefit Obligations	3.2	4.0	4.8	6.0	7.3	Less: Tax Paid	(66.3)	(116.1)	(98.3)	(123.3)	(152.1)
Deferred Tax Liabilities	49.4	100.7	100.7	100.7	100.7	<b>Cash Flow from Operations</b>	<b>339.5</b>	<b>384.1</b>	<b>481.7</b>	<b>569.5</b>	<b>653.1</b>
Other Non Current Liabilities	59.6	52.1	61.0	72.9	85.4	Net Capital Expenditure	(14.8)	(44.8)	(200.0)	(300.0)	(300.0)
<b>Total Liabilities</b>	<b>2,240.1</b>	<b>2,220.4</b>	<b>2,191.7</b>	<b>2,213.3</b>	<b>2,251.4</b>	Change in Investments	(66.3)	(56.3)	146.8	125.0	0.0
Gross Block	2,052.8	2,059.9	2,259.9	2,559.9	2,859.9	<b>Cash Flow from Investing</b>	<b>(81.1)</b>	<b>(101.0)</b>	<b>(53.2)</b>	<b>(175.0)</b>	<b>(300.0)</b>
Less: Accumulated Depreciation	525.1	634.4	757.0	895.9	1,051.1	Net Payment of Lease Liabilities	58.5	(12.0)	(24.7)	(21.8)	0.0
<b>Net Block</b>	<b>1,527.7</b>	<b>1,425.5</b>	<b>1,502.9</b>	<b>1,663.9</b>	<b>1,808.7</b>	Less: Finance Cost	(7.4)	(6.3)	(6.4)	(6.5)	(0.7)
Right of Use Assets	54.4	39.7	18.0	0.0	0.0	Dividends Paid	(227.2)	(270.5)	(330.0)	(348.3)	(429.7)
Capital Work in Progress	5.7	52.8	0.0	0.0	0.0	Change in Other Liabilities	(74.3)	(6.9)	0.0	0.0	0.0
Intangible Assets	0.4	2.1	2.1	2.1	2.1	<b>Cash Flow from Financing</b>	<b>(250.3)</b>	<b>(295.7)</b>	<b>(361.1)</b>	<b>(376.6)</b>	<b>(430.3)</b>
Investment in Associates	83.0	83.0	83.0	83.0	83.0	<b>Net Cash Flow</b>	<b>8.2</b>	<b>(12.6)</b>	<b>67.4</b>	<b>17.9</b>	<b>(77.2)</b>
Other LT Financial Assets	22.0	22.4	26.2	31.3	36.7	Opening Balance of Cash	10.8	19.0	6.3	73.7	91.6
Income Tax Assets	15.6	18.0	18.0	18.0	18.0	<b>Closing Balance of Cash</b>	<b>19.0</b>	<b>6.3</b>	<b>73.7</b>	<b>91.6</b>	<b>14.4</b>
Deferred Tax Assets	0.0	0.0	0.0	0.0	0.0						
Other Non Current Assets	0.0	2.0	2.0	2.0	2.0						
Net Current Assets	531.1	575.0	539.6	412.9	300.9						
<b>Total Assets</b>	<b>2,240.1</b>	<b>2,220.4</b>	<b>2,191.7</b>	<b>2,213.3</b>	<b>2,251.4</b>						

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