

April 21, 2017

The March PORTfolio



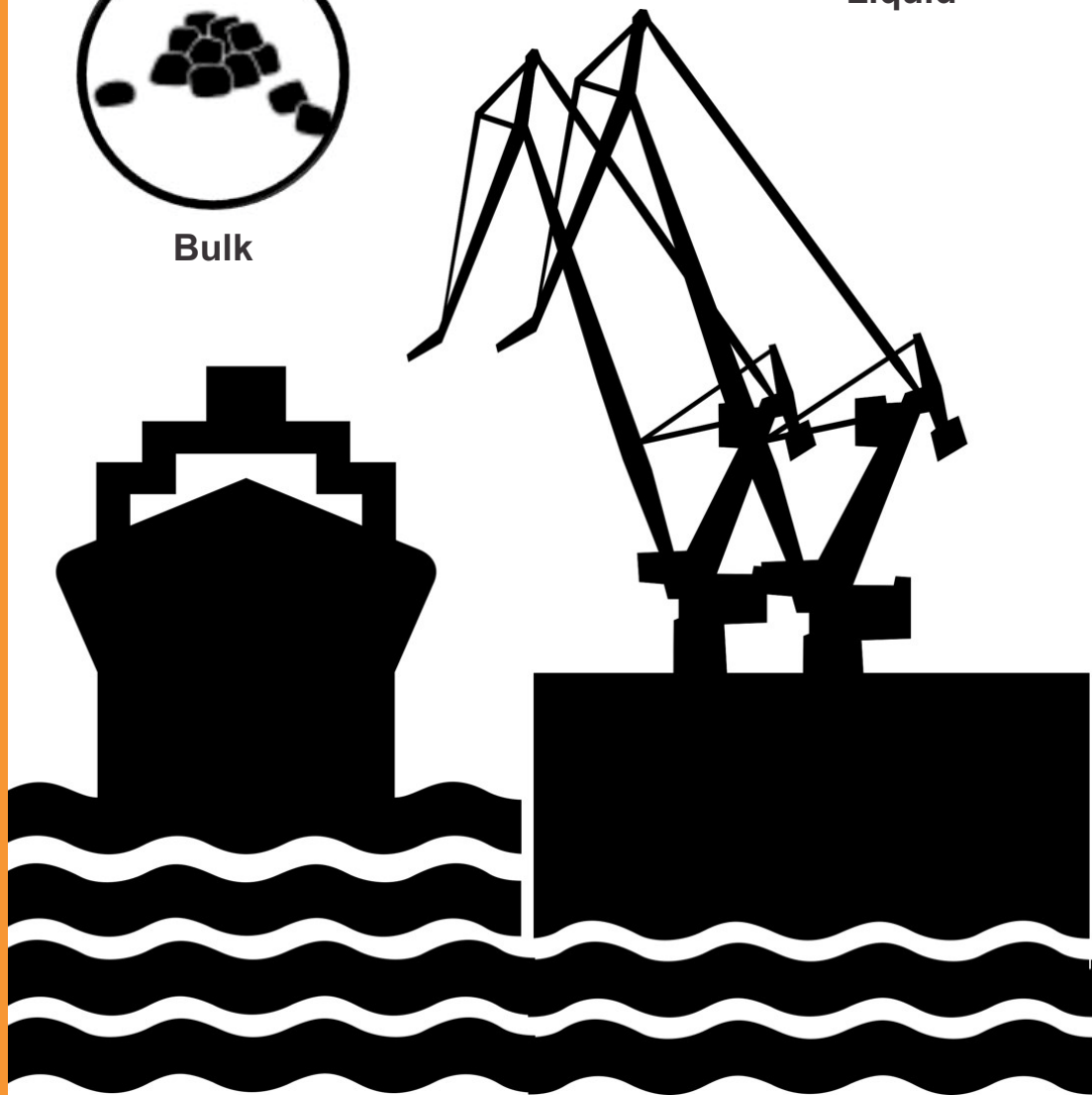
Container



Liquid



Bulk



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Ports

The March PORTfolio



- Major Indian ports handled 61.3mn tons of cargo in the month of March 2017, clocking a growth of 9.5% YoY and 20.4% MoM. The major growth drivers were POL (13.9% YoY), iron ore (+120% YoY) and others category (+62% YoY) while coal (-16% YoY) and fertilizer (-17% YoY) witnessed a decline
- Mormugao (+52% YoY), Cochin (+52% YoY) and Paradip (+9.5% YoY) witnessed healthy growth in monthly volumes whereas VOC (-6.5% YoY) and Ennore (-15% YoY) declined
- Coal traffic for March 2017 declined 16.1% YoY to 11.8mn tons, driven by a decline at Paradip (-24% YoY), Vizag (-52% YoY), Ennore (-23% YoY) and Haldia (-39% YoY) while Mumbai reported a growth of 190% YoY
- Container traffic for March 2017 grew by 6.6% YoY to 0.79mn TEUs, driven by volume growth at JNPT (+6.4% YoY), Haldia (+125% YoY) and Cochin (+18.4% YoY)

Adani Ports	BUY
CMP	Target Price
332	355

Gujarat Pipavav	HOLD
CMP	Target Price
164	150

Coal handled at major Indian ports down 16.1% YoY in March 2017

- Coal traffic for March 2017 declined 16.1% YoY to 11.8mn tons, driven by a decline at Paradip (-24% YoY), Vizag (-52% YoY), Ennore (-23% YoY) and Haldia (-39% YoY) while Mumbai reported a growth of 190% YoY.
- In FY17, coal traffic at major Indian ports declined 9.9% YoY to 140mn tons as East coast ports declined 13.6% YoY (71% share in total volume). All the ports on the East coast posted a coal volume decline led by Vizag (-28% YoY) and Paradip (-11% YoY).
- While, West coast ports' coal volumes were relatively flat on a YoY basis in FY17 led by New Mangalore (+9% YoY) and Kandla (+4% YoY).

Container traffic at major Indian ports up 6.6% YoY in March 2017

- Container traffic for March 2017 grew by 6.6% YoY to 0.79mn TEUs, driven by volume growth at JNPT (+6.4% YoY), Haldia (+125% YoY) and Cochin (+18.4% YoY).
- In FY17, container traffic at major Indian ports grew 3% YoY to 8.4mn TEUs. Vizag (+25.3% YoY, 4.3% share in total volume), Cochin (+17.2% YoY, 5.8% share in total volume), Haldia (+60% YoY, 1.6% share in total volume) and Kolkata (+10% YoY, 7.5% share in total volume) were the major growth drivers.
- Two of the largest Indian container ports, JNPT (+0.2% YoY, 53.3% share in total volume) and Chennai (-4.5% YoY, 17.7% share in total volume) have exhibited subdued performance in FY17.

Financial Snapshot (Consolidated)

(Rs mn)	EPS		EV/EBITDA		P/E	
	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
Adani Ports	16.9	19.0	14.5	12.5	19.7	17.5
Gujarat Pipavav	5.2	6.3	16.0	13.7	31.3	26.0

Source: Company, Emkay Research

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Major Indian ports handle 61.3mn tons of cargo in Mar'17, +9.5% YoY

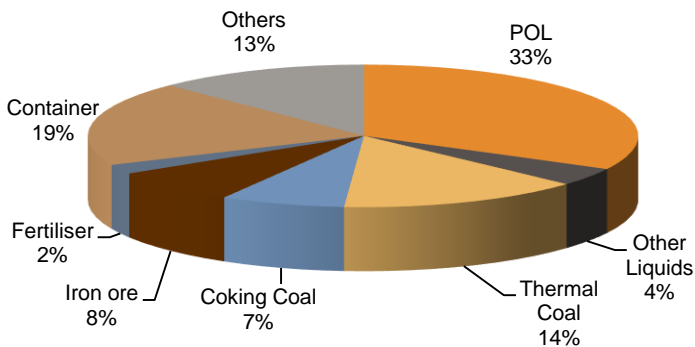
- Major Indian ports handled 61.3mn tons of cargo in the month of March 2017, clocking a growth of 9.5% YoY and 20.4% MoM.
- The major growth drivers were POL (13.9% YoY), iron ore (+120% YoY) and others category (+62% YoY) while coal (-16% YoY) and fertilizer (-17% YoY) witnessed a decline.
- Mormugao (+52% YoY), Cochin (+52% YoY) and Paradip (+9.5% YoY) witnessed healthy growth in monthly volumes whereas VOC (-6.5% YoY) and Ennore (-15% YoY) declined.
- In FY17, major Indian ports handled 647.6mn tons of cargo, a growth of 6.8% YoY, led by higher traffic seen across iron ore (+163.7% YoY), POL (+8.2% YoY) and others category (+18.5% YoY) while fertilizer (-12.3% YoY) and coal (-9.9% YoY) declined significantly. Mormugao (+59.7% YoY) on the West coast and Paradip (+16.5% YoY) on the East coast recorded the highest pace of growth in cargo handled.

Exhibit 1: Top 5 Ports as of March 2017 by growth in total volume

Port	FY17 Volume mn tons	FY17 Growth %	Share of Total Volume %
Mormugao	33.2	59.7%	5.1%
Paradip	89.0	16.5%	13.7%
Cochin	25.0	13.2%	3.9%
New Mangalore	39.9	12.3%	6.2%
Visakhapatnam	61.0	7.0%	9.4%

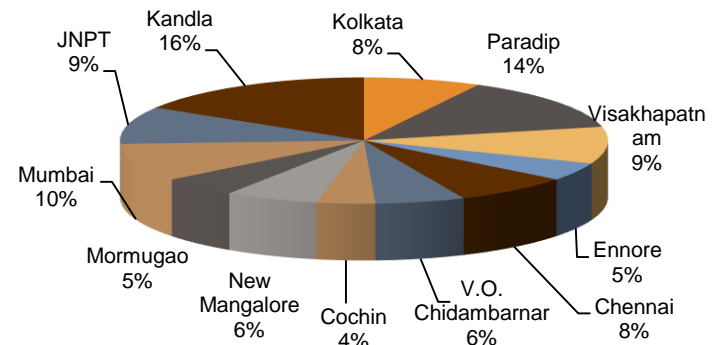
Source: IPA, Emkay Research

Exhibit 2: Apr '16-Mar '17 Commodity-wise traffic handled (in tons)



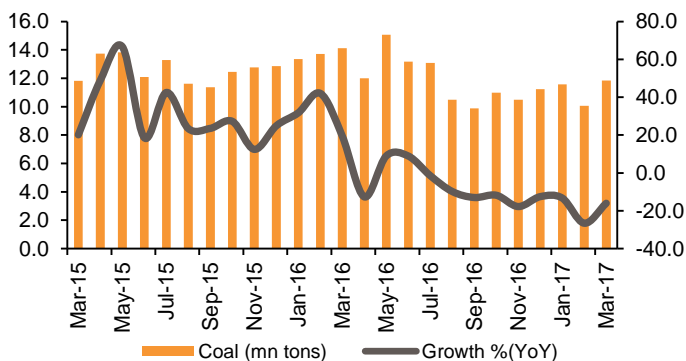
Source: IPA, Emkay Research

Exhibit 3: Apr '16-Mar '17 Port-wise traffic handled (in tons)



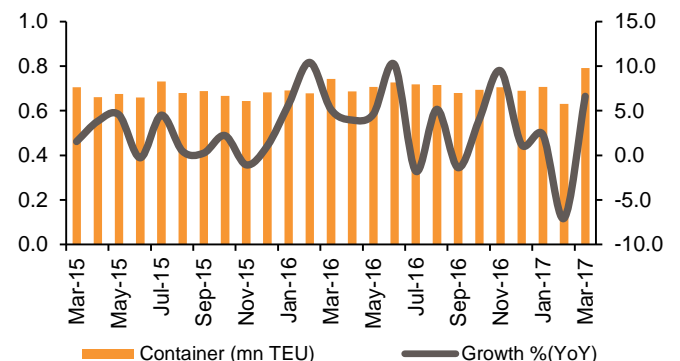
Source: IPA, Emkay Research

Exhibit 4: In Mar 2017 Coal traffic declined 16.1% YoY

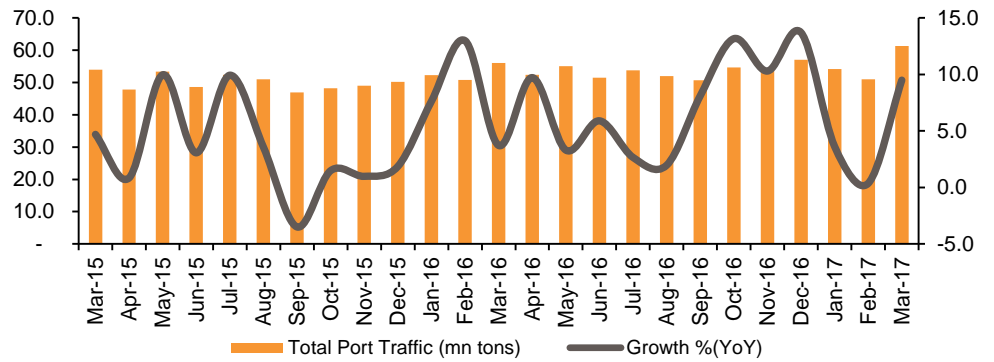


Source: IPA, Emkay Research

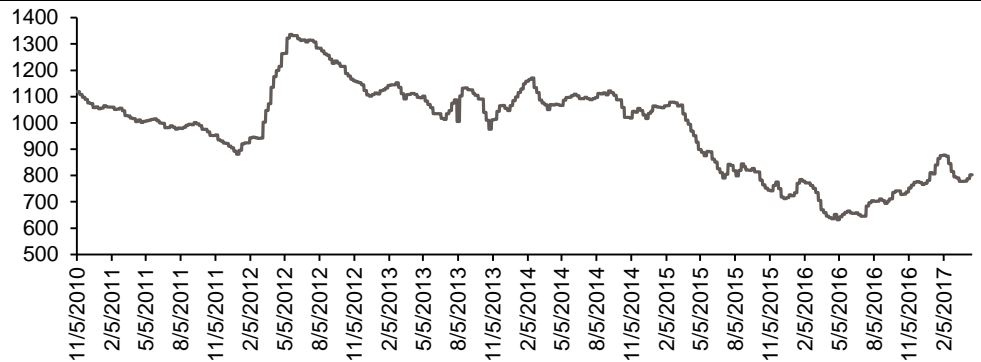
Exhibit 5: In Mar 2017 Container traffic grew by 6.6% YoY



Source: IPA, Emkay Research

Exhibit 6: Overall Port Traffic for March 2017 increased 9.5% YoY

Source: IPA, Emkay Research

Exhibit 7: China (Export) Containerized Freight Index (CCFI) at 803 as on 21st Apr, 2017

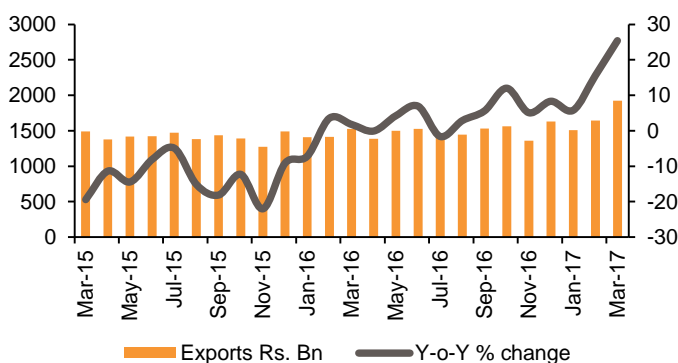
Source: Shanghai Shipping Exchange, Bloomberg, Emkay Research

Note: China (Export) Containerized Freight Index (CCFI) is deemed as the world second influential freight index following the Baltic Dry Bulk Freight Index and is the foremost freight index for containerized freight movement. It has been cited as authoritative statistics in the shipping annals published by United Nations Conference on Trade and Development (UNCTAD).

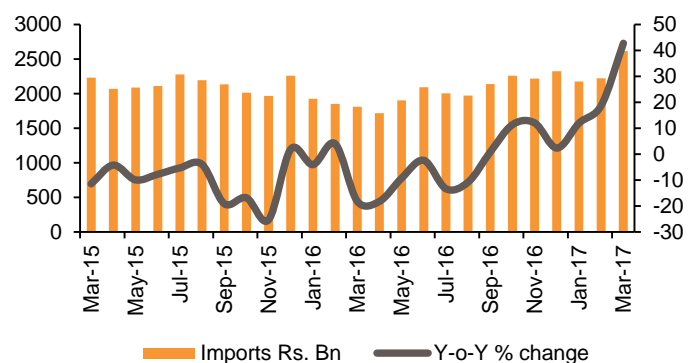
Port Pulse

- [Global container traffic up 4% in Q4 2016, Port Klang growth leads top 20](#)
- [CMA CGM reshuffles its services from Asia to Indian Sub-Continent West Coast](#)
- [Adani Group eyes global expansion with new container port in Malaysia](#)
- Adani Ports & SEZ informs exchanges on return of the entire outstanding loans, advances and deposits of Rs35 bn given to related parties
- [Global trade to pick up pace this year, WTO pegs growth at 2.4% in 2017](#)

India EXIM Trade

Exhibit 8: In March 2017, exports grew by 25.4% YoY

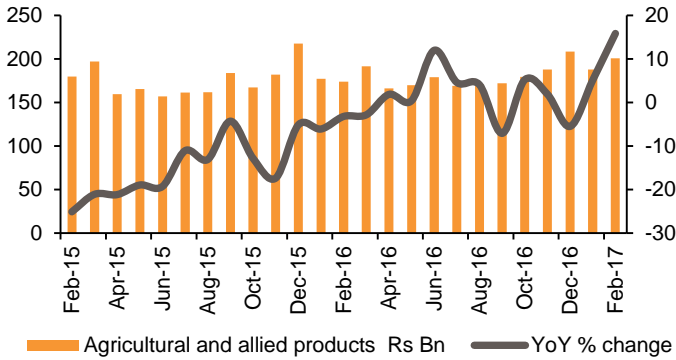
Source: IPA, Emkay Research

Exhibit 9: In March 2017, imports grew by 42.8% YoY

Source: IPA, Emkay Research

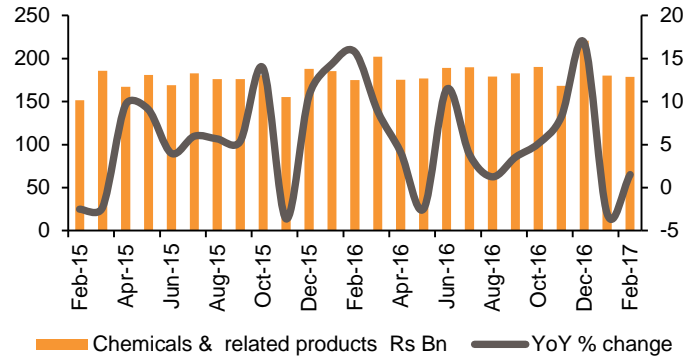
Exports of Major Commodities

Exhibit 10: In Feb 2017, exports of Agriculture & Allied Products grew by 15.8% YoY



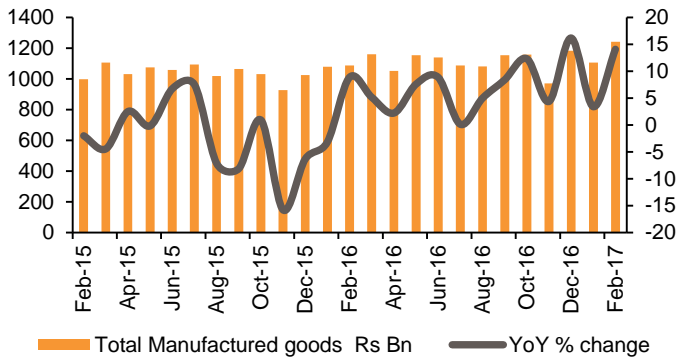
Source: CMIE, Emkay Research

Exhibit 11: In Feb 2017, exports of Chemical and Related products grew by 1.5% YoY



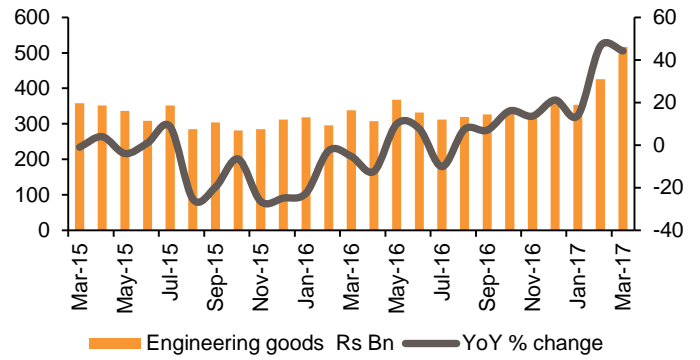
Source: CMIE, Emkay Research

Exhibit 12: In Feb 2017, exports of Total Manufactured Goods grew by 14% YoY



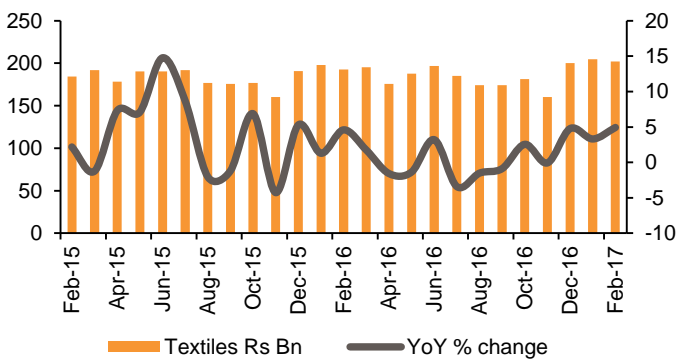
Source: CMIE, Emkay Research

Exhibit 13: In Mar 2017, exports of Engineering Goods grew by 44.2% YoY



Source: CMIE, Emkay Research

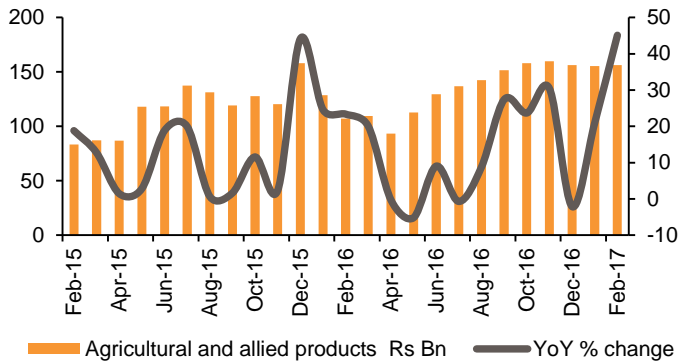
Exhibit 14: In Feb 2017, exports of Textiles grew by 4.9% YoY



Source: CMIE, Emkay Research

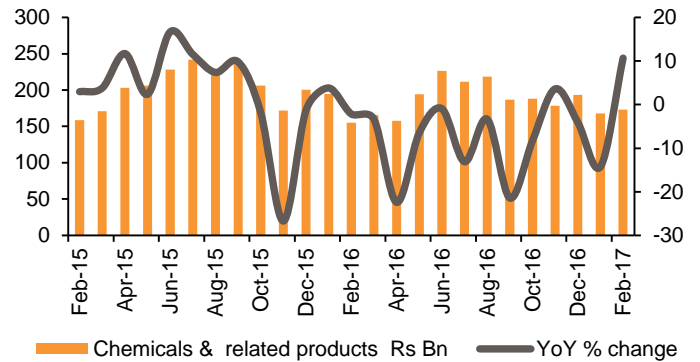
Imports of Major Commodities

Exhibit 15: In Feb 2017, imports of Agriculture & Allied Products grew by 45.1% YoY



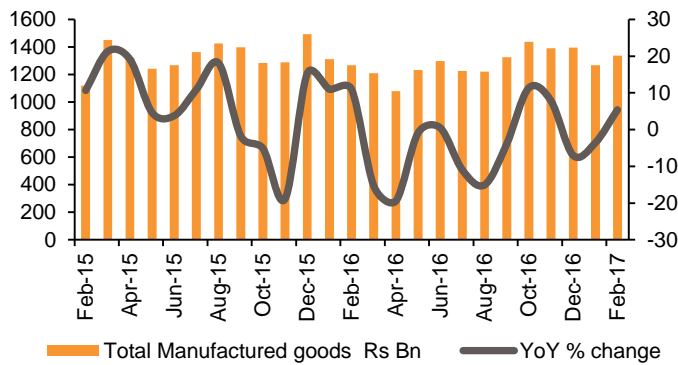
Source: CMIE, Emkay Research

Exhibit 16: In Feb 2017, imports of Chemicals & Related Products grew by 10.7% YoY



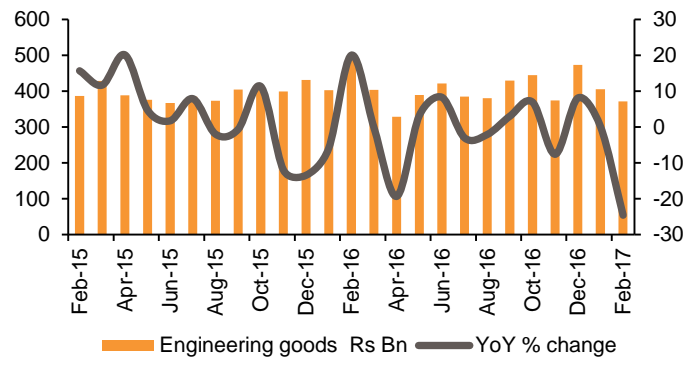
Source: CMIE, Emkay Research

Exhibit 17: In Feb 2017, imports of Total Manufactured Goods grew by 5.4% YoY



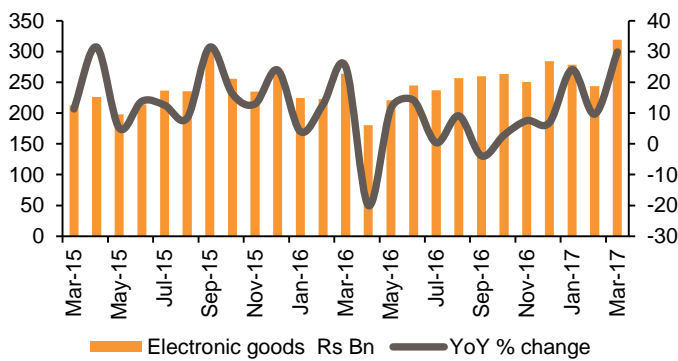
Source: CMIE, Emkay Research

Exhibit 18: In Feb 2017, imports of Engineering Goods declined 24.6% YoY



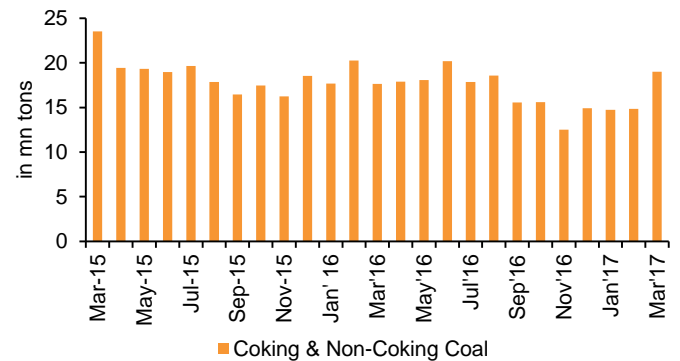
Source: CMIE, Emkay Research

Exhibit 19: In Mar 2017, imports of Electronic Goods grew 29.9% YoY



Source: CMIE, Emkay Research

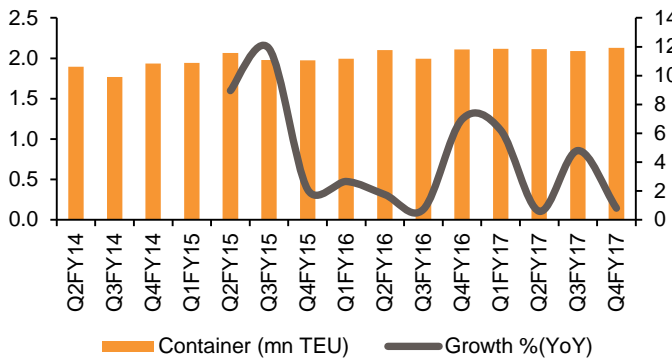
Exhibit 20: In Mar 2017, imports of Coal grew by 7.7% YoY



Source: Infraline, Emkay Research

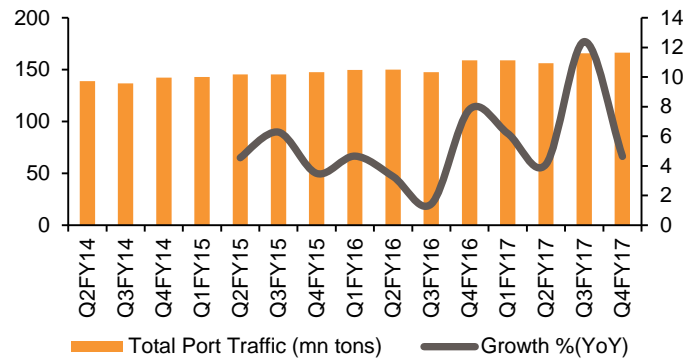
Quarterly Trend

Exhibit 21: Q4FY17 container volume at Major Indian Ports up 0.8% YoY



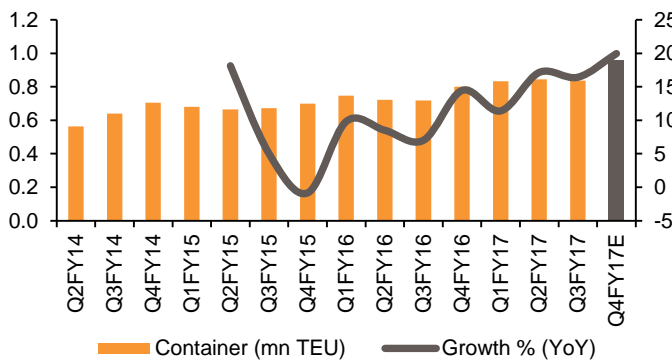
Source: IPA, Emkay Research

Exhibit 22: Q4FY17 total volume at Major Indian Ports up 4.7% YoY



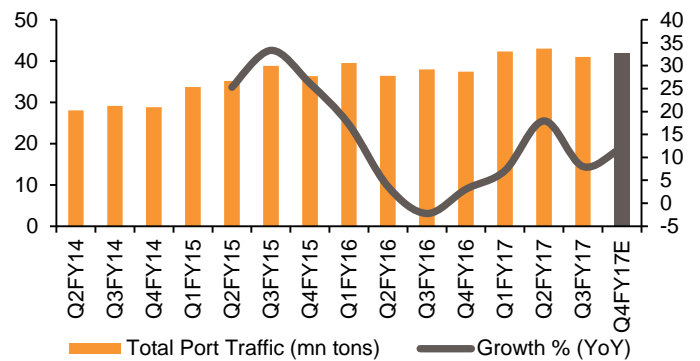
Source: IPA, Emkay Research

Exhibit 23: Q4FY17E container volume at Mundra Port expected to grow 20% YoY



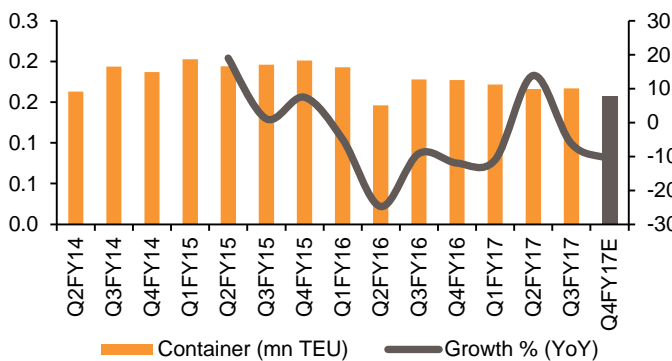
Source: Company, Emkay Research

Exhibit 24: Q4FY17E total volume at Adani Ports (consol) expected to grow 12% YoY



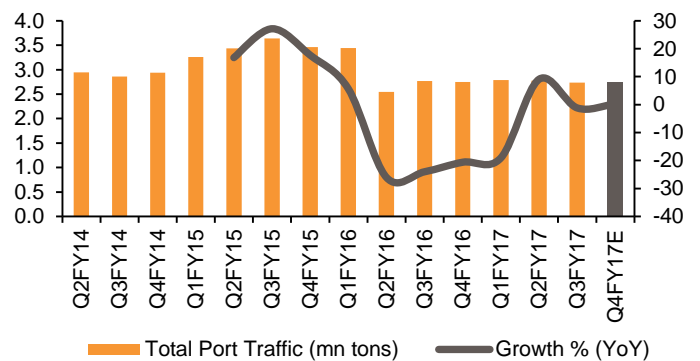
Source: Company, Emkay Research

Exhibit 25: Q4FY17E container volume at Pipavav Port expected to decline 11% YoY



Source: Company, Emkay Research

Exhibit 26: Q4FY17E total volume at Pipavav Port expected to be largely flat on a YoY basis



Source: Company, Emkay Research

Exhibit 27: Total Port Traffic – Major Commodities

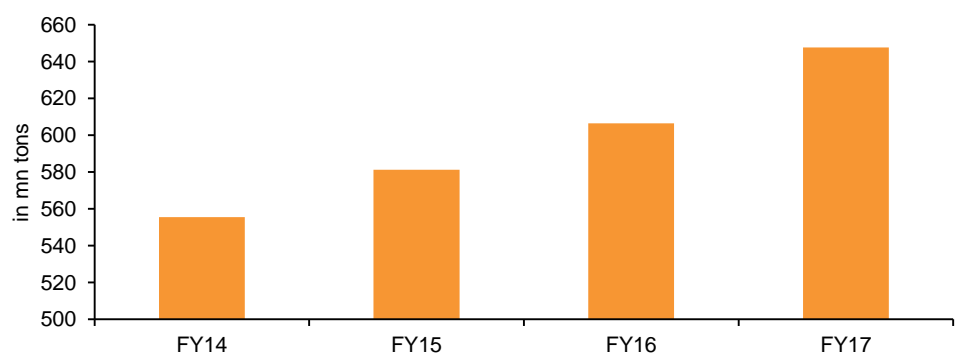
Particulars (in mn tons)	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
POL	17.4	16.1	17.8	16.2	18.0	17.8	17.9	18.3	17.9	18.3	17.1	16.8	19.8
Growth % (YoY)	-3.2	6.8	-0.4	1.4	4.5	8.9	21.1	24.4	10.8	14.1	-3.7	0.6	13.9
Other Liquids	4.7	2.5	2.1	1.8	2.3	2.2	2.3	2.5	2.0	2.3	1.8	2.0	2.8
Growth % (YoY)		36.5	-13.0	-10.1	-1.5	-19.6	19.8	-3.0	-8.1	-32.2	94.9	-4.2	-40.2
Coal	14.1	12.0	15.1	13.2	13.1	10.5	9.9	11.0	10.5	11.2	11.6	10.1	11.8
Growth % (YoY)	19.4	-12.7	8.9	8.9	-1.5	-9.9	-13.0	-11.8	-17.8	-12.6	-13.3	-26.6	-16.1
Iron ore	2.9	3.6	3.9	2.1	2.2	0.3	5.5	3.3	5.2	6.4	6.2	5.0	6.3
Growth % (YoY)	114.1	518.7	527.3	222.3	-35.4	-62.9	379.5	45.5	281.4	237.5	286.7	195.4	120.3
Fertilizer	0.9	0.9	1.2	1.4	1.5	1.5	1.5	1.5	1.4	0.8	1.2	0.5	0.7
Growth % (YoY)	-28.8	-8.8	-6.4	-11.9	-12.7	-24.3	-4.9	-3.6	6.0	-37.6	20.0	-44.5	-17.1
Container	11.4	10.3	10.39	10.48	10.37	10.53	9.87	10.12	10.2	10.0	10.7	9.4	12.2
Growth % (YoY)	6.5	2.1	-0.6	7.2	-5.4	3.7	-2.0	2.0	5.8	-2.7	1.1	-5.8	7.6
Container (in mn TEU)	0.74	0.7	0.71	0.73	0.72	0.72	0.68	0.69	0.71	0.69	0.71	0.63	0.79
Growth % (YoY)	5.1	3.9	4.6	10.2	-1.8	5.1	-1.4	4.0	9.5	1.2	2.3	-7.1	6.6
Others	4.7	7.2	4.7	6.4	6.3	9.1	3.9	8.0	6.9	8.1	5.6	7.1	7.6
Growth % (YoY)	-57.2	28.7	-32.2	-3.5	82.2	26.3	-36.3	65.1	23.0	80.4	-20.6	26.7	61.7
Total	56.0	52.4	55.1	51.5	53.8	51.9	50.7	54.6	54.1	57.1	54.1	50.9	61.3
Growth % (YoY)	3.7	9.7	3.3	5.9	2.7	2.0	8.1	13.2	10.3	13.7	3.6	0.4	9.5

Source: IPA, Emkay Research

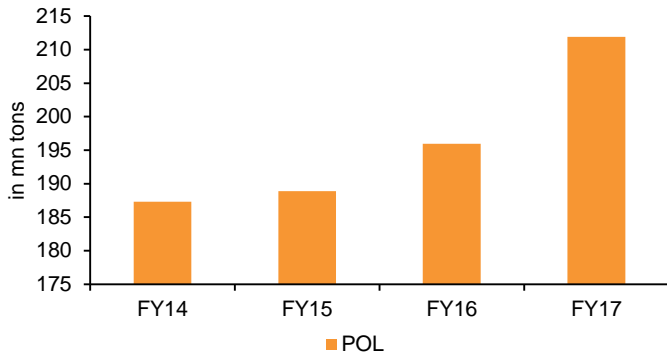
Exhibit 28: Total Port Traffic – Major Ports

Major Ports (in '000 tons)	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Kolkata Dock System	1308	1286	1391	1322	1387	1152	1154	1049	1128	1777	1242	1240	2045
Haldia Dock Complex	3440	2719	2615	2909	2723	2552	2724	2869	2840	2893	2835	2718	3744
Total: Kolkata	4748	4005	4006	4231	4110	3704	3878	3918	3968	4670	4077	3958	5789
Paradip	7616	7234	6792	6573	8056	7211	6802	7569	7194	7489	7982	7711	8342
Visakhapatnam	5067	4728	5575	5299	5299	4871	4898	5255	4730	5308	5026	4543	5488
Ennore	3203	2636	2540	2569	2384	2411	2351	2407	2474	2407	2677	2440	2724
Chennai	4692	4242	4307	4596	4272	4496	3979	4139	4284	3684	4209	3354	4652
V.O. Chidambaranar	3529	3341	2803	3459	3465	3157	3096	3358	2844	3444	3196	2999	3301
Cochin	1587	1988	1957	2116	1763	2119	1981	2057	2092	2162	2220	2135	2417
New Mangalore	3441	2578	3295	2610	3097	2653	3266	3794	4051	3749	3315	3523	4014
Mormugao	2757	3327	3415	1720	1492	1547	1569	2343	3227	3941	3484	2919	4195
Mumbai	5023	5149	5417	4574	4979	5433	5261	5681	5550	5619	5282	4628	5476
JNPT	5411	5284	5460	5165	5019	5004	4851	5017	5125	5222	5176	4869	5833
Kandla	8942	7907	9532	8592	9820	9342	8770	9081	8536	9386	7504	7866	9106
Total	56016	52419	55099	51504	53756	51948	50702	54619	54075	57081	54148	50945	61337
YoY Growth	3.7	9.7	3.3	5.9	2.7	2.0	8.1	13.2	10.3	13.7	3.6	0.4	9.5

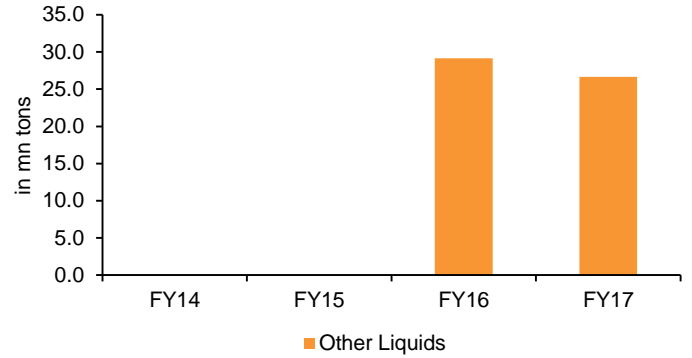
Source: IPA, Emkay Research

Exhibit 29: In FY17, Major Indian Ports' total volume up 6.8% YoY

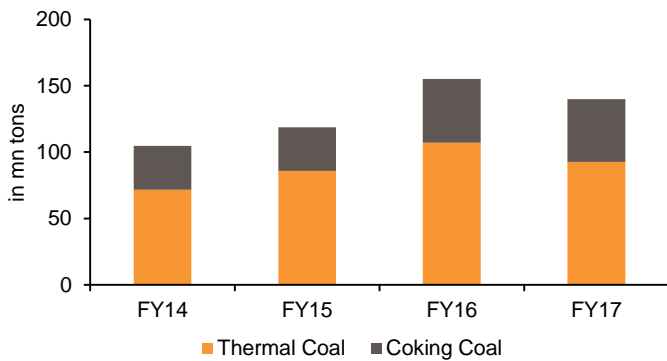
Source: IPA, Emkay Research

Exhibit 30: In FY17, Major Indian Ports' POL volume up 8.2% YoY

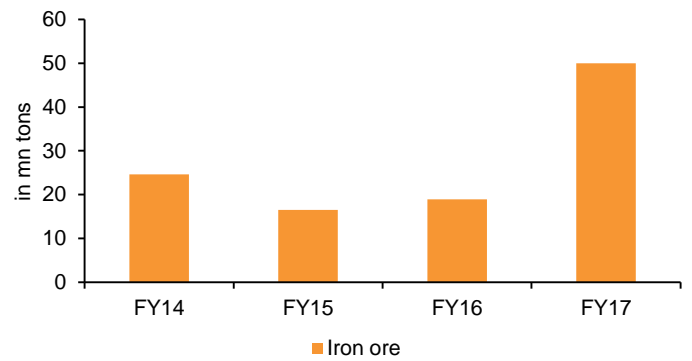
Source: IPA, Emkay Research

Exhibit 31: In FY17, Major Indian Ports' other liquids volume down 8.6% YoY

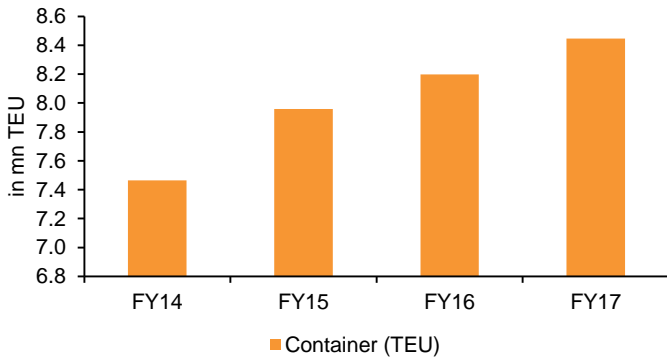
Source: IPA, Emkay Research

Exhibit 32: In FY17, Major Indian Ports' coal volume down 9.9% YoY

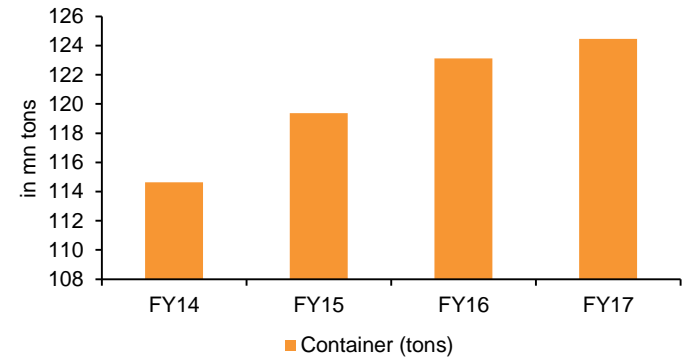
Source: IPA, Emkay Research

Exhibit 33: In FY17, Major Indian Ports' iron ore volume up 163.7% YoY

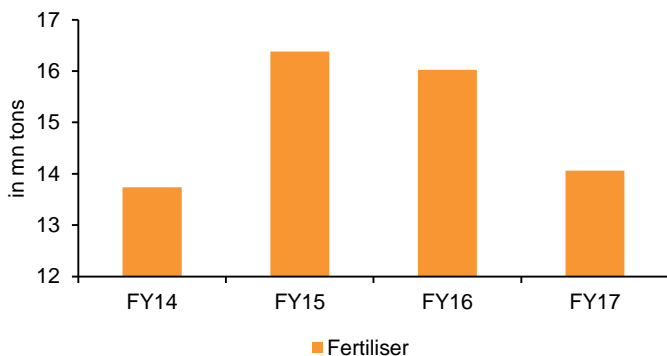
Source: IPA, Emkay Research

Exhibit 34: In FY17, Major Indian Ports' container (TEU) volume up 3% YoY

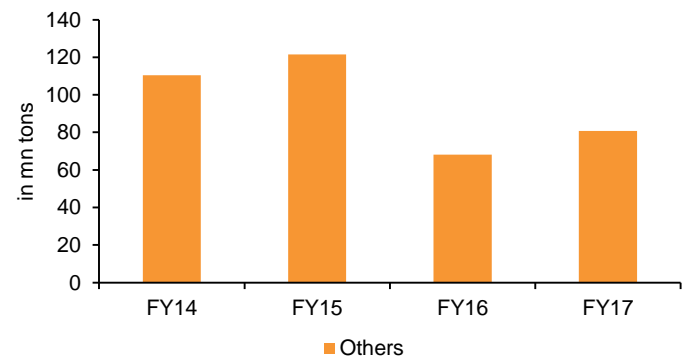
Source: IPA, Emkay Research

Exhibit 35: In FY17, Major Indian Ports' container (tons) volume up 1.1% YoY

Source: IPA, Emkay Research

Exhibit 36: In FY17, Major Indian Ports' fertilizer volume down 12.3% YoY

Source: IPA, Emkay Research

Exhibit 37: In FY17, Major Indian Ports' others volume up 18.5% YoY

Source: IPA, Emkay Research

Emkay Rating Distribution

BUY	Expected total return (%) (Stock price appreciation and dividend yield) of over 25% within the next 12-18 months.
ACCUMULATE	Expected total return (%) (Stock price appreciation and dividend yield) of over 10% within the next 12-18 months.
HOLD	Expected total return (%) (Stock price appreciation and dividend yield) of upto 10% within the next 12-18 months.
REDUCE	Expected total return (%) (Stock price depreciation) of upto (-) 10% within the next 12-18 months.
SELL	The stock is believed to underperform the broad market indices or its related universe within the next 12-18 months.

Emkay Global Financial Services Ltd.

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