

FIRST LIGHT 01 April 2025

RESEARCH

[Sector Report] LOGISTICS

Privatisation & integration: Firm moorings, clear growth horizon

[Initiation] EQUITAS SMALL FINANCE BANK | TP: Rs 73 | +30% | BUY

De-risked portfolio growth; available at a discount

CEMENT

Healthy demand, unrestricted supply; prices flat MoM

SUMMARY

LOGISTICS

- Leading private port operators, ADSEZ and JSWINFRA, are expected to outpace industry cargo volume growth by ~2x over FY24-28E
- Privatisation to drive capacity expansion at Indian ports, with ADSEZ targeting
 1,000mtpa and JSWINFRA aiming for 400mtpa by FY30E
- We initiate coverage on ADSEZ with a BUY rating and TP of 1,490 and on JSWINFRA with a HOLD and TP of Rs 360

Click here for the full report.

EQUITAS SMALL FINANCE BANK

- Rising share of diversified and secured portfolio with MFI mix likely to decline further; scaling up granular deposit franchise
- Asset quality moderated with pain in MFI portfolio leading to higher credit cost;
 soft delinquency buckets show signs of improvement
- Initiate coverage on EQUITASB with BUY rating and TP of Rs 73 (1.1x FY27E ABV)

Click here for the full report.





CEMENT

- Cement prices in Mar'25 remained flat YoY/MoM with more focus on volume push to meet the year-end demand
- Volume was healthy despite festivities and picked up in the last couple of months. The healthy demand is likely to continue in Q1FY26
- Steep price hikes of Rs 30-40 per bag from the beginning of Apr'25 have been announced. Full absorption is doubtful

Click here for the full report.

EQUITY RESEARCH 01 April 2025



LOGISTICS

28 March 2025

Privatisation & integration: Firm moorings, clear growth horizon

- Leading private port operators, ADSEZ and JSWINFRA, are expected to outpace industry cargo volume growth by ~2x over FY24-28E
- Privatisation to drive capacity expansion at Indian ports, with ADSEZ targeting 1,000mtpa and JSWINFRA aiming for 400mtpa by FY30E
- We initiate coverage on ADSEZ with a BUY rating and TP of 1,490 and on JSWINFRA with a HOLD and TP of Rs 360

Vineet Shanker research@bobcaps.in

Cargo traffic at leading private ports to outperform industry growth: We believe cargo traffic, linked to GDP growth, is set to rise at 3-6% CAGR over FY24-FY28E, driven by capacity expansion, modernisation, transshipment hubs, export-led manufacturing, and logistics reforms. We expect containers and steel to lead at 5-8% CAGR over FY24-FY28E, while POL and iron ore follow. Thermal coal may remain flat due to import substitution, but coking coal imports should rise. ADSEZ and JSWINFRA, are poised to outpace industry growth 2x.

Gol sets target to expand existing port capacity by 4x to 10,000mtpa by 2047:

With India's nominal GDP projected at US\$ 26tn-35tn by FY47, port capacity will need to expand to 10,000mtpa (million tonnes per annum), nearly 4x the current capacity of 2,600mtpa (major and non-major ports combined). Much of this capacity expansion is expected at non-major ports, driven by private operators under the PPP model. This creates strong visibility for leading private port operators in their capacity expansion plans. ADSEZ aims to reach 850mtpa in domestic port capacity by FY30, while JSWINFRA targets 400mtpa, up from the current 170mtpa.

Deciphering India's logistics reforms strategy: India's logistics sector is undergoing a structural transformation, driven by key policies such as the National Logistics Policy (2022) and PM Gati Shakti (2021). We believe these initiatives aim to enhance efficiency and lower logistics costs by reducing road dependency through improved rail, coastal, and inland waterways, while emphasising the development of integrated ports and logistics. The container train operation, ICD/MMLP, and GCT markets are expected to grow, with leading private operators like ADSEZ and JSWINFRA actively tapping this opportunity as reflected in their logistics expansion plans.

Valuation outlook: We initiate coverage on ADSEZ with a BUY and Mar'26 TP of Rs 1,490 (14x FY27E EV/EBITDA) and JSWINFRA with a HOLD and TP of Rs 360 (25x FY27E EV/EBITDA).

Recommendation snapshot

Ticker	Price	Target	Rating
ADSEZ IN	1,183	1,490	BUY
JSWINFRA IN	320	360	HOLD

Price & Target in Rupees | Price as of 28 Mar 2025





BUY TP: Rs 73 | A 30%

EQUITAS SMALL FINANCE BANK

Banking

28 March 2025

De-risked portfolio growth; available at a discount

- Rising share of diversified and secured portfolio with MFI mix likely to decline further; scaling up granular deposit franchise
- Asset quality moderated with pain in MFI portfolio leading to higher credit cost; soft delinquency buckets show signs of improvement
- Initiate coverage on EQUITASB with BUY rating and TP of Rs 73 (1.1x FY27E ABV)

Niraj Jalan | Vijiya Rao research@bobcaps.in

Focus on diversified & secured portfolio; MFI share likely to dip to single-digit:

EQUITASB grew its loan book at a healthy CAGR of 22.5% during FY20-24. The bank shifted focus to secured portfolio as evident by its rising share of secured loan mix to 85.6% (Dec'24) vs. 76.5% (Mar'20). It has consciously run-down its MFI disbursement to Rs 31.3 bn (-26.4% YoY) in 9M FY25. EQUITASB plans to reduce its MFI mix to single digits (14.4% as of Dec'24). The decline in MFI disbursement is largely met by the SBL segment. Within SBL, the focus is mainly to high-yield (~12-17%) M-LAP segment (top 15% of its MFI customers). We expect the advances to grow at a ~21% CAGR during FY25-27E, largely led by its secured portfolio.

Scaling-up a granular deposit franchise; retail deposits at 74.3%: Deposits saw a higher CAGR of 35.3% vs. loan CAGR of 22.5% in FY20-24, resulting in an improvement in the C-D ratio to 85.7% (Mar'24) from 127.2% (Mar'20). Retail deposits (CASA + retail TDs) mix grew to 74.3% (Dec'24) of total deposits vs. 55.8% (Mar'20), resulting in a fall in cost of deposits to 7.0% in FY24 (7.5% in FY20). Bank plans to reduce its cost of funds gap vs. large universal banks in the next few years.

AQ moderated with pain in MFI; higher provisions impacted profitability: Asset quality moderated mainly driven by rise in gross slippages to Rs 14.8 bn (+1.9x YoY) in 9M FY25. This was mainly due to stress in the MFI sector with net slippage ratio of 8.5% vs. 1.8% in the non-MFI book. Hence, bank created additional provisions of Rs 3.4 bn in 9M FY25 mainly for MFI stress and to maintain NNPA below 1%. As a result, its profitability was adversely impacted in 9M FY25. Around 20% of its portfolio is yet to breakeven, which is likely to start yielding profits in next few years. The SMA 0 & SMA 1 in MFI book declined QoQ to 2.03% (-14bps) and 1.51% (-20bps), respectively in Q3 FY25, reflecting signs of improvement in the CE.

Initiate coverage on EQUITASB with a BUY rating and TP of Rs 73: The stock price corrected ~40% last year and is presently trading at 1.0x Mar'26 ABV vs. 4-year avg. of 1.5x. We expect its advances to grow at ~21% CAGR and deliver improvement in RoA/RoE to 1.3%-1.5% / 11.6%-14.7% in FY26-FY27E. We initiate coverage on EQUITASB with a BUY rating and TP of Rs 73 (1.1x FY27E ABV).

 Ticker/Price
 EQUITASB IN/Rs 56

 Market cap
 US\$ 744.8mn

 Free float
 100%

 3M ADV
 US\$ 3.1mn

 52wk high/low
 Rs 108/Rs 54

 Promoter/FPI/DII
 0%/15%/43%

Source: NSE | Price as of 27 Mar 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
NII (Rs mn)	30,798	32,686	36,883
NII growth (%)	21.0	6.1	12.8
Adj. net profit (Rs mn)	7,990	2,291	7,433
EPS (Rs)	7.1	2.0	6.5
Consensus EPS (Rs)	80.7	87.5	101.7
P/E (x)	7.9	27.8	8.6
P/BV (x)	1.1	1.1	0.9
ROA (%)	2.0	0.5	1.3
ROE (%)	14.4	3.8	11.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE





CEMENT

28 March 2025

Healthy demand, unrestricted supply; prices flat MoM

 Cement prices in Mar'25 remained flat YoY/MoM with more focus on volume push to meet the year-end demand Milind Raginwar research@bobcaps.in

- Volume was healthy despite festivities and picked up in the last couple of months. The healthy demand is likely to continue in Q1FY26
- Steep price hikes of Rs 30-40 per bag from the beginning of Apr'25 have been announced. Full absorption is doubtful

Cement prices listless in trade segment, non-trade a mixed bag: All India cement prices in Mar'25 were just 1% higher YoY and flat QoQ at Rs 342/bag compared to Rs 335/bag in Mar'24. Our channel checks indicate prices were a mixed bag in the non-trade segment while trade segment prices were largely steady but higher discounts were offered to push volumes to meet year-end targets.

Non-trade segment a mixed bag: Cement prices in the trade segment stayed listless. However, prices in the non-trade segment were a mixed bag with prices pushed down in excess-supply regions like Telangana. In other regions trade and non-trade prices were seen further narrowing the gap with a hike in non-trade prices by Rs 10/bag where prices were very low like in Chhattisgarh.

East India remains under pricing pressure, though offset by healthy volume:

Cement prices fell by 1% MoM in East to Rs 330/bag from Rs 333/bag despite strong demand as supply exceeded demand particularly in the Bihar region. In Chhattisgarh, prices in the trade segment were steady at Rs 290/bag but were hiked by Rs 10/bag in the non-trade region to Rs 265/bag. In the West, prices were flat at Rs 366/bag, though in Mumbai prices fell by Rs 10/bag to Rs 380/bag. Prices in the interior of Maharashtra were flat or hiked marginally. Prices in the Central region rose by 2% due to hikes in Madhya Pradesh, while Uttar Pradesh was listless. Demand was very strong across regions but equally matched by seamless supply.

Demand stays healthy on year-end pressure, discounts to be reversed in April:

Our channel checks (23 across India) indicate that cement demand was healthy, driven by year-end completion work in many regions. The healthy demand will continue over the next three months till the monsoon stabilises. Discounts extended in March to push demand will be reversed in Apr'25 as indicated by our channels.

No change in stance on the sector: We maintain our positive stance on UTCEM, and retain our HOLD ratings on JKCE and SRCM with a positive bias. We continue to have a negative stance on TRCL and JKLC and maintain a SELL rating. STRCEM remains our preferred stock in the small-cap segment.





NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: BOB Capital Markets Limited

Registered office Address: 1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051

SEBI Research Analyst Registration No: INH000000040 valid till 03 February 2025

Brand Name: BOBCAPS

Trade Name: www.barodaetrade.com CIN: U65999MH1996GOI098009

Logo:



Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY - Expected return >+15%

HOLD - Expected return from -6% to +15%

SELL - Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Analyst certification

Each of the analysts mentioned in this research report certify, with respect to the sections of the report for which they are responsible, that (1) all of the views expressed in this report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

Important disclosures

This product is a compilation of previously published research notes. To view the complete report along with the associated Analyst certifications and Company-specific disclosures, please click on the hyperlink accompanying each excerpt.

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

EQUITY RESEARCH 01 April 2025



BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Other disclosures

BOBCAPS does not have any financial interest in the subject company. BOBCAPS does not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS is not engaged in any market making activities for the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "Losses") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom ("UK"):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd) ("MSL") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as "MAYBANK"). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.

EQUITY RESEARCH 01 April 2025