

Research Report on Adani Ports & Special Economic Zone Ltd.

The logo for Adani Ports and Logistics, featuring the word "adani" in a lowercase, sans-serif font. The letters are colored in a gradient from blue on the left to purple on the right.

Ports and
Logistics

Market Capitalization : ₹ 3,19,193 Crores

Current Market Price: 1482.5Rs

By: Srishti Aggarwal
Fundamental Research Analyst
Pee Aar Securities Limited

About the Company:

Adani Ports & Special Economic Zone is in the business of development, operations and maintenance of port infrastructure (port services and related infrastructure development) and has linked multi product Special Economic Zone (SEZ) and related infrastructure contiguous to Port at Mundra.

Business Verticals:

The Co.'s business verticals include a comprehensive network of ports & terminals (82% of total revenue), Logistics (8%), SEZ & Ports (6%) and Operations and Maintenance (4%). The integrated service offered by the company has enabled it to forge an alliance with leading business and has evolved to be the market leader of the Indian port Industry.

- **APSEZ is India's largest private-sector port player.**
- **India's largest transport utility operating 13 domestic ports/ terminals (incl. Gopalpur Port) and 2 under construction ports/terminals across 8 maritime states and 1 union territory, and providing integrated services in the ports, logistics and SEZ segments.**
- **Expanded operations on a global scale with a presence in Israel, Sri Lanka, Australia and Tanzania.**
- **Our flagship Mundra Port in Gujarat is distinguished as India's largest port and also the largest container handling port.**
- **Divided into 3 businesses – Ports, SEZ and Logistics**



Ports

Versatile ports/terminals along India's coastline handling diverse container and other cargo types



SEZ

Complementing ports with land bank for industrialisation



Integrated logistics

Diversified rail operator with multimodal logistics parks, warehousing and first-last mile connectivity facilitation





APSEZ

Ports

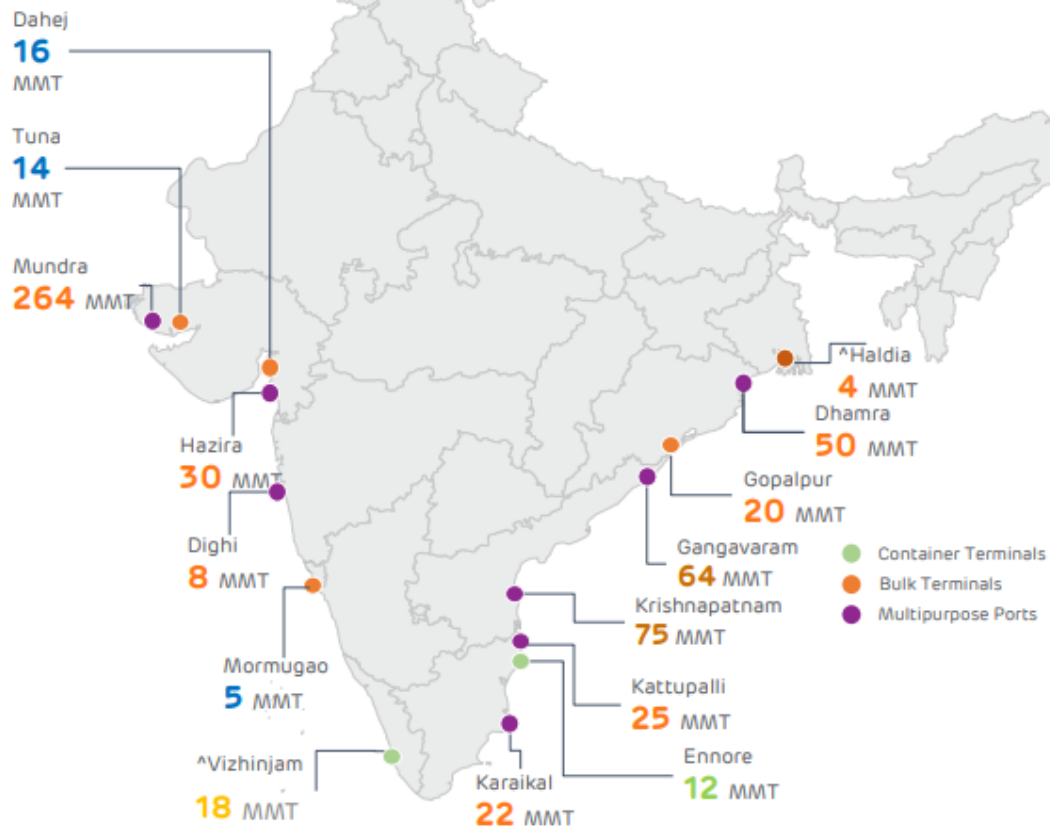
Logistics

SEZ

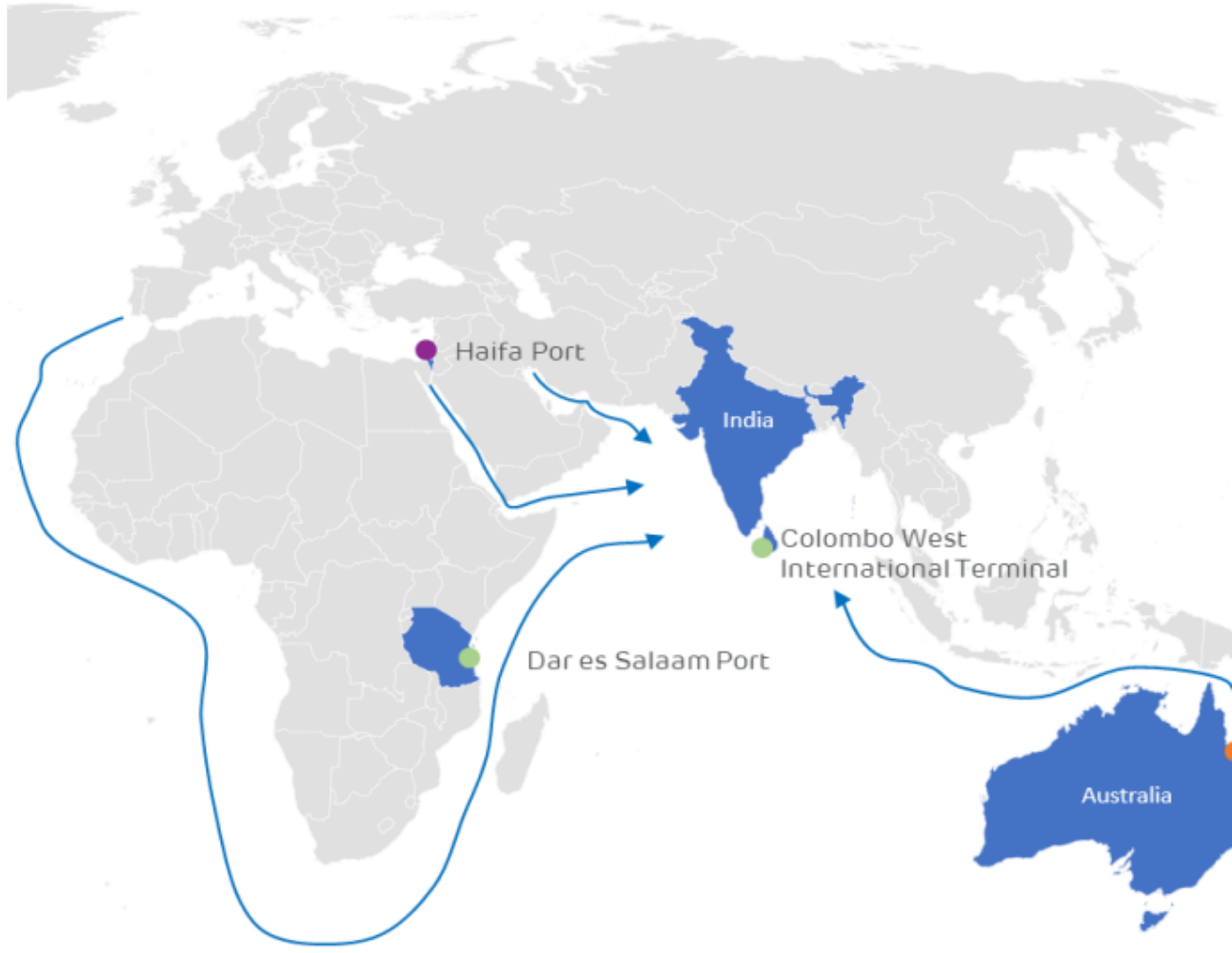
APSEZ: India's largest private port player, building global presence

West Coast Capacity
~355 MMT

East Coast Capacity
~272 MMT



15 ports with capacity of ~627 MMT
Achieving east-west coast parity



Operating ports in Haifa and Tanzania
O&M contract in Australia
Building container terminal at Colombo, Sri Lanka

History of the Company:

- We were incorporated as Gujarat Adani Port Limited on May 26, 1998, and commenced phased operations at Mundra Port in October 1998 with commercial operations beginning in October 2001.
- We were initially promoted by Adani Port Limited and Gujarat Port Infrastructure Development Company Limited, an undertaking of the Government of Gujarat.
- We entered into a Concession Agreement with the GMB and the Government of Gujarat on February 17, 2001 pursuant to which we have been granted the right to develop and operate Mundra Port located at the Navinal Island in the Kutch region for a period of 30yrs.
- Adani Port Limited merged with us with effect from April 1, 2003. Further, MSEZ and ACL were merged with us with effect from April 1, 2006.
- Received approval as a developer of a multi-product SEZ at Mundra and the surrounding areas from the Government of India on April 12, 2006.
- In order to reflect the significance of the SEZ status and the changing nature of our business, we changed our name from Gujarat Adani Port Limited to Mundra Port and Special Economic Zone Limited with effect from July 7, 2006.

- 2012: Acquired Dhamra Port Company Limited (DPCL) in Odisha, marking its entry into East Coast ports.
- 2013: Became India's largest private port operator in terms of volume handled.
- 2015: Acquired the operational and management control of Kattupalli Port near Chennai.
- Listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on November 27, 2015 at 440Rs. (10FV+330Premium).
- 2018: Acquired the Krishnapatnam Port Company Limited (KPCL) in Andhra Pradesh, expanding its presence on the East Coast.
- Completed the acquisition of the remaining 25% stake in Krishnapatnam Port Company Limited, making it a wholly-owned subsidiary.
- 2020: Continued expansions and developments in various ports and logistics infrastructure projects across India.
- 2021: Developed the Vizhinjam International Deepwater Seaport in Kerala, enhancing its infrastructure capabilities.
- In September 2021, with the acquisition of Gangavaram Port for Rs. 6,200 crore, APSEZ has fully unlocked India's eastern hinterland.

- In July 2021, Adani Ports and Special Economic Zone (APSEZ) became the first infrastructure company in India to raise money from international markets for a 20-year period.
- In April 2021, Flipkart announced a strategic and commercial partnership with the Adani Group. In this two-pronged partnership, Flipkart will work with Adani Logistics Limited and Adani Ports & Special Economic Zone Limited, to strengthen Flipkart's supply chain infrastructure and enhance its ability to serve the rapidly growing base of customers.
- In March 2021, Adani Ports and Special Economic Zone Limited (APSEZ) announced plans to acquire 58.1% stake in Gangavaram Port Limited for Rs. 36.04 billion (US\$ 493.7 million). The port is currently owned by DVS Raju and family
- In March 2021, Adani Ports announced to partner with John Keells Holdings and Sri Lankan Ports Authority to develop and operate the West Container Terminal of the Colombo Port in Sri Lanka for 35 years
- 2022: Ongoing strategic expansions and developments in infrastructure projects to strengthen its position in the maritime sector.

- In July 2022, Adani Group acquired Haifa port for US\$ 1.18 billion to hold 70% of the ports stake.
- The rest 30% lies with local partners.
- In March 2022, Adani and IOCL decided to construct nine new crude oil tanks at Mundra Port.
- In January 2022, Adani Mundra port handles the largest ever container vessel in India.
- 2023: Adani Ports and Special Economic Zone Ltd (APSEZ), the largest transport utility in India, has completed the acquisition of Karaikal Port Private Limited (KPPL) for Rs. 1,485 crore (US\$ 179.55 million) pursuant to NCLT approval. Earlier, APSEZ was declared as the successful resolution applicant under the Corporate Insolvency Resolution Process (CIRP) of KPPL.
- In December 2023, Terminal Investment Ltd (TiL), an associate of MSC Mediterranean Shipping Company (MSC), acquired a 49% stake in Adani Ennore Container Terminal Pvt Ltd (AECTPL) for an equity consideration of Rs. 247 crore (US\$ 29.67 million).

- In November 2023, the U.S. International Development Finance Corporation (DFC) announced that it will be funding Colombo West International Terminal Pvt. Ltd. (CWIT) – a consortium of India's largest port operator Adani Ports and SEZ Ltd., Sri Lanka's leading enterprise John Keells Holdings (JKH) and the Sri Lanka Ports Authority.
- In April 2023, Adani ports and SEZ acquires Karaikal port for US\$ 180.88 million (Rs. 1,485 crore).



Ports



Multimodal
Logistics Parks



Trains and Tracks



Trucking



Grain Silos

About the Management of the Company:

Board of Directors :

Mr. Gautam S. Adani (Chairman)

Mr. Rajesh S. Adani (Non-Executive & Non-Independent Director)

Mr. Karan Adani (Managing Director)

Mr. Ashwani Gupta (Whole-Time Director & CEO)

Mr. Rajkumar Beniwal, (IAS Non-Executive & Non-Independent Director)

Prof. G. Raghuram (Independent Director)

Mr. G. K. Pillai (Independent Director)

Mr. Bharat Sheth (Independent Director)

Mr. P. S. Jayakumar (Independent Director)

Mrs. M. V. Bhanumathi (Independent Director)

Chief Financial Officer:

Mr. D. Muthukumaran



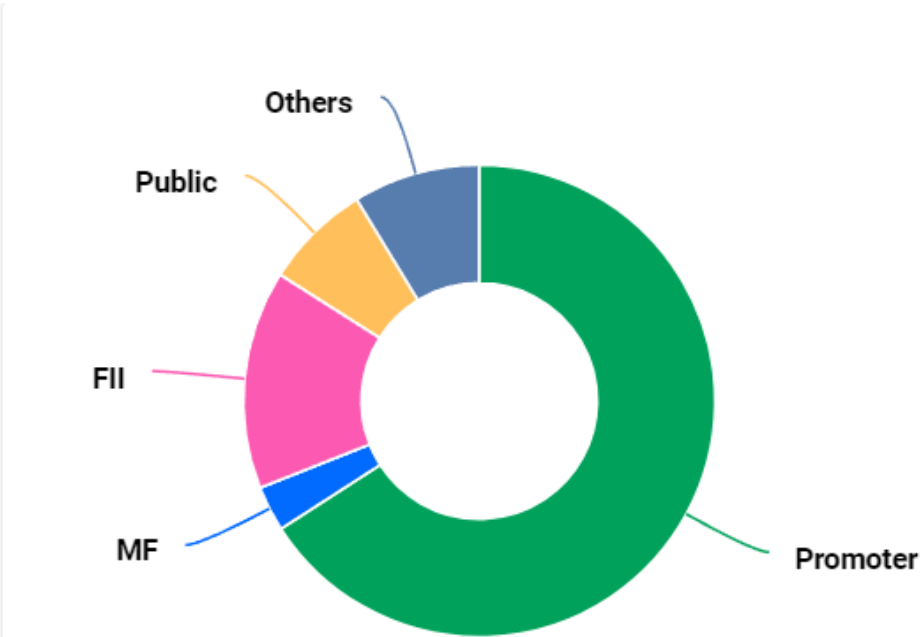
Shareholding Pattern

Numbers in percentages

[Quarterly](#)
[Yearly](#)
[TRADES](#)

1 Recently

	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023	Dec 2023	Mar 2024
Promoters +	74.92%	74.92%	74.92%	74.92%	72.28%	72.62%	72.62%	69.23%	67.65%	72.61%	72.61%	72.61%
FII's +	19.65%	18.05%	17.25%	16.62%	15.83%	15.59%	15.39%	17.75%	19.34%	14.52%	14.65%	14.41%
DII's +	2.14%	3.87%	4.96%	5.69%	5.68%	5.33%	5.45%	5.15%	5.46%	5.65%	5.44%	5.77%
Public +	3.29%	3.16%	2.87%	2.77%	6.22%	6.46%	6.53%	7.87%	7.54%	7.23%	7.30%	7.22%
No. of Shareholders	2,22,685	2,14,588	2,45,611	2,26,071	2,34,308	2,63,609	2,53,432	7,46,605	6,61,255	5,66,232	5,61,309	5,37,342



Industrial Analysis:

Growth of the Indian Economy

	FY 2021-22	FY 2022-23	FY 2023-24 (E)
Real GDP growth (%)	9.1	7.0	7.6

India's economic outlook is optimistic, with robust domestic demand, a broad-based revival in manufacturing and services sectors, increased capital expenditure, proactive policy measures by the government, and positive business and consumer sentiments, providing impetus to the growth momentum going forward. According to the IMF, the Indian economy is expected to grow steadily at 6.8 % in FY 2024-25 and 6.5% in FY 2025-26.

Significant Growth in India's EXIM Sector Signals Accelerated Expansion: Despite persistent global challenges, overall exports (merchandise + services) for FY 2023-24 surpassed previous period's highest record. India attained exports worth USD 776.68 billion in FY 2023-24 as compared to USD 776.40 billion in FY 2022-23.

PLI Scheme and Growth Ecosystem:

S&P Global's CRISIL Market Intelligence & Analytics predicts that the PLI(Productivity Linked Incentive) scheme could attract ` 2.76 lakhs crore worth of capital expenditure from the private sector over seven years (2020-21 to 2026-27). This infusion is expected to increase India's average industrial capex significantly.

India Aims for Trade Expansion: Growing List of FTAs in Focus:

India aims to achieve a remarkable milestone of USD 2 trillion in exports of goods and services by the year 2030. Furthermore, India has set its sights on becoming a USD 30 trillion economy by 2047, with a significant **25% share in global exports.**

Indian ports sector review:

- Cargo traffic at India's 12 major ports during FY 2023-24 showed a **growth of 4.38%** to 817.98 MMT from 783.62 MMT cargo throughput in FY 2022-23.
- Cargo traffic at Non-Major Ports during FY 2022-23 **increased by 8.5%** to 649.9 MMT.
- India has reached 22nd rank in International Shipment category as against 44th rank in 2014.
- **The Amrit Kaal Vision 2047**, formulated by the Ministry of Ports, Shipping & Waterways, builds on the Maritime India Vision 2030 and aims to develop world-class ports and promote inland water transport, coastal shipping, and a sustainable maritime sector.

India's Logistics Industry review:

- The logistics industry is expected to grow at a **CAGR of ~8-10%**
- in the coming years with the top gainers being exports
- because of emergence of India as a Manufacturing hub.



Performance review of APSEZ:

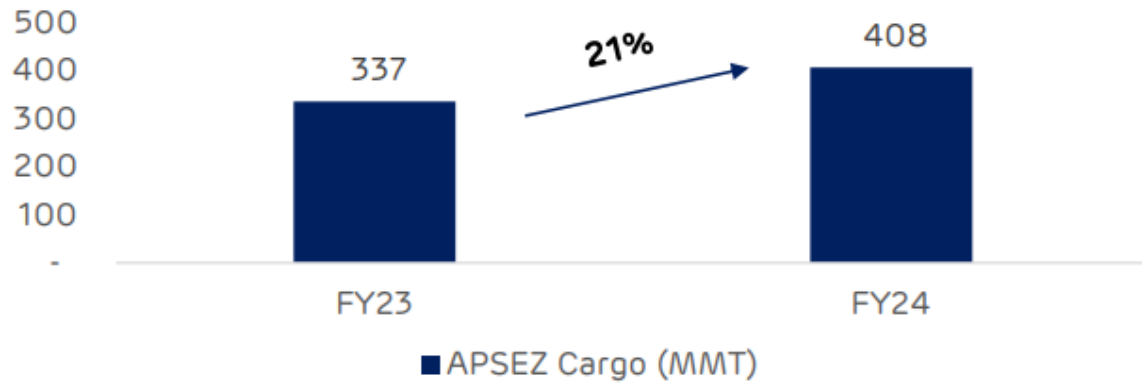
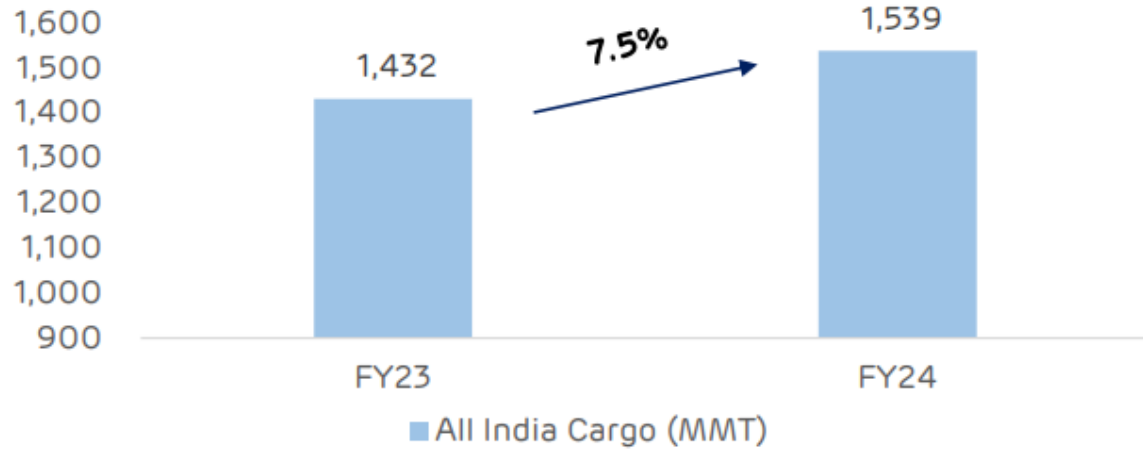
Operational Highlights:

- In FY 2023-24, APSEZ handled ~27% of the country's total cargo and ~44% of container cargo
- Overall, cargo volumes recorded a healthy 24% YoY growth to 420 MMT
- APSEZ domestic cargo volumes grew by 21% YoY vs 7.5% growth in India's cargo volumes in FY 2023-24
- 10 domestic ports in APSEZ portfolio recorded their highest ever cargo volumes
- Rail Volume grew 19% YoY to 0.6 million
- TEUs Terminal volume saw a growth of 5% YoY to 0.38 million TEUs
- Registered a growth of 40% YoY to 20.1 MMT in the Bulk (GPWIS) business
- Increased the warehousing space to ~2.4 million sq. ft. from ~1.6 million sq. ft.

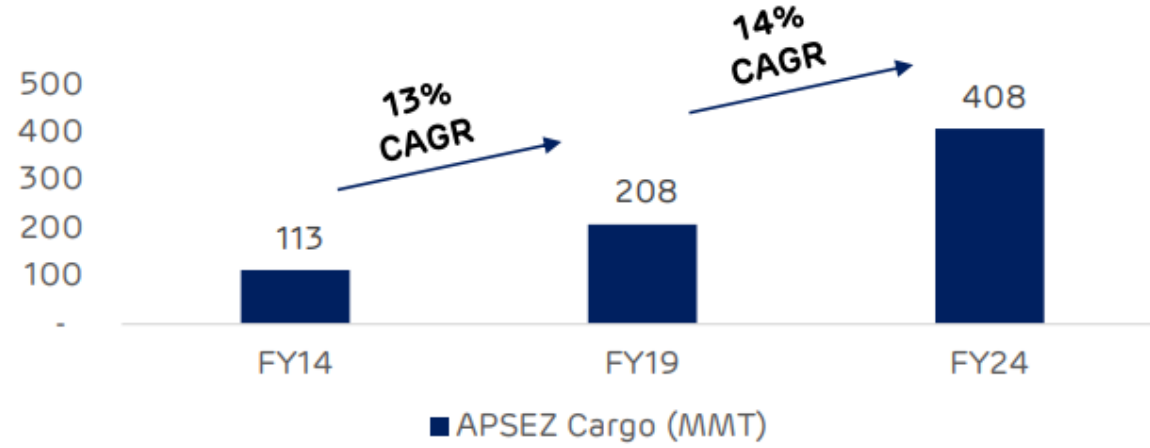
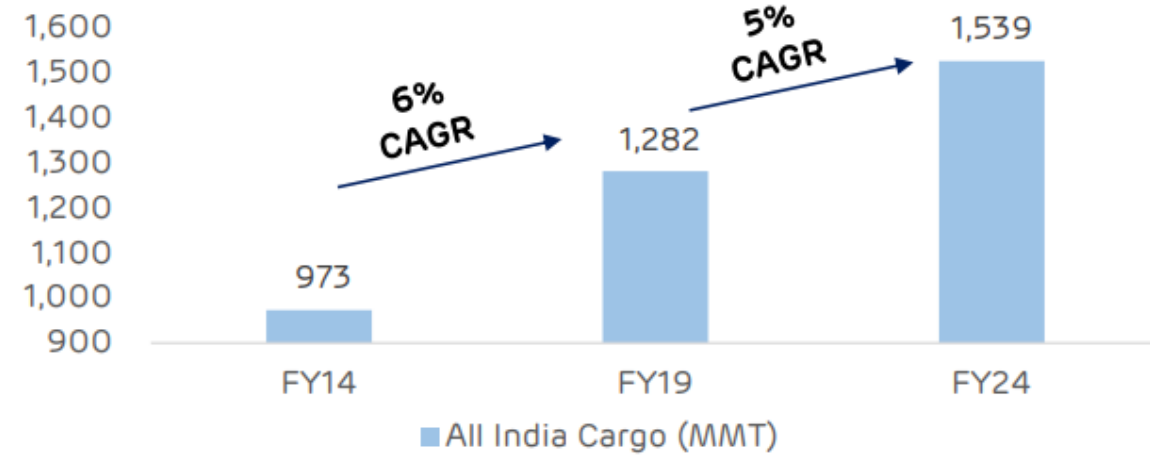
Cargo volume growth (MMT)



APSEZ FY24 cargo growth 3x the industry growth



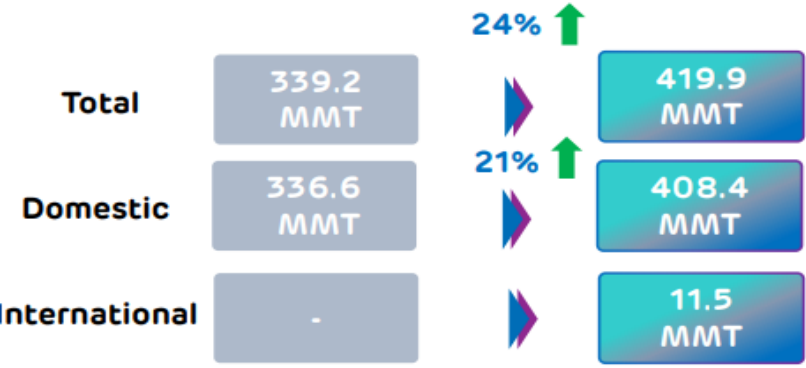
All India and APSEZ Domestic Cargo Volumes



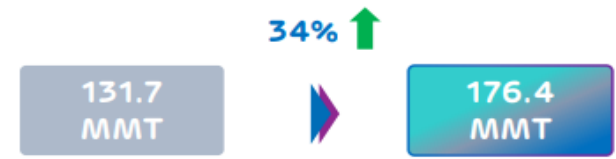
APSEZ cargo volumes have grown 2-3x the industry volumes growth rate during the last decade

FY23 FY24

APSEZ Cargo volume



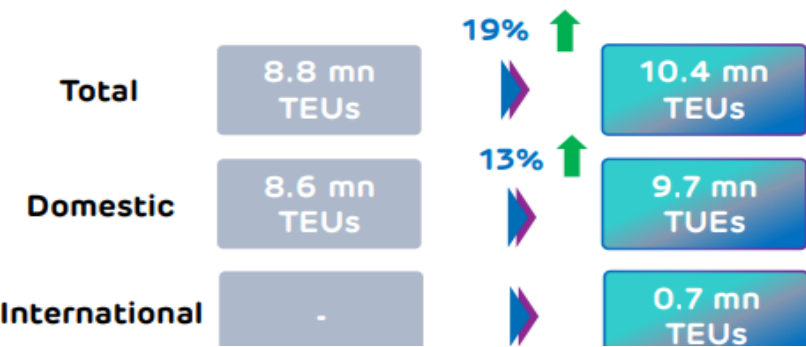
East Coast Volume*



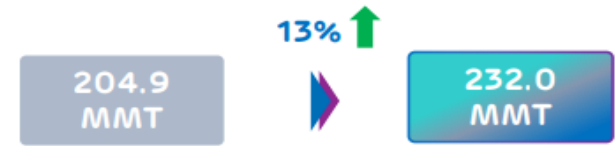
Non Mundra Volume*



APSEZ Container volume



West Coast Volume*



Mundra Volume*



FY23 FY24

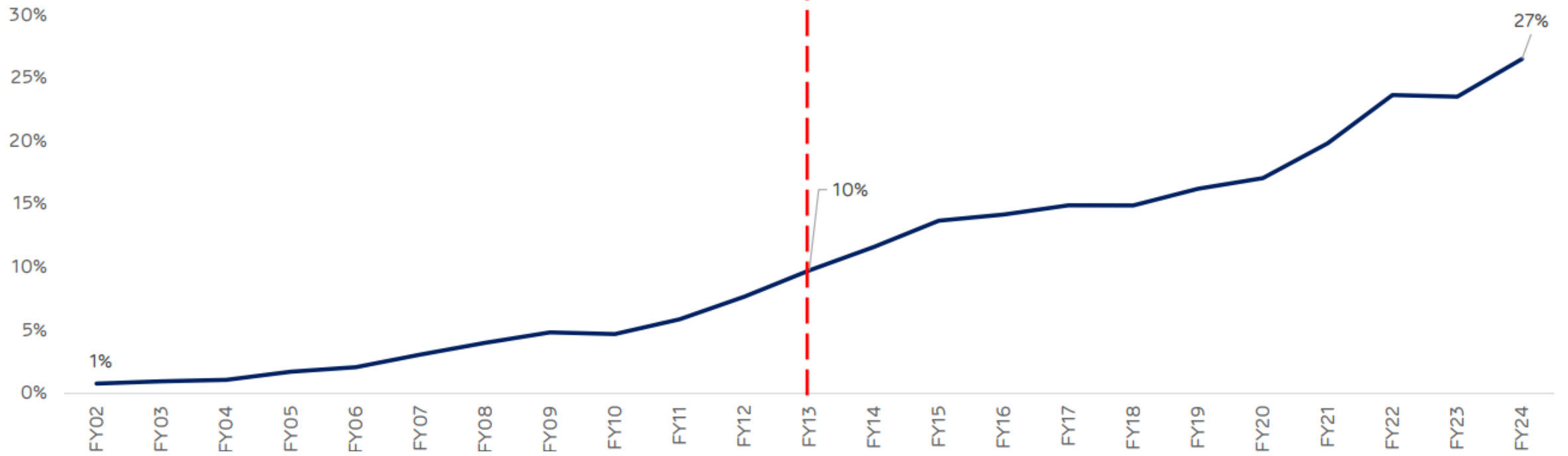
Rail Volumes



GPWIS Volumes

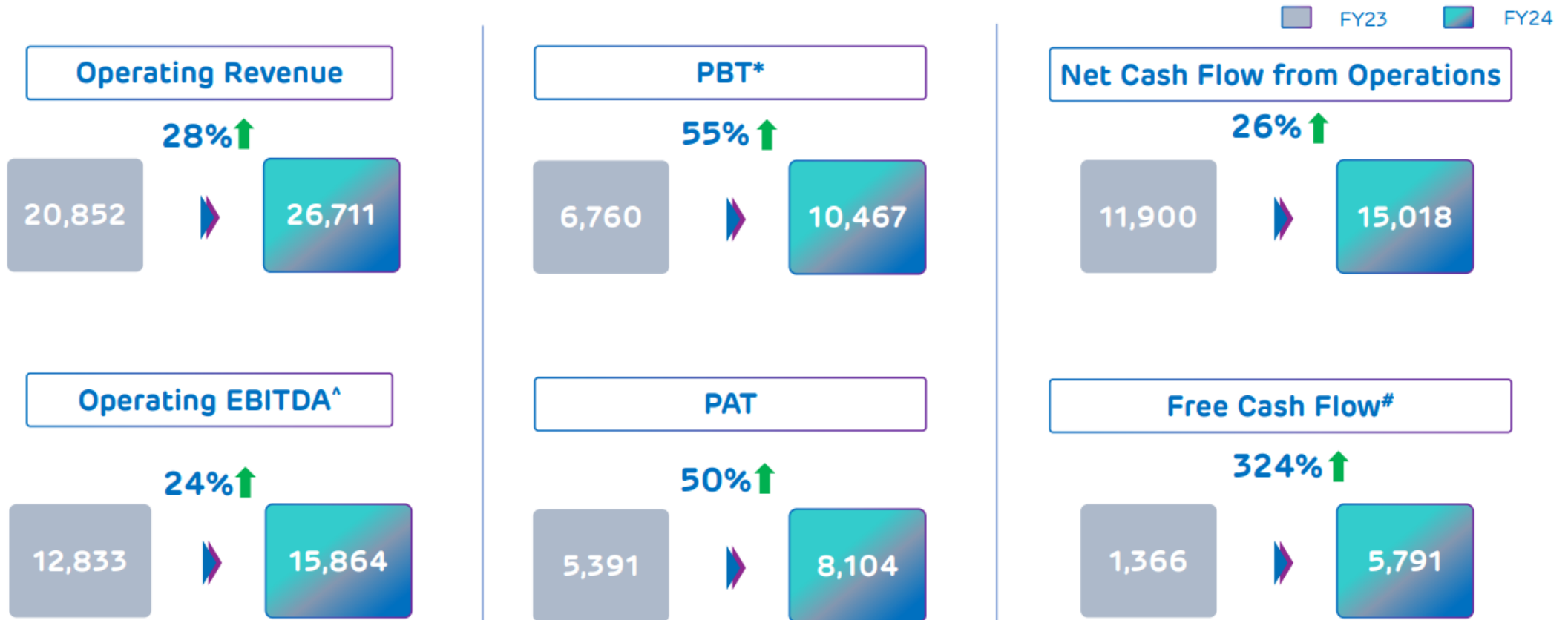


Market Share of APSEZ (%)



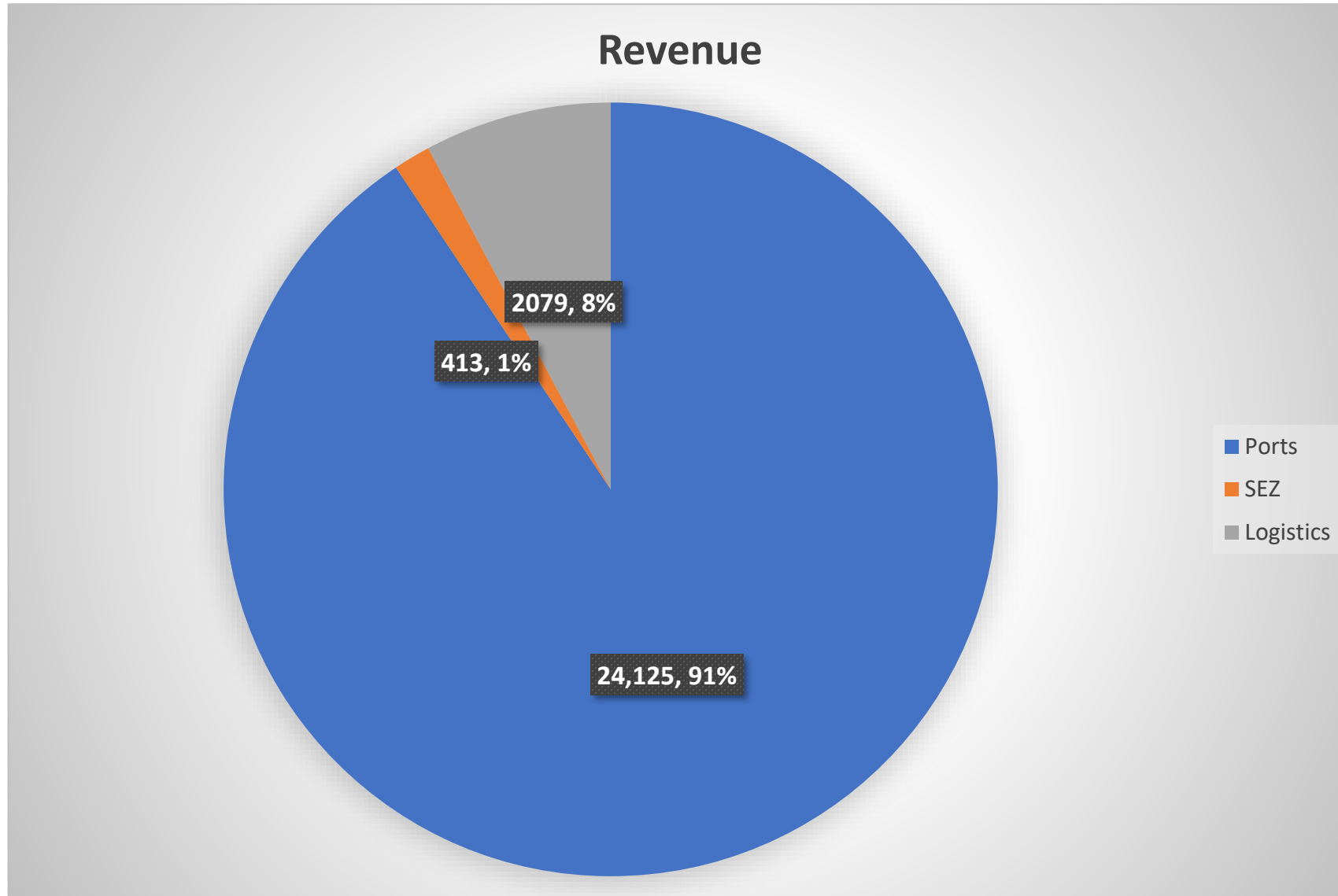
Financial Highlights:

- Consolidated revenue grew by 28% to ` 26,711 crore supported by 30% jump in ports business revenue and 19% in logistics business.
- Consolidated EBITDA (excl. forex) grew by 24% to ` 15,864 crore with ` 15,246 crore contributed by ports business and ` 540 crore by logistics business.



The Board has recommended a dividend of Rs.6 per share

Revenue bifurcation:



Profit & Loss

Consolidated Figures in Rs. Crores / [View Standalone](#)

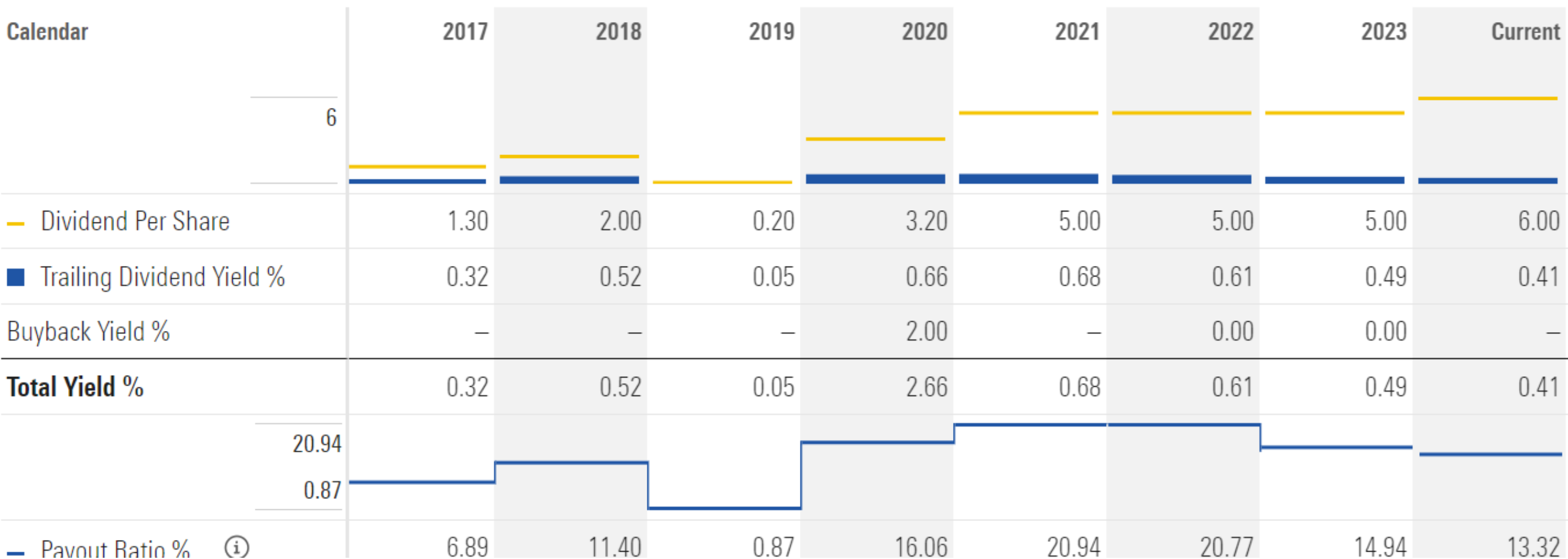
	Mar 2013	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	Mar 2024
Sales +	3,577	4,830	6,152	7,109	8,439	11,323	10,925	11,873	12,550	17,119	20,852	26,711
Expenses +	1,195	1,910	2,250	2,532	3,021	4,166	4,330	5,926	3,862	7,591	9,905	11,121
Operating Profit	2,382	2,919	3,902	4,577	5,418	7,157	6,596	5,947	8,688	9,528	10,947	15,589
OPM %	67%	60%	63%	64%	64%	63%	60%	50%	69%	56%	52%	58%
Other Income +	344	685	686	730	1,037	844	1,289	1,928	1,967	1,832	327	671
Interest	542	977	1,175	1,124	1,116	1,579	1,385	1,951	2,255	2,544	2,363	2,733
Depreciation	422	649	912	1,063	1,160	1,188	1,373	1,680	2,107	3,099	3,425	3,888
Profit before tax	1,762	1,978	2,501	3,119	4,179	5,234	5,126	4,244	6,292	5,717	5,487	9,639
Tax %	7%	12%	7%	9%	7%	30%	21%	11%	20%	13%	2%	16%
Net Profit +	1,639	1,741	2,324	2,856	3,902	3,690	4,045	3,785	5,049	4,953	5,391	8,104

Balance Sheet

Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2013	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	Mar 2024
Equity Capital	401	414	414	414	414	414	414	406	406	422	432	432
Reserves	5,993	8,351	10,351	13,091	17,112	20,489	23,958	25,051	30,035	41,399	44,957	52,346
Preference Capital	3	3	3	0	0	258	266	264	272	282	292	304
Borrowings +	11,617	12,976	17,773	22,342	22,214	22,112	27,446	29,979	35,583	47,653	53,142	49,167
Other Liabilities +	3,025	2,936	3,544	2,538	3,629	4,217	4,493	6,481	8,557	8,853	14,032	15,054
Total Liabilities	21,035	24,677	32,082	38,385	43,369	47,233	56,311	61,917	74,582	98,328	112,563	116,999
Fixed Assets +	11,382	13,163	20,527	20,883	21,054	22,670	28,121	32,715	48,291	62,553	72,224	75,148
CWIP	2,951	2,025	1,276	1,967	4,514	4,545	4,483	3,216	3,697	4,023	6,637	10,936
Investments	222	63	260	545	1,161	1,079	782	1,178	2,236	3,161	7,432	4,289
Other Assets +	6,480	9,426	10,020	14,990	16,641	18,938	22,924	24,808	20,358	28,591	26,271	26,627
Total Assets	21,035	24,677	32,082	38,385	43,369	47,233	56,311	61,917	74,582	98,328	112,563	116,999

Dividends:

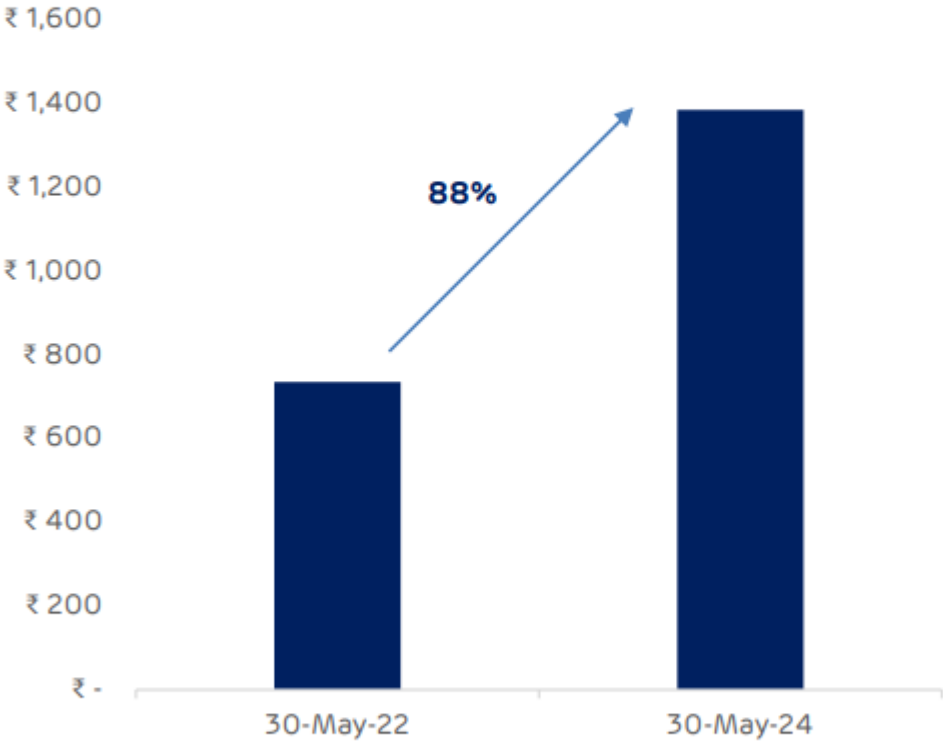


Some Important Ratios:

Market Cap	₹ 3,26,321 Cr.	Current Price	₹ 1,511	High / Low	₹ 1,621 / 708
Stock P/E	36.8	Book Value	₹ 244	Dividend Yield	0.40 %
ROCE	12.9 %	ROE	18.1 %	Face Value	₹ 2.00
Dividend yield	0.40 %	Price to book value	6.18	ROCE	12.9 %
Debt to equity	0.94	Return on equity	18.1 %	Industry PE	36.8
Current ratio	1.02	Int Coverage	4.83	OPM	58.4 %
Profit after tax	₹ 8,866 Cr.	Mar Cap	₹ 3,26,321 Cr.	Qtr Profit Var	2.53 %
Quick ratio	0.99	Industry PBV	5.50		



APSEZ



Conclusion:

I would recommend investors **not to buy** this share because:

Slow growth sector.

Stock is overpriced, it is trading at a very high PE ratio.

PEG ratio is more than 1.

P/B ratio is more than 3.

Dividend payout ratio is very inconsistent.

Decreasing holdings of Mutual Funds by 0.37%.



Thank you