



KEY HIGHLIGHTS

1. RESULTS OVERVIEW:

- Adani Ports Q4FY24 consolidated revenues came in at ₹6,896 Cr, up +18.97% YoY and down by -0.35% QoQ.
- Op Profit for Q4FY24 stood at ₹3,995 Cr, up by +22.13% YoY and down by -4.79% QoQ.
- Op margins for Q4FY24 came at 57.93%, +150 bps YoY and -271 bps QoQ.
- PAT for Q4FY24 stood at ₹2,015 Cr, up 76.91% YoY and down -8.74% QoQ.

2. MANAGEMENT COMMENTARY:

- The cargo volumes are anticipated to be in between 460 and 480 MMT in the FY25, while the revenue is forecasted to be in between INR290-310 billions.
- The management has confirmed that the company is not encountering any difficulties due to the impact of the Red Sea on FY25 volume guidance. They have assured that any risks are mitigated by the presence of extra opportunities.

3. SEGMENTAL ANALYSIS:

- Q4FY24 Segmental Revenue Breakup: Ports (79.81%), Logistics (8.16%), SEZ and Port Development (0.74%) and International Ports (11.28%).

4. CONCALL SUMMARY

- In the fiscal year 2024, APSEZ managed approximately 27% of the total cargo in the country and around 44% of the container cargo. Additionally, APSEZ achieved a revenue growth of 28% year on year in FY24, amounting to INR267b. This growth was driven by a 30% year on year increase in ports revenue and a 19% year on year growth in the logistics business.
- In the fourth quarter, APSEZ achieved a new milestone by recording a cargo volume of 108.8 MMT, marking a 26% year-on-year increase. Mundra, the primary port of APSEZ, also set a new record by handling the highest monthly volume ever seen at an Indian port during this period. Specifically, the volumes at Mundra saw a 19% year-on-year growth, while the EBITDA margin for the quarter stood at 58%, up from 56.43% in the same quarter of the previous fiscal year.
- Within the logistics industry, plans are underway to establish two additional MMLP facilities in North India and Mumbai within the next two to three years. Furthermore, there is a goal to boost the number of rakes from 127 to 300 by FY28, with a main focus on GPWI and subsequent attention on the container business.

5. OTHER DEVELOPMENTS:

- The projected EBITDA is anticipated to fall within the INR170b to INR180b range, while the net debt-to-EBITDA ratio is expected to be between 2.2-2.5x.
- By the end of March 2024, the total count of rakes rose to 127, indicating an increase from the 115 rakes recorded at the end of December 2023.

6. VALUATION AND OUTLOOK:

Adani Ports has strong market share of 27% in India's cargo volume and management is confident of improving the same in FY25. Management expects revenue momentum to stay healthy in FY25 as well and confident of broad based growth across verticals.

We reiterate a "BUY" rating on the stock and value the stock at 23.9x FY26E earnings to arrive at the target of ₹1654.

RECOMMENDATION - BUY

CMP – 1437

TARGET – 1654 (15.1%)

Industry	Ports
NSE CODE	ADANIPTS
BSE CODE	532921
Market Cap (Cr)	310563
Shares Outstanding (in Cr)	216
52 wk High/Low (₹)	1457 / 703
P/E	38.26
P/BV	5.88
Face Value (₹)	2.00
Book Value (₹)	244
EPS (₹)	37.55
Dividend Yield (%)	0.42
Total Debt / Equity	0.93
Interest Coverage	4.83

SHAREHOLDING PATTERN

	Mar 24	Dec 23	Sep 23
Promoters	65.89	65.89	65.53
DII	11.84	12.01	13.27
FII/FPI	14.98	14.72	13.83
Non-Institutions	7.30	7.38	7.37
Promoter Pledging	1.70	1.72	2.44

FINANCIAL SNAPSHOT (₹ Cr)

Y/E March	2024	2025E	2026E
Crore			
Sales	26711	30717.6	35325.3
Sales Gr. (%)	28.1	15.00	15.00
EBITDA	15589	18123	21548.4
EBITDA %	58.36	59.00	61.00
PAT	8104	10460.5	12989
EPS (₹)	37.55	48.43	60.14
EPS Gr. (%)	52.77	28.97	24.18
Ratios			
RoE (%)	16.45	18.6	18.9
RoCE (%)	13.3	13.9	14.4
Valuation			
P/E (x)	38.26	29.67	23.90

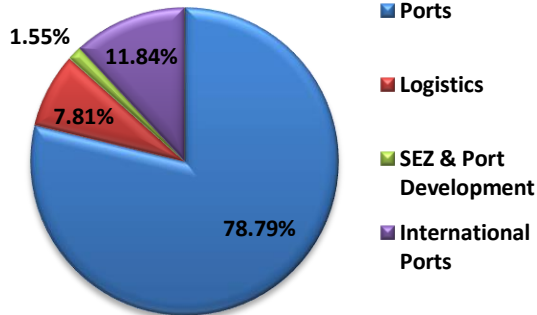
Historical & Industrial Val Ratios

Historical P/E	26.6
Industry P/E	35.0
Historical P/B	3.9
Industry P/B	4.97

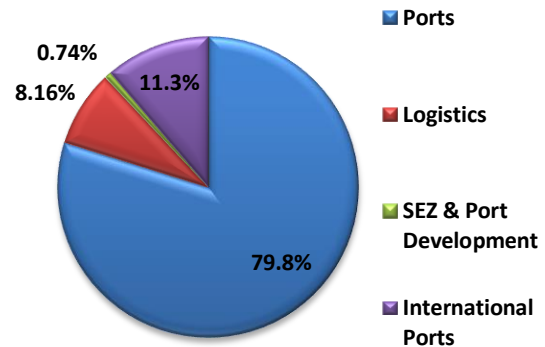


REVENUE SPLIT

Revenue Across Segments (FY24)



Revenue Across Segments (Q4 FY24)



QUARTERLY PERFORMANCE (CONSOLIDATED)

(₹ Cr)

Y/E March	FY23				FY24				FY23	FY24
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Net sales	5058	5,211	4,786	5,797	6,248	6,646	6,920	6,896	20,852	26,711
YoY change (%)	11%	32.83%	17.54%	39.99%	23.52%	27.55%	44.59%	18.97%	21.81%	28.10%
Total Expenditures	2969	2,320	2,090	2,526	2,558	2,982	2,724	2,902	9,905	11,121
EBITDA	2089	2,891	2,696	3,271	3,689	3,664	4,196	3,995	10,947	15,589
Margins (%)	41%	55%	56%	56%	59%	55%	61%	58%	52%	58%
Other Income	486	441	285	-885	384	-104	507	-70	327	671
Interest	629	577	534	623	633	520	976	604	2,363	2,733
Depreciation	840	854	884	846	950	974	985	979	3425	3,888
PBT	1105	1,900	1,564	917	2,491	2,066	2,741	2,341	5,487	9,639
Rate (%)	-7%	9%	15%	-24%	15%	15%	19%	14%	2%	16%
Adjusted PAT	1177	1,738	1,337	1,139	2,119	1,762	2,208	2,015	5,390.9	8,104
EPS in Rs	5.48	7.94	6.09	5.36	9.79	8.09	10.22	9.44	24.58	37.55

Key Performance Indicators

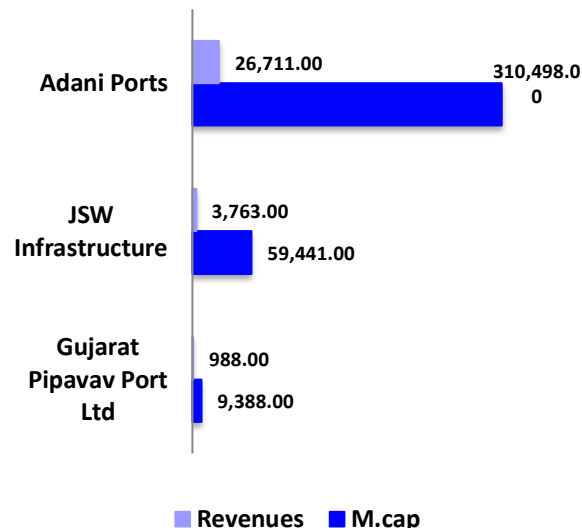
Total Cargo (MMT)	90.9	86.6	75.4	86.3	101.4	101.2	108.6	108.7	339.2	419.9
Net Debt to EBITDA									3.1	2.3
Capacity Utilization %									56	67

Source: Company, Hem Securities Research.

INDUSTRY OVERVIEW

- **Major Ports:** India has 12 major ports, which are government-owned and operated. These include Mumbai, Chennai, Kolkata, Visakhapatnam, Kochi, and others. These ports are administered by the Central Government and are crucial hubs for trade.
- **Minor Ports:** In addition to major ports, India also has numerous minor ports along its coastline. These ports are managed by state governments or private entities. They play a significant role in regional trade and easing the burden on major ports.
- **Cargo Handling:** Indian ports handle a variety of cargo including containers, bulk cargo (such as coal, iron ore, and fertilizers), liquid cargo (such as petroleum and chemicals), and general cargo. Containerization has been increasing steadily, reflecting global trade trends.
- **Infrastructure Development:** The Indian government has been investing heavily in port infrastructure to enhance capacity and efficiency. Projects such as deepening of berths, construction of new terminals, and modernization of port facilities are underway to keep pace with growing trade demands.
- **Private Participation:** There's a growing trend of private sector participation in port development and operation through Public-Private Partnerships (PPPs). Private terminals are being developed within major ports, and Greenfield projects are also being undertaken by private companies.
- **Regulatory Framework:** The regulatory environment governing ports in India is evolving to encourage investment and improve efficiency.

Key Players in Ports Space



PEER PERFORMANCE

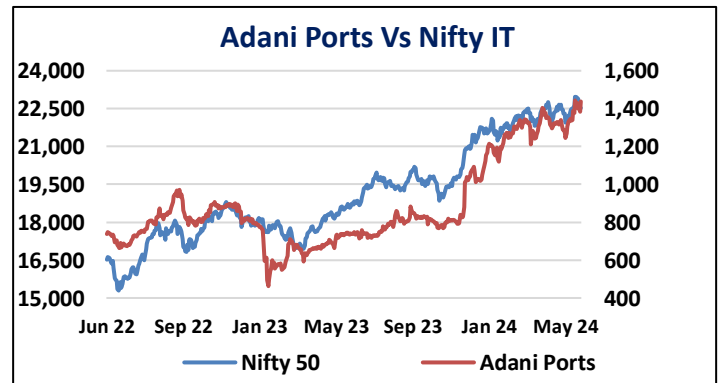
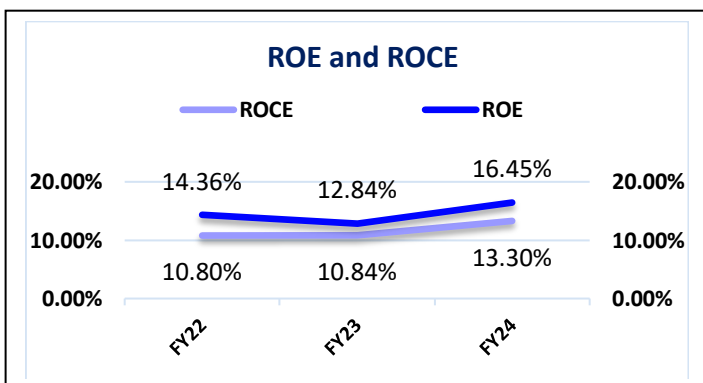
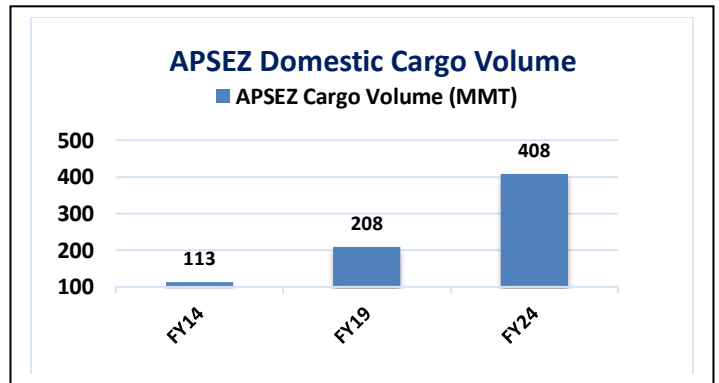
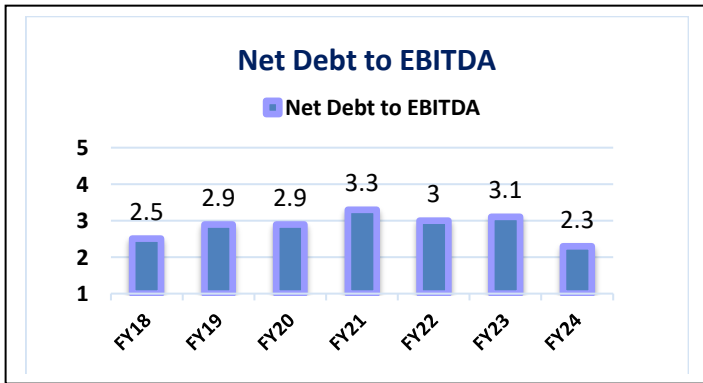
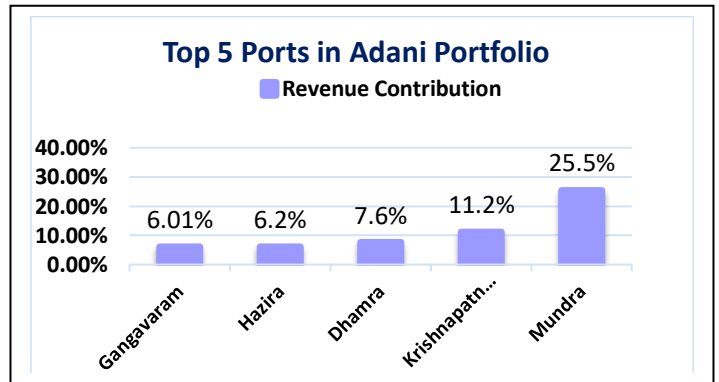
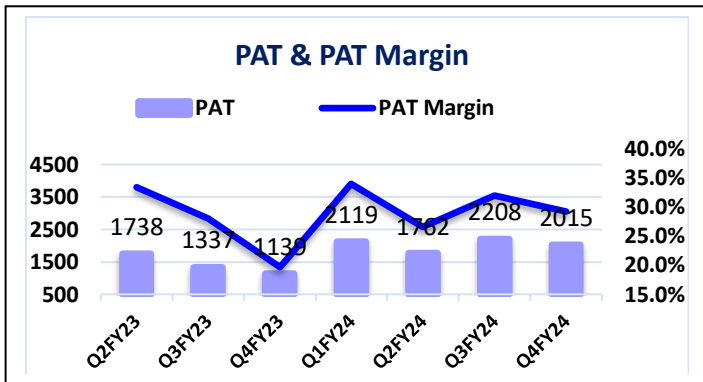
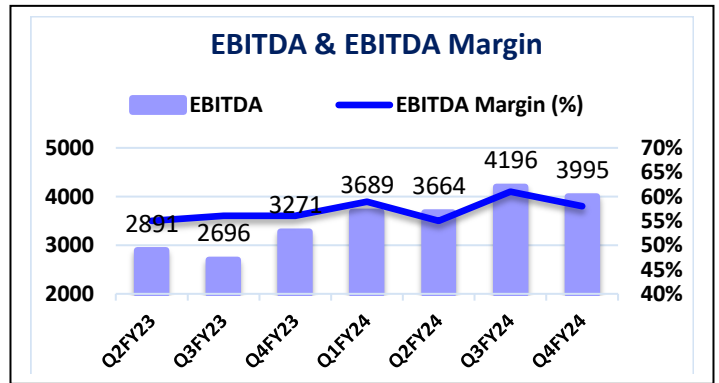
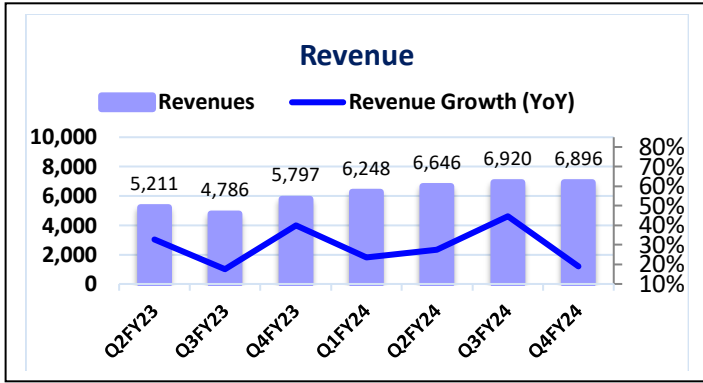
(₹ Cr)

Particulars	Adani Ports & SEZ Ltd	JSW Infrastructure Ltd	Gujarat Pipavav Port Ltd
Market Cap	3,10,586	58,947	9,405
Net Sales	26,711	3,763	988
EBITDA	15,589	1,965	573
PAT	8104	1,161	342
EPS(₹)	37.55	5.5	7.07
EBITDA MARGIN %	58.36	52.21	58
PAT MARGIN %	30.34	30.85	34.61
ROCE %	13.3	17.68	18.5
ROE %	17	19	16
P/E TTM	36.9	51	24.8
P/B TTM	5.86	7.4	4.07
EV/EBITDA	20.6	26.7	12.8
Dividend Yield %	0.42	0.0	3.14
MCap/ Sales TTM	11.6	15.7	9.52

Source: Company, Hem Securities Research.



STORY IN CHARTS





INVESTMENT RATIONALE:

- Adani ports is the biggest private port player in India with 27% of market share in cargo volumes.
- Management is very confident of achieving 460-480 MMT of volumes for FY25, showing consistency and growth in volumes.
- Adani Ports is also planning for a heavy capex of 10,500-11,500cr
- Mundra holds a geographical advantage over Pipavav by approximately 100 kilometers and is also situated around 330 kilometers closer to JNPT. Additionally, Mundra benefits from the continuous DFC advantage, allowing the operation of double-stack trains on the dedicated freight corridor.
- Adani Ports delivers one of the best EBITDA margins of 58.3% in the industry as compare to 52% to its direct peer JSW Infrastructure.
- The inclusion of Gopalpur and Karaikal ports has expanded India's port portfolio to a total of 15, boasting a collective capacity of around 627 MMT as of March 2024. This signifies the robustness of the port industry in India and highlights Adani's prominent position within it.

RISK / NEGATIVE FACTORS:

- **Regulatory Environment:** Changes in regulatory policies and government regulations can impact port operations and investment plans. Adani Ports needs to navigate the evolving regulatory landscape effectively to ensure compliance and minimize disruptions to its business.
- **Competition:** The port sector in India is becoming increasingly competitive, with both public and private players vying for market share. Adani Ports faces competition from other major port operators as well as from minor ports and emerging players in the sector.
- **Crisis in Red Sea :** 10% of the total volumes of Adani Ports comes from the route of Red Sea, any adverse impact on the current ongoing crisis can lead to disruption in the volumes of Adani Ports though management has clarified that as of now they are not facing any challenges from Red Sea.

COMPANY RECAP

- APSEZ, a subsidiary of the Adani Group, has transformed from a port company into a comprehensive Integrated Transport Utility. It now offers a complete solution that spans from the port gate to the customer gate.
- With a total of 15 ports and terminals strategically located on both the west and east coasts of India, this company stands as the largest port developer and operator in the country. Its ports and terminals on the west coast include Mundra, Tuna, Dahej, Hazira, Mormugao, Dighi, and Vizhinjam, while on the east coast, it operates in Haldia, Dhamra, Gopalpur, Gangavaram, Krishnapatnam, Kattupalli, Ennore, and Karaikal.
- Adani ports and terminals collectively handle 27% of the country's total port volumes, making them capable of efficiently managing a significant amount of cargo from both coastal areas and the hinterland.
- The organization is currently working on establishing a transshipment port in Colombo, Sri Lanka, and managing the Haifa Port in Israel. Our Ports to Logistics Platform, which includes port facilities, integrated logistics capabilities such as multimodal logistics parks, Grade A warehouses, and industrial economic zones, positions us favorably as India prepares to gain from an upcoming transformation in global supply chains.
- APSEZ, the first Indian port and third globally, has made a remarkable commitment to combat global warming. By signing up for the Science-Based Targets Initiative (SBTi), APSEZ aims to achieve carbon neutrality by 2025. This visionary approach sets emission reduction targets to control global warming at 1.5°C above pre-industrial levels. APSEZ's dedication to environmental sustainability is commendable and paves the way for a greener future.

ANNUAL PERFORMANCE
Financials & Valuations

Income Statement							(₹ Cr)
Y/E March	2020	2021	2022	2023	2024	2025E	2026E
Revenue from operations	11438.7	12,549.6	17,118.8	20,851.9	26,710.6	30717.65	35325.3
Growth YoY (%)	4.7	9.7	36.4	21.8	28.1	15	15
Total Expenditure	5934.06	4,566.2	7,594.4	8,018.5	10,846.6	13,673.3	13,776.9
(%) of sales	51.88	36.4	44.4	38.5	40.6	45	39
EBITDA	5504.71	7,983.4	9,524.4	12,833.5	15,863.9	18,123.4	21,548.4
EBITDA Growth (%)	-0.74	34.4	10.3	24.3	19.1	14	19
EBITDA Margin (%)	69.39	85.0	68.7	70.1	65.2	59	61
Depreciation	1680.28	2,107.3	3,099.3	3,424.7	3,888.5	3,988.0	4,392.0
EBIT	5987.22	8,413.6	9,204.2	10,137.2	14,517.6	14,135.4	17,156.4
EBIT Growth (%)	-5.49	38.0	(3.2)	20.4	30.3	-3	21
Net Interest Expenses	1950.64	2,255.3	2,559.6	4,479.9	2,897.2	2,691.0	2,661.0
Other Income	2433.15	2,685.5	2,239.4	1,783.7	1,550.9	1,550.0	1,641.0
Earnings before Taxes	4243.92	6,292.0	5,717.1	5,486.9	10,093.7	12,994.4	16,136.4
EBT Margin (%)	37.1	50.1	33.4	26.3	37.8	42	46
Tax-Total	459.39	1,243.3	764.0	96.0	1,989.7	2,533.9	3,146.6
Rate of tax (%)	10.82	19.8	13.4	1.8	19.7	19.50	19.50
Net Profit	3784.53	5,048.7	4,953.2	5,390.9	8,104.0	10,460.5	12,989.8
PAT Growth (%)	-6.43	33.4	(1.9)	8.8	50.3	29	24
PAT Margin (%)	33.09	40.2	28.9	25.9	30.3	34	37
Minority Interest	-21.4	(54.4)	(67.2)	(82.0)	6.7	0.50	0.83
Adjusted PAT	3784.53	5,048.7	4,953.2	5,390.9	8,104.0	10,460	12,989
EPS	18.52	24.6	23.1	24.6	37.5	48.43	60.14
EPS Growth (%)	-3.87	32.7	(5.9)	6.2	52.8	29	24

Balance Sheet

Y/E March	2020	2021	2022	2023	2024
Equity Capital	406	406	422	432	432
Reserves	25,051	30,035	41,399	44,957	52,346
Preference Capital	264	272	282	292	304
Borrowings	29,979	35,583	47,653	53,142	49,167
Other Liabilities	6,481	8,557	8,853	14,032	15,054
Total Liabilities & Equity	61,917	74,582	98,328	112,563	116,999
Fixed Assets	61	38	128	158	432
CWIP	0	0	0	0	3
Investments	98	83	391	472	13
Other Assets	254	387	395	491	1,181
Total Assets	61,917	74,582	98,328	112,563	116,999

Source: Company, Hem Securities Research.



Ratios					
Y/E March (Basic (INR))	2020	2021	2022	2023	2024
Profitability and return ratios					
Net profit margin (%)	33.09	40.23	28.93	25.85	30.34
EBITDA margin (%)	69.39	85.01	68.72	70.10	65.20
EBIT margin (%)	54.15	68.11	48.35	47.80	48.64
ROE (%)	15.09	17.96	14.36	12.84	16.45
ROCE (%)	11.49	14.10	10.80	10.84	13.30
Working Capital & liquidity ratios					
Payables (Days)	0.00	0.00	0.00	0.00	0.00
Inventory (Days)	17.47	18.62	14.79	7.42	6.08
Receivables (Days)	95.6	89.11	58.07	56.70	52.09
Current Ratio (x)	1.93	1.76	1.46	1.42	1.05
Valuations Ratios					
EV/sales (x)	6.45	13.79	11.60	8.76	12.30
EV/EBITDA (x)	9.3	16.22	16.88	12.50	18.86
P/E (x)	13.57	6.00	33.47	25.71	35.73
P/BV (x)	1.99	4.66	4.26	3.00	5.47
Dividend Yield (%)	1.27	0.71	0.65	0.79	0.45
Return on Assets (%)	6.5	7.45	5.73	5.11	7.06
Leverage Ratio					
Debt/Equity (x)	1.7	1.14	1.19	1.11	0.87

Cash Flow Statement					
Y/E March	2020	2021	2022	2023	2024
CF from Operating activities (A)	7,402	7,556	10,420	11,900	15,018
CF from Investing Activities (B)	-749	-14,064	-5,493	-16,716	-6,768
CF from Financing Activities (C)	-4,256	3,514	-586	-2,734	-7,800
Net Cash Flow	2,397	-2,994	4,341	-7,550	450
Add: Opening Bal.	4,798	7,195	4,335	8,676	1,126
Closing Balance	7,195	4,201	8,676	1,126	1,576

Source: Company, Hem Securities Research.



RATING CRITERIA

INVESTMENT RATING	EXPECTED RETURN
BUY	>=15%
ACCUMULATE	5% to 15%
HOLD	0 to 5%
REDUCE	-5% to 0
SELL	<-5%

RECOMMENDATION SUMMARY

DATE	RATING	TARGET
31st May 2024	Buy	1654

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Name of the Research Analyst: DEEPANSHU JAIN

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3.	Research Analyst or his/her relative or HSL has any other material conflict of interest at the time of publication of the Research Report	No
4.	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5.	HSL has received any compensation from the subject company in the past twelve months	No
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8.	HSL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9.	HSL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10.	Research Analyst or HSL has been engaged in market making activity for the subject company(ies)	No

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