FIA FIN2RESEARCH Investment Advisor Pvt. Ltd.

adani | Ports and Logistics

RATING	
MANAGEMENT	★★★★★
BUSINESS	★★★★★
FINANCIALS	★★★★
VALUATION	★★★★

Ranking 1 to 5, denoting lowest and 5 highest

CMP : ₹ 1495 **RATING : BUY** **TARGET : ₹ 1800** **23th AUG 2024**

KEY INFO

Mkt Cap (₹ cr)	3,22,098.32
52-Week High	1,621
52-Week Low	755
No. of eq shares (cr)	216.01
Face Value	2
Bse Code	532921
Nse Code	ADANIPORTS
Free Float (₹ cr)	1,09,513

Source : BSE,NSE

ABOUT

Adani Ports & Special Economic Zone Ltd. engages in the development, operation, and maintenance of port and port based related infrastructure facilities.

It operates through the Port and Special Economic Zone (SEZ) Activities, and Others business segments. The Port and SEZ Activities segment involves infrastructure development activities. The Others segment comprises of aircraft operating income, ulitilities services, and contaner trains services. The company was founded by Gautambhai Shantilal Adani on May 26, 1998 and is headquartered in Ahmedabad, India.

KEY METRICS

KEY METRICS	2023	2024
Sales (₹ cr)	20,852	26,711
Sales Growth	21.8%	28.1%
EBITDA Margin	53.6%	59.2%
EBIT Margin	37.2%	44.6%
NP Margin	25.9%	30.3%
P/E	25.32x	25.32x
P/B	2.91x	5.31x
P/S	6.55x	10.85x
EV/Sales	8.72x	12.30x
EV/EBIDTA	16.27x	20.79x
ROE	12.84%	16.45%
ROA	5.11%	7.06%
ROCE	10.84%	10.80%
EPS	24.96	37.52
EPS Growth	6%	50%
Dividend Payout	20.27%	13.32%

Source:Company,Fin2research

KEY HIGHLIGHTS

Highest ever quarterly revenue at Rs. 6,956 Cr, Highest ever EBITDA and PAT at Rs. 4,385 Cr and Rs. 3,107 Cr

Ratings upgrade from two domestic rating agencies & outlook upgrade from international rating agency

Signed two new port concession agreements and won one new port O&M contract

Signed a 30-year concession agreement with the Tanzania Ports

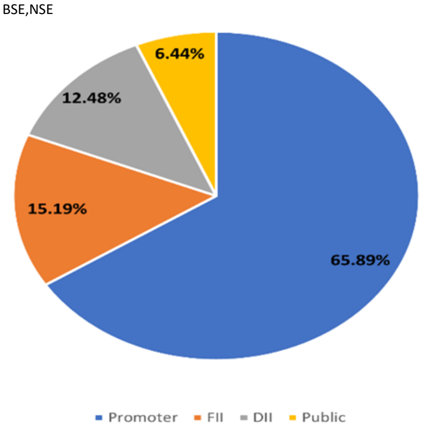
Received a LOI for development, operation and maintenance of Berth No. 13 at Deendayal Port. The Company has been awarded this LOI for a 30-year concession period through a competitive bidding process.

Received LOI for five-year O&M of container facility at Netaji Subhas Dock at Syama Prasad Mookerjee Port, Kolkata. Netaji Subhas Dock is the largest container terminal on the eastern coast of India

SHAREHOLDING PATTERN

Promoter	65.89%
FII	15.19%
DII	12.48%
Public	6.44%

Source : BSE,NSE



KEY RISKS

Strategic and economic risk: The Company faces various challenges, including economic uncertainty, a potential slowdown, trade policy changes, excessive concentration of business with a few shipping lines or customers, and the need for geographical expansion.

Operational risk: The Company faces various operational risks, such as penalties, theft of shipments, changes in cargo dimensions, damage to assets, and other potential hazards.

ESG risk: The Company faces risks arising from increasing sea levels, natural calamities, fatalities, and noncompliance with various countries' standards of governance.

Political risk: The Company faces the risk of delays in project execution due to review of existing policies and approvals.

Projects completion-related risks: The company faces risks related to regional crisis, pandemic, material and manpower availability.

GLOBAL ECONOMY OVERVIEW

The global economy displayed remarkable resilience in 2023 however, the pace of growth remains slow. According to the International Monetary Fund (IMF), global growth maintained stability, holding at a modest rate of 3.2%, compared to 3.5% in 2022. However, underlying risks and vulnerabilities persist due to escalating geopolitical conflicts, sluggish recovery in China, volatility in energy and food markets, prolonged higher interest rates and inflation. Furthermore, the Red Sea crisis has caused the biggest diversion of global trade in decades, leading to delays and heightened expenses for shipping lines that are avoiding a waterway that normally handles 12% of the world's maritime trade. As the crisis continues to unfold, its far-reaching impact on global supply chains has become increasingly evident in terms of heightened costs for the Shipping Lines and excess costs for the shippers owing to levy of war premiums in addition to schedule disruptions. Despite these challenges, indications of stable growth, strong performance of the United States and several large emerging market and developing economies, along with inflation returning to target levels in advanced economies, indicate a diminished risk of a severe economic downturn.

Global inflation continues to recede at a faster pace from 8.7% in 2022 to 6.8% in 2023. Despite headline inflation experiencing a decline from its unprecedented peaks, core inflation has remained persistent and is expected to decline gradually. Prices increased in April due to falling global oil inventories. Geopolitical tensions also supported crude oil prices amid conflict between Iran and Israel, which added uncertainty to already heightened tensions in the Middle East. Despite these tensions, crude oil price volatility has been subdued for much of this year by significant spare crude oil production capacity.

Despite the major economic shocks, global trade has been resilient in recent years. Merchandise trade experienced a decline of 1.2% in 2023 as import demand in real terms fell sharply in Europe, declined in North America and remained flat in Asia. However, imports surged in the Middle East and the Commonwealth of Independent States (CIS) region.

GLOBAL ECONOMY OUTLOOK

The global economy is expected to maintain its resilience in 2024, with the IMF projecting global growth of 3.2% for both 2024 and 2025. Concurrently, global headline inflation is forecasted to decrease to 5.9% in 2024 and 4.5% in 2025. With the improvement in the economic landscape, the World Trade Organisation predicts a moderate recovery in global merchandise trade volume, with growth rates expected to reach 2.6% in 2024 and further increase to 3.3% in 2025.

The global economic outlook in 2024 will be impacted by elevated interest rates as the war against inflation is not over and continues to be threatened by multiple factors including persistent core inflation, withdrawal of fiscal support amid high debt weighing on economic activity, low underlying productivity growth, a tight job market and economic uncertainties. Furthermore, the prolonged Russia-Ukraine conflict has the potential to further dampen the overall economic outlook of the European Union. Additionally, an escalation in geopolitical tensions in West Asia could raise energy and commodity prices, reduce energy supply, increase the risks of supply disruptions, and pose downside risks for the disinflationary trend and the overall global economy. However, positive factors, such as faster disinflation, stronger-than-expected economic performance of the US and several large emerging market and developing economies, economic stimulus in China, the resilience of Europe amid the ongoing war, and the easing of supply chain bottlenecks will bolster the outlook of the global economy.

(Source: IMF Economic Outlook, April 2024; World Trade Organisation)

INDIAN ECONOMY OVERVIEW

Amid a challenging global economic landscape and deteriorating geopolitical conditions, India has been a bright spot. It is the fifth-largest economy in the world and is poised to retain its position as the world's fastest-growing major economy. Its GDP growth remained robust at 7.6% in FY 2023-24 as against 7% in FY 2022-23, supported by strong domestic demand, moderate inflation, a stable interest rate environment, and strong foreign exchange reserves. Furthermore, an accelerated pace of economic reforms and increased capital expenditure facilitated construction activities and created extensive employment opportunities across the country. The International Monetary Fund (IMF) praised India's economic resilience, impressive growth, and significant advancements in formalisation and digital infrastructure.

As per the Second Advance Estimates of National Income, FY 2023-24, a double-digit growth rate of 10.7% in the Construction sector and an 8.5% growth rate in the Manufacturing sector have contributed to the GDP growth in FY 2023-24. Moreover, India's IIP growth during FY 2023-24 stood at 5.86%, up from 5.3% in the corresponding period in the previous year. The Electricity sector recorded a growth of 7.05%. The Mining and Manufacturing sectors also recorded a higher growth of 7.5% and 5.4% respectively during the same period.

The growth in gross value added (GVA) at Basic (2011-12) Prices is pegged at 6.9% in FY 2023-24 as against 6.7% in FY 2022-23. The Real Gross Domestic Product (GDP) or GDP at Constant (2011-12) Prices for FY 2023-24 is estimated to reach ` 172.90 lakhs crore, compared to the First Revised Estimates (FRE) of GDP of ` 160.06 lakhs crore in FY 2022-23.

Despite a subdued external environment, India's overall trade deficit is estimated to significantly improve by 35.77% from USD 121.62 billion in FY 2022-23 to USD 78.12 billion in FY 2023-24. Merchandise trade deficit improved by 9.33% at USD 240.17 billion compared to USD 264.90 billion in the previous fiscal year. Total merchandise exports declined by 3.10% to USD 437.06 billion in FY 2023-24 compared to USD 451.07 billion in FY 2022-23. Electronic Goods, Drugs & Pharmaceuticals, Engineering Goods, Iron Ore, Cotton Yarn/Fabric/made-ups, Handloom products, etc., and Ceramic products & glassware were major contributors to export growth. Merchandise imports contracted by 5.40% to USD 677.24 billion compared to USD 715.97 billion in FY 2022-23.

A positive trend is observed in CPI inflation, which has been on a downward trajectory, According to the Reserve Bank of India (RBI), CPI inflation is estimated at 5.4% for FY 2023-24. The RBI, in its efforts to control inflation and boost economic growth, maintains the policy repo rate at 6.50% and remains vigilant and prepared to implement effective measures to achieve the target of 4% inflation. The structural interventions implemented by the government will continue to contribute to the growth of India's economy. 'Make in India' has made significant achievements and is now focusing on 27 sectors under 'Make in India 2.0' to make India a manufacturing hub. India has reported meteoric improvement in Ease of Doing Business and ranked 63rd among 190 countries. As part of the Reducing Compliance Burden exercise, more than 41,000 compliances have been reduced to promote Ease of Doing Business and increase competitiveness.

(Source: Ministry of Statistics & Programme Implementation; Ministry of Finance; RBI; Ministry of Commerce & Industry)

INDIAN ECONOMY OUTLOOK

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.

There are potential risks to India's economic trajectory stemming from factors such as escalating geopolitical conflicts, political stability, fluctuations in global financial markets, geoeconomic fragmentation, and climate-related shocks. However, India's advantageous geopolitical position will help it capitalise on supply chain diversification and reshoring, increase its global competitiveness and boost exports. Furthermore, a conducive domestic policy environment will strengthen the infrastructural and manufacturing base, ensure efficiencies, create economies of scale, increase exports and make India an integral part of the global value chain. The substantial increase in capital expenditure for infrastructure development, with a focus on projects such as the development of railway corridor projects, roads and logistics is poised to revolutionise multi-modal connectivity across the country, positioning India as a prominent global industrial hub.

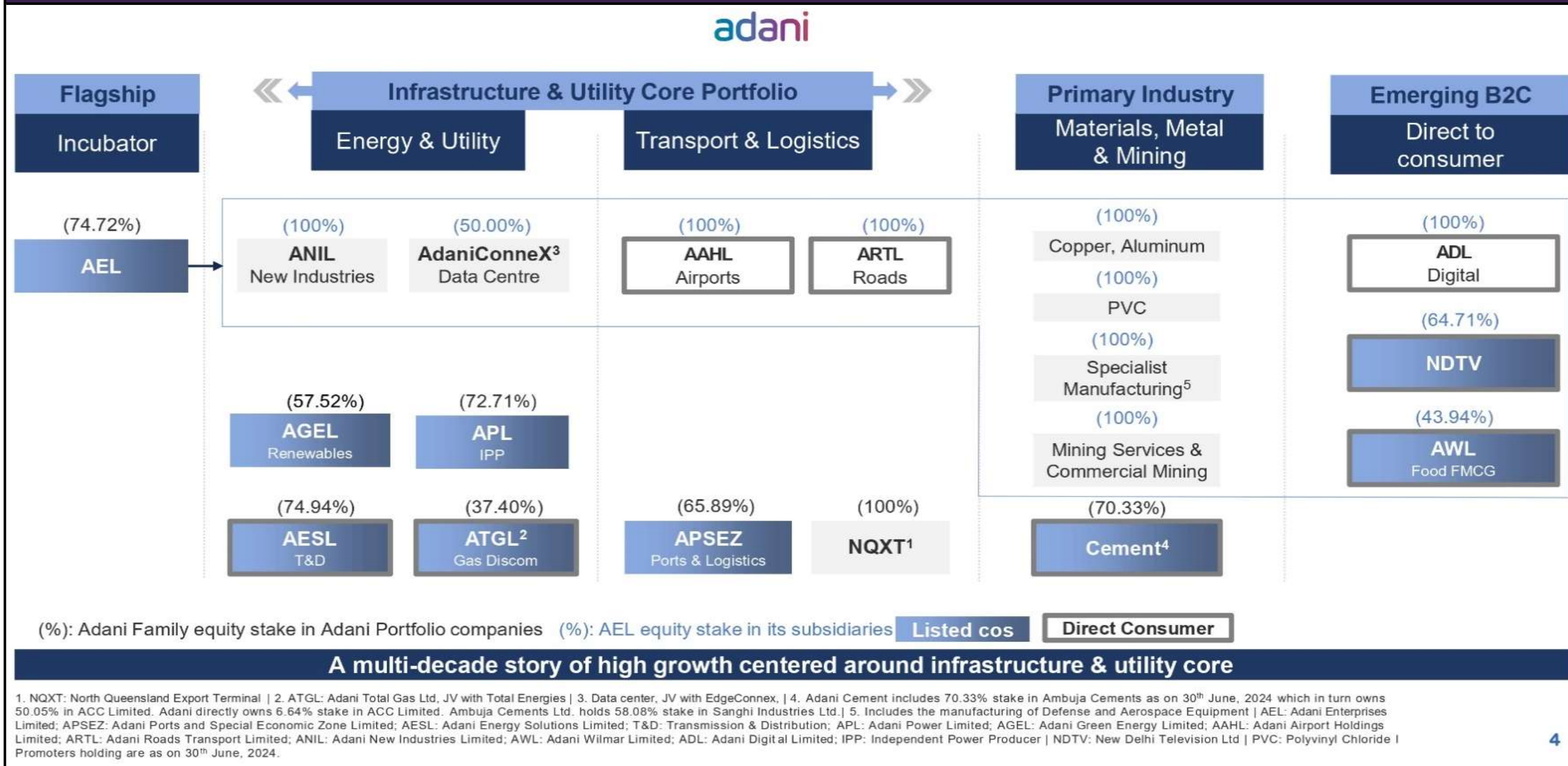
The establishment of Dedicated Freight Corridors (DFCs) is expected to play a crucial role in streamlining freight logistics, reducing costs, and facilitating easier access to the Northern hinterland via Western Ports, while also stimulating the development of new industrial hubs and Gati Shakti Cargo Terminals. Moreover, DFCs will also alleviate congestion on India's heavily burdened roads and highways. The shift from diesel-operated trucks to electrified rail, along with the implementation of energy-efficient corridors, is expected to curtail India's fossil fuel consumption and contribute to a reduction in the nation's carbon footprint.

Furthermore, the flagship initiative 'Sagarmala', with a strategic focus on modernising Indian ports, enhancing port connectivity, fostering Port Led Industrialisation, Coastal Shipping and Inland Water Transport (IWT) and Coastal Community Development, encompasses 839 projects worth investment of ~` 5.8 lakhs crore for implementation by 2035. Out of which, 262 projects worth ~` 1.4 lakhs crore have been completed and the remaining projects are under various stages of implementation and development. The Sagarmala program is a pivotal initiative aimed at connecting Indian ports with industrial clusters, thereby reducing logistics costs, and serving as a vital engine for economic growth.

India is also striving to achieve sustainability goals through decarbonisation and leveraging growing investment and trade opportunities through enhanced technology transformation and improved governance to ensure inclusive and broad-based growth. Amid a volatile global macro environment, the Indian economy is poised to emerge as one of the global economic powerhouses and become the third-largest economy in the world by 2030.

(Source: IMF Economic Outlook, April 2024; Economic Times)

GROUP PORTFOLIO

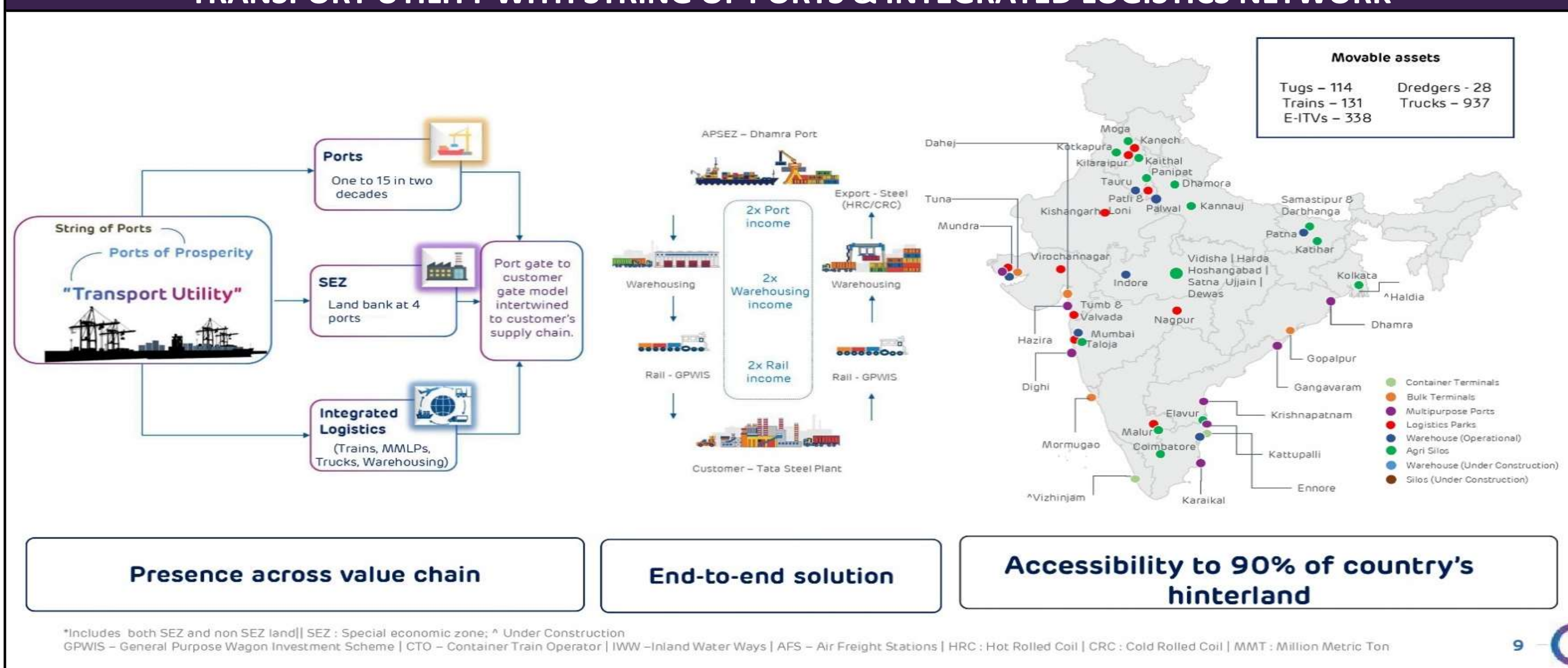


The Adani portfolio of companies, headquartered in Ahmedabad, India, has been founded and promoted by the industrialist Mr Gautam Adani. The operations of the portfolio commenced in 1988 with commodity trading business under the flagship company Adani Enterprises Limited (previously Adani Exports Limited).

The Adani portfolio of companies today stands amongst India's largest and fastest-growing diversified business portfolios spanning transport, logistics, energy and utility, materials, metals, mining and various B2C sectors. The portfolio comprises eleven publicly-traded companies, including four investment grade (IG)-rated businesses, and is India's sole Infrastructure Investment Grade bond issuer.

COMPANY PROFILE

TRANSPORT UTILITY WITH STRING OF PORTS & INTEGRATED LOGISTICS NETWORK



Source: Investors Presentation

KEY MANAGEMENT PERSON

Mr. Gautam Adani, Chairman & Founder

He has more than 36 years of business experience. Under his leadership, Adani Group has emerged as a global integrated infrastructure player with interest across Resources, Logistics, and Energy verticals.

Mr Adani's success is extraordinary in many ways. His journey has been marked by his ambitious and entrepreneurial vision, coupled with great vigour and hard work. This has not only enabled the Group to achieve milestones but also resulted in the creation of a robust business model which is contributing towards building sound infrastructure in India.

Mr Ashwani Gupta, Whole Time Director & CEO

He was the director, representative executive officer, and chief operating officer at Nissan Motor Co. Ltd. and was also the alliance senior vice president of Renault-Nissan-Mitsubishi LCV Business.

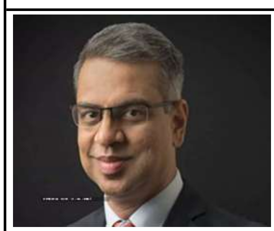
He holds a bachelor’s degree in Production & Industrial Engineering from Jawaharlal Nehru Engineering College. He has completed the advanced management program from Harvard Business School as well as the general management program from INSEAD.

Mr. Karan Adani, Managing Director

He started his career by learning the intricacies of the port operations at Mundra. Having accumulated experience throughout all levels of operations since 2009, he is responsible for the strategic development of the Adani Group and oversees its day-to-day operations.

He aims to build the Adani Group’s identity around an integrated business model, backed by his sound understanding of new processes, systems, and macroeconomic issues, coupled with his growing experience.

He holds a degree in economics from Purdue University, USA.



Mr. D Muthukumaran, Chief Financial Officer

He is a Chartered Accountant and Cost Accountant of 1995 batch. He has over 25 years of relevant experience in various disciplines of finance and accounts. He has extensive experience in driving different businesses, M&A deals, and raising of funds in debt and equity.

Muthukumaran specializes in structured finance, leverage buyouts, and regulatory & tax structuring. Earlier, he worked with Deloitte, Lazard India, Aditya Birla Group, and Renew Power. In his previous stints, he has played an instrumental role in fundraising through Private Equity, Public listing in international markets, and debt issuances in both domestic & international markets.

Mr. Rajesh Adani, Non-Independent and Non-Executive Director

He has been a vital part of the Adani Group since its inception. With strong leadership and interpersonal skills, he heads the Group’s operations and is responsible for developing its business relationships. His proactive and personalized approach toward business and his competitive spirit have contributed greatly to the growth of the Group and its diverse businesses.

Source: Company Website

COMPANY OVERVIEW

Adani Ports and Special Economic Zone Limited (APSEZ) is the largest port developer and operator in India, with a total operating capacity of 627 MMTPA (million metric tonnes per annum) (including under-construction terminals and ports and Gopalpur Port). The Adani Group promotes the company and operates from seven maritime states of India namely Gujarat, Maharashtra, Goa, Tamil Nadu, Andhra Pradesh, Puducherry, and Odisha.

APSEZ's domestic ports/terminals account for approximately one-fourth of the country's total port capacity, and the Company manages large volumes of cargo from both coast areas and the hinterland.

The Company is also developing a container transhipment port at Vizhinjam in Kerala and has forayed into the state of West Bengal with the initiation of the implementation of designing, building, financing, operating and maintaining the bulk mechanised terminal (Berth #2) at Haldia Dock Complex, Haldia. APSEZ's operating ports/terminals capacity is divided between the west and east coasts of India, with broadly 60% of its capacity is located on the west coast and 40% on the east coast.

The company is also slowly establishing its global presence in four international geographies: Australia, Israel, Tanzania, and Sri Lanka.

APSEZ owns the Haifa Port in Israel while having an O&M contract for Abbot Point Bulk Coal Terminal in Australia and Container Terminal 2 at the Dar es Salaam Port in Tanzania. The Company is also developing a trans-shipment container terminal at Colombo Port in Sri Lanka.

APSEZ has set an ambitious goal to become the World's leading integrated transport utility company and the world's largest private port company by 2030.

APSEZ is dedicated to achieving carbon neutrality by 2025, demonstrating its commitment to reducing emissions and controlling global warming to 1.5°C above pre-industrial levels. The Company aims to become carbon-positive by 2030, further validating its commitment to sustainability and reducing its impact on the environment.

STRATERGY

ESG Leadership: The company is committed to environmental conservation and societal safety through its Environmental, Social, and Governance (ESG) initiatives.

National Footprint Expansion: The company aims to broaden its service offerings, including logistics solutions, rail services, warehousing, grain silos, transportation, and last-mile delivery, to customers across the nation.

Global Presence Enhancement: The company plans to expand globally, both organically and through strategic acquisitions, across South Asia, Southeast Asia, the Middle East, Europe, and Africa.

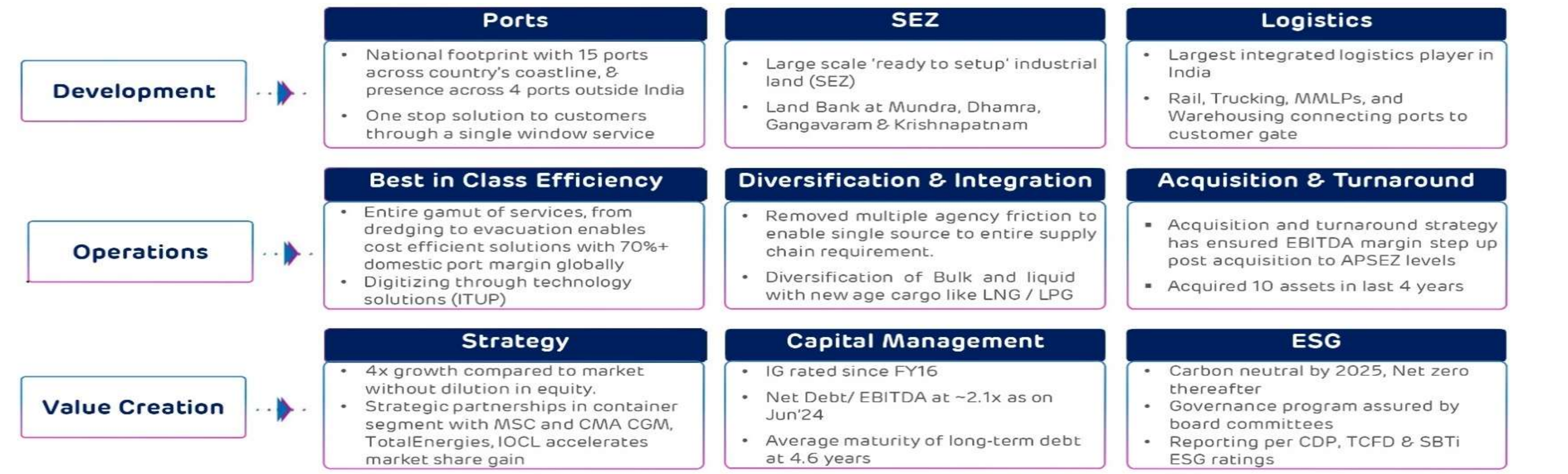
Business Mix Diversification: Shifting from a Mundra-centric port business, the company aims to become a global logistics services provider. It seeks east-west parity in India and focuses on high-growth non-port ventures, investing in businesses with attractive Return on Capital Employed (ROCE).

Operational Excellence: The Company is focused on sweating its assets, increasing efficiency, anchoring world-class facilities, skills, technology, and a digitised logistics value chain that leverages visibility, analytics, and automation.

Customer-Centric Approach: The company strives to be a customer-centric transport utility, offering integrated solutions across India to enhance the customer experience.

Strategic Partnerships and Acquisitions: Building on past inorganic growth, the company will continue to forge strategic partnerships within and beyond India for sustained expansion.

STRATEGIC GROWTH & SUSTAINABLE VALUE CREATION ACROSS INTEGRATED OPERATIONS



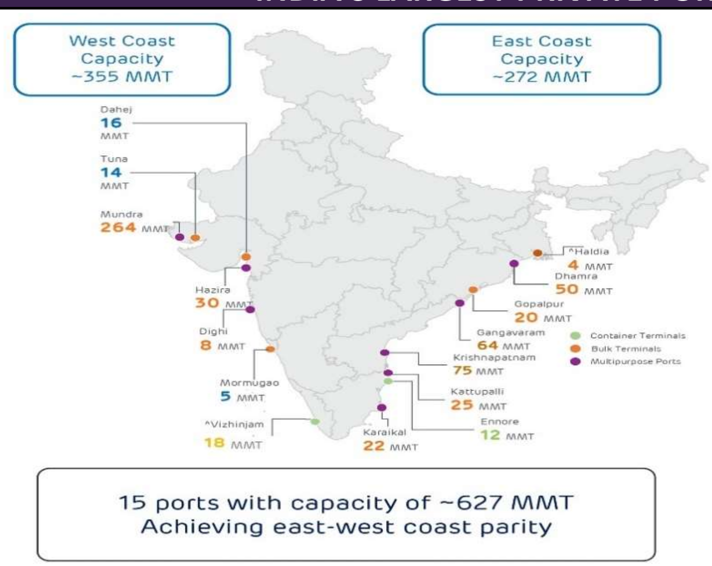
Adani Ports' strategic framework emphasizes development, operational excellence, and value creation.

The company has established a robust presence with 15 ports across India, including international locations, and offers integrated logistics solutions connecting ports to customer gates. It holds a significant land bank in key industrial zones, ready for large-scale setups.

Operationally, Adani Ports is focused on delivering cost-efficient services, driven by technology and achieving high domestic port margins. The company has diversified into new-age cargo and streamlined supply chains by reducing agency friction. Its aggressive acquisition strategy has improved EBITDA margins, adding 10 assets in four years.

Adani Ports achieved for 4x growth through strategic partnerships without equity dilution, while maintaining strong capital management. Committed to sustainability, the company targets carbon neutrality by 2025 and net-zero emissions thereafter, backed by rigorous governance and ESG reporting standards.

INDIA'S LARGEST PRIVATE PORT PLAYER - BUILDING GLOBAL PRESENCE



The company operates a network of 15 ports across India, achieving near parity between the east and west coasts with a total capacity of approximately 627 MMT.

The west coast accounts for around 355 MMT, with major ports like Mundra, the largest at 264 MMT. The east coast contributes about 272 MMT, with significant ports like Krishnapatnam and Dhamra. Internationally, Adani Ports is expanding its footprint by operating ports in Haifa, Israel, and Dar es Salaam, Tanzania, securing an O&M contract in Australia, and building a container terminal at Colombo, Sri Lanka.

This strategic expansion reinforces Adani Ports' position as a global logistics leader, ensuring a balanced and diversified port capacity across key regions.

Source: Investors Presentation

VERTICAL INDUSTRY REVIEW

INDIAN PORTS SECTOR

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. EXIM cargo handled at Major Ports increased by 5.12% from 600.03 MMT during FY 2022-23 to 630.76.9 MMT in FY 2023-24. The Coastal Cargo handled at Major port also increased by 1.97% from 183.59 MMT during FY 2022-23 to 187.21 MMT handled during FY 2023-24.

Cargo traffic at Non-Major Ports during FY 2022-23 increased by 8.5% to 649.9 MMT from 599.1 MMT handled in FY 2021-22. EXIM cargo traffic handled at Non-Major Ports in FY 2022-23 increased by 4.3% to 530.9 MMT from 509.1 MMT during FY 2021-22.

The coastal cargo traffic handled at Non-Major Ports during FY 2022-23 increased by 32.1% to 119.0 MMT from 90.1 MMT handled during FY 2021-22.

KEY PORTS PERFORMANCE

Mormugao Port recorded highest growth of 16.44% in traffic handled at Major Ports during FY 2023-24 and was followed by New Mangalore (10.36%), Visakhapatnam (9.95%), VOC (8.83%), Paradip (7.4%), Mumbai (5.74%), Chennai (5.39%), Kamarajar (4.07%), Kochi (3.01%), JNPA (2.31%), SMP Kolkata (1.82%). The only Major Ports that recorded negative traffic growth was Deendayal Port (4.17%) in FY 2023-24.

For Non-Major Ports amongst the State Maritime/State Directorate, Gujarat Maritime Board led with 449.25 MMT [share of 62.31%] followed by Andhra Pradesh Maritime Board (16.29%), Maharashtra Maritime Board (10.36%), Directorate of Ports Odisha (7.52 %), Directorate of Ports, Puducherry (1.71%) and Tamil Nadu Maritime Board (1.40%) among others in FY 2023-24.

In coastal cargo, Gujarat Maritime Board again led with 47.67 MMT [share of 34.81%] followed by Maharashtra Maritime Board (33.6%), Andhra Pradesh Maritime Board (25.96%), Directorate of Ports, Odisha (3.77%), A&N Islands (1.41%), Tamil Nadu Maritime Board (0.23%), and Others.

(Source: Transport Research Wing of Ministry of Ports, Shipping and Waterways)

Trends in All India Cargo Handling (FY23-FY24)

The commodity-wise trendline among Major Ports, Non-Major Ports and consolidated cargo handled is as indicated below:

Commodity	Major Ports		Non-Major Ports		All India Ports	
	FY 2022-23	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23	FY 2023-24
POL Crude	161.1	169.2	91.4	89.8	252.5	259.1
POL Products	57.4	61.6	72.4	73.8	129.8	135.5
LPG or LNG	15.8	16.4	19.8	23.4	35.6	39.8
Edible Oil	11.9	11.4	3.6	3.7	15.5	15.1
Iron Ore Pellets/Fine	46.5	59.8	53.0	76.2	99.5	135.9
Thermal and Other Coal	148.8	154.8	140.2	168.2	289.0	323.0
Coking Coal	38.7	36.6	39.3	39.2	78.1	75.8
Fertilisers and FRM	22.9	23.2	16.0	15.2	38.9	38.4
Food Grains	7.3	2.2	6.0	3.6	13.3	5.9
Iron and Steel	9.4	11.4	4.7	4.8	14.1	16.2
Project Cargo	0.9	0.8	0.3	0.2	1.2	1.1
Container (Tonnes)	170.2	181.5	115.8	135.9	286.0	317.4
Container (mTEUs*)	11.4	12.3	8.7	9.7	20.1	22.0
Others	92.6	88.8	86.1	87.1	178.7	175.9
Total	**783.6**	**818.0**	**648.5**	**721.0**	**1432.2**	**1539.0**

(Source: Annual Report)

Over a consolidated market share analysis at All India level, the cargo handling has grown by 7% on a year-onyear basis to 1,539 million MT of handling. The year-onyear growth for major ports has been 4% at 818 million MT while the growth for non-major ports has been at 11%.

The commodity which has depicted the maximum growth on a year to year basis is Iron Ore Pellets and Fines which has grown at 37%, followed by Iron and steel (15%), LPG/ LNG (12%) and thermal and other coal (12%), Containers (9%) and others.

VERTICAL INDUSTRY REVIEW

INDIAN LOGISTICS INDUSTRY

Transport and Logistics sector form the backbone of India's fast-paced growth. Rapid infrastructure development, government initiatives to boost exports like "Make in India", digital initiatives like "ULIP" has given this sector its much-needed growth spurt.

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. The key opportunity & focus areas for Indian Logistics Sector are as below:

- Digitalisation: Through government intervention & digital solutions, digitisation has started in various departments. They still fail to provide an end-to-end visibility of logistics processes leading to inefficient route selection, planning mismatch, manual processes & uninformed decision-making thus increasing the total logistics cost.

- Policy: The need for time-bound approval system, clearances and land-acquisition process will largely aid new developments in this sector.

- Sustainability: Sustainability in supply chain is no longer an option but a need today. Logistics is the first action area of large companies when it comes to reducing carbon footprint. Cost reduction, compliance & push from other stakeholders are the key drivers in improving supply chain sustainability.

- Advanced Technology & Newer Business Models: Decrease in entry barrier, adoption to latest technologies has paved way to disruptions by start-ups. Digital Freight forwarding platforms, on demand services etc., has increased the transparency, tech adoption & speed of cargo.

Logistics Ease Across Different States 2023

LEADS is a unique initiative of the Government of India to assess the logistics ecosystem across States and Union Territories. The fifth edition of LEADS-2023 follows the framework of LEADS-2022 with more enhancements to accurately capture specific improvements in First mile/Last-mile connectivity, packaging facility, & skilled manpower availability.

As per the earlier adopted framework, States & UTs were placed into four groups namely,

- Coastal
- Landlocked
- North-East
- Union Territories

Based on their performances, they were classified into three levels: Achievers (states and UTs achieving 90% or more), Fast Movers (states and UTs scoring between 80 and 90%), and Aspirers (states and UTs with percentage scoring below 80%).

Categories / Performance Levels	Achievers	Fast Movers	Aspirers
Coastal States	Andhra Pradesh, Gujarat, Karnataka, Tamil Nadu	Kerala, Maharashtra	Goa, Odisha, West Bengal
Landlocked States	Haryana, Punjab, Telangana, Uttar Pradesh	Madhya Pradesh, Rajasthan, Uttarakhand	Bihar, Chhattisgarh, Himachal Pradesh, Jharkhand
North-Eastern Region	Assam, Sikkim, Tripura	Arunachal Pradesh, Nagaland	Manipur, Meghalaya, Mizoram
UTs	Chandigarh, Delhi	Andaman & Nicobar, Lakshadweep, Puducherry	Daman & Diu/Dadra & Nagar Haveli, Jammu & Kashmir, Ladakh

(Source: Annual Report

INDIA'S EXPORT IMPORT TRADE

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. In addition, FY 2023-24 closed with highest monthly merchandise exports of FY 2023-24 in March 2024 at USD 41.68 billion. In FY 2023-24, the growth has mostly come in Electronic Goods, Drugs & Pharmaceuticals, Engineering Goods, Iron Ore, Cotton Yarn/Fabs./Made-ups, Handloom Products etc. and Ceramic Products & Glassware.

Non-petroleum & Non-Gems & Jewellery exports increased by 1.45% from USD 315.64 billion in FY 2022-23 to USD 320.21 billion in FY 2023-24. Electronic goods exports increased by 23.64% from USD 23.55 billion in FY 2022-23 to USD 29.12 billion in FY 2023-24. Drugs and pharmaceuticals exports increased by 9.67% from USD 25.39 billion in FY 2022-23 to USD 27.85 billion in FY 2023-24. Engineering Goods exports increase by 2.13% from USD 107.04 billion in FY 2022-23 to USD 109.32 billion in FY 2023-24. Exports of Agricultural commodities namely Tobacco (19.46%), Fruits and Vegetables (13.86%), Meat, dairy & poultry products (12.34%), Spices (12.30%), Cereal preparations & miscellaneous processed items (8.96%), Oil seeds (7.43%) and Oil Meals (7.01%) exhibited growth in FY 2023-24.

Overall trade deficit is estimated to significantly improve by 35.77% from USD 121.62 billion in FY 2022-23 to USD 78.12 billion in FY 2023-24; Merchandise trade deficit improved by 9.33% at USD 240.17 billion in FY 2023-24 as compared to USD 264.90 billion in FY 2022-23.

Unprecedented Growth in Manufacturing Exports

Manufacturing has emerged as an integral pillar in the country's economic growth, owing to the performance of key sectors like automotive, engineering, chemicals, pharmaceuticals, and consumer durables.

With 17% of the nation's GDP and over 27.3 million workers, the manufacturing sector plays a significant role in the Indian economy. Through the implementation of different programmes and policies, the Indian government hopes to have 25% of the economy's outputcome from manufacturing by 2025.

The implementation of the Goods and Services Tax (GST) will make India a common market with a GDP of USD 3.4 trillion along with a population of 1.48 billion people, which will be a big draw for investors.

The manufacturing sector has emerged as a key driver of export growth, fuelled by various factors such as increasing competitiveness, improved production capabilities, and a conducive business environment. This surge in manufacturing exports highlights India's ability to meet global demand for diverse products, ranging from automobiles and machinery to textiles and electronics. The sector's robust growth not only enhances India's export revenue but also strengthens its position as a global manufacturing hub.

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

India has been actively engaged in discussions and negotiations for free trade agreements (FTAs) with various partners, both on a bilateral and regional level, in recent past. The primary objective of these agreements is to stimulate the growth of export-oriented domestic manufacturing in India. Recently, the stakes have been raised even higher, as India has set ambitious goals for the next 25 years. 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.

As a result, securing early harvest deals and forging free trade pacts have become crucial priorities for India, despite traditionally adopting a more cautious approach to international trade. India has been actively engaged in Free Trade Agreements (FTAs) with various countries and regions. Till FY 2023-24, India signed several significant FTAs to enhance trade relations and boost exports.

Additionally, India has signed 6 Preferential Trade Agreements (PTAs), including the Asia Pacific Trade Agreement (APTA).

Furthermore, India is strategically shifting its FTA approach from East to West, targeting major world economies for FTAs in 2024-25. Negotiations are underway with countries like the UK, USA, EU, Switzerland, Norway, and Russia.

In summary, India's FTAs play a crucial role in fostering economic cooperation, expanding markets, and promoting investment opportunities

PIONEERING OPERATIONAL EFFICIENCY, STRATEGIC ACQUISITIONS & ROBUST GLOBAL PARTNERSHIPS

A NATIONAL BENCHMARK WITH BEST-IN-CLASS EFFICIENCY

Company has been at the forefront of driving India's port sector transformation, setting new standards in operational efficiency, cost-efficiencies and competitiveness with efforts like:

Operating a single-point service delivery model with end-to-end offerings as a sole operator, thereby ensuring better control over operations, moderating transaction processing time and accelerating cargo turnaround.

Establishing an extensive and complementary network of ports/terminals, resulting in greater synergies, time savings, minimal rehandling and lower expenses.

Investments in modern infrastructure enables the handling of ultra-large vessels with best-in-class marine and non-marine cargo evacuation systems.

New age terminal operating system along with Integrated Transport Utility Platform (ITUP) ensures improved efficiency across diverse port operations.

Company offers integrated and highly efficient logistics for first and last-mile connectivity through multimodal transportation including a 690 Km rail line, which yields a high rail co-efficient of 48%. Control and Command Center enables optimal asset utilisation, enhancing volume and margin.

Company facilitate port-based industrialisation with SEZ land bank, empowering industries to import and export with negligible logistics costs.

PROVEN ABILITY TO EXPAND OPERATIONS THROUGH ACQUISITION AND STRATEGIC INVESTMENTS

Company has a track record of acquiring and turning around port assets through integration of best practices and investing in capacities for economies of scale, synergies and improved connectivity. Over the last decade, Company has executed successful acquisitions, including ports like Dhamra, Kattupalli, Krishnapatnam, Dighi, Gangavaram, Karaikal and Haifa. Company's integration has significantly improved their cargo volume and EBITDA margin, while adding significant capacities to our network.

In FY23, APSEZ acquired a stake in Ocean Sparkle Ltd, a global marine services leader, to harness synergies and facilitate goal of becoming the world's largest port operator by 2030

Company has committed strategic investments for global expansion:
Partnership with Gadot to operate Israel's largest port, Haifa Port, marking entry into the Mediterranean and the opportunity to widen the Middle East footprint.

Partnership with John Keells Holdings PLC and Sri Lankan Port Authority (SLPA) to develop and manage the strategic Colombo Port's International Western Container Terminal

O&M contracts at ports in Australia and Tanzania

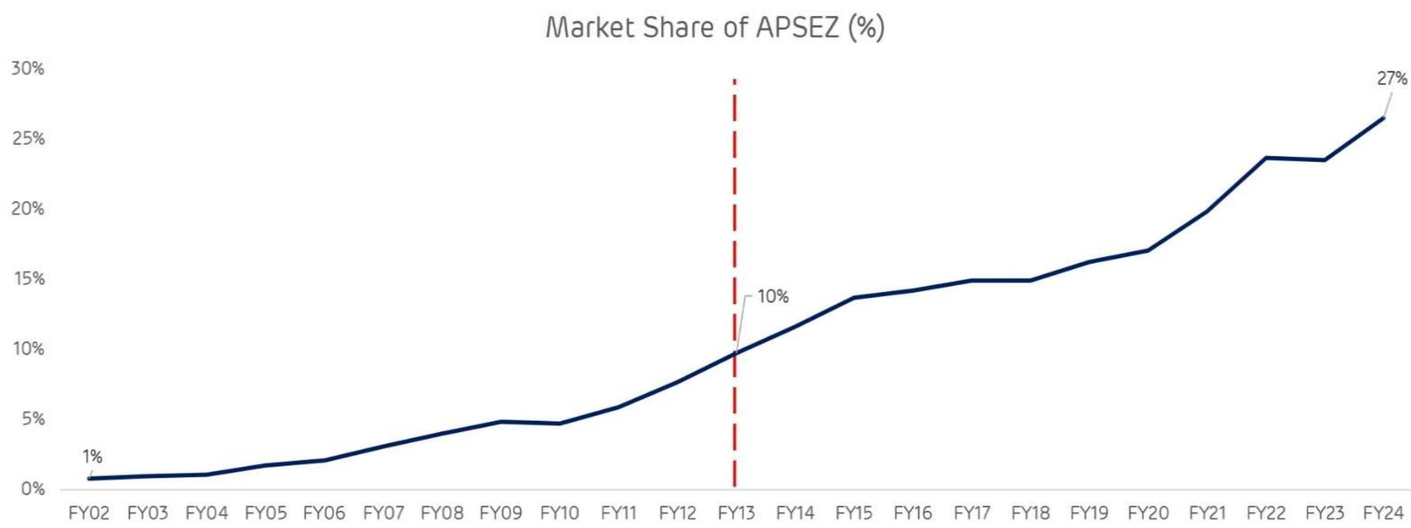
LONG-STANDING CUSTOMER RELATIONSHIPS AND STRONG BUSINESS PARTNERSHIPS

Company has enduring relationships with top customers, anchored in strategic locations due to our customer centric operations, robust infrastructure and cargo handling capabilities. Marquee customers include leading state-owned petroleum refineries, government-owned POL distribution companies, power plants, prominent automobile manufacturers, shipping lines and container service providers. These relations have translated into long-term agreements spanning diverse industries and cargo, safeguarding us from economic and commodity price volatility.

Company has entered strategic partnerships with Mediterranean Shipping Company (MSC), CMA CGM in the container segment, Total Energies for LNG Terminal at Dhamra and Indian Oil Corporation in the bulk liquid storage services segment (Indian Oil Adani Ventures Limited), John Keells & Sri Lanka Port Authority for Colombo West International Terminal and the Gadot group for Haifa Port in Israel. APSEZ performs the role of an asset developer and operator in such collaboration, while the alliance partners provide their cargo-sourcing expertise. 56% of our cargo comes from tied-in customers indicating a sticky and stable consumer base.

GROWING MARKET SHARE

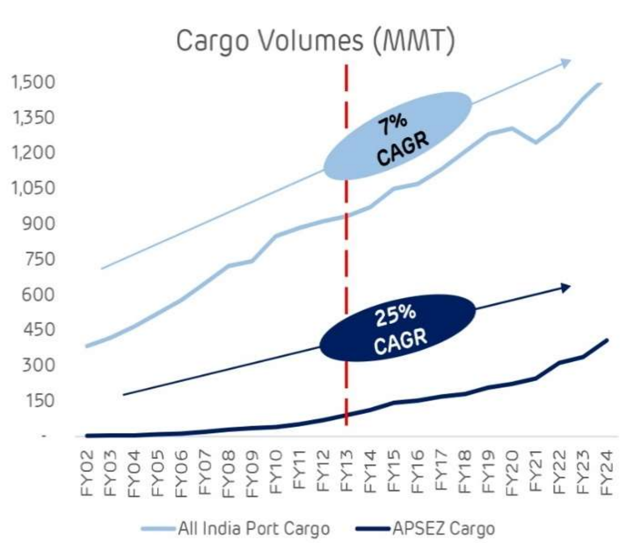
All India and APSEZ Cargo Volumes



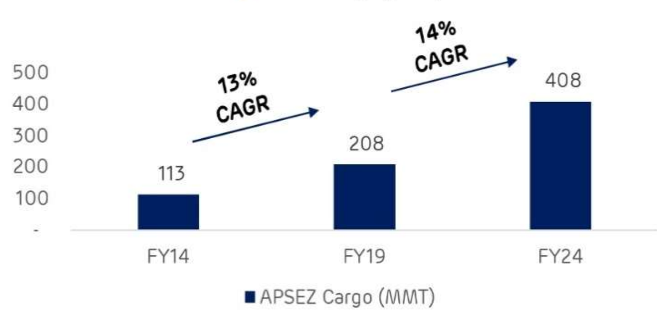
Market share growth driven by operational excellence, cargo diversification and business model transformation

LONG TERM GROWTH WAY AHEAD OF THE INDUSTRY

All India Cargo Throughput



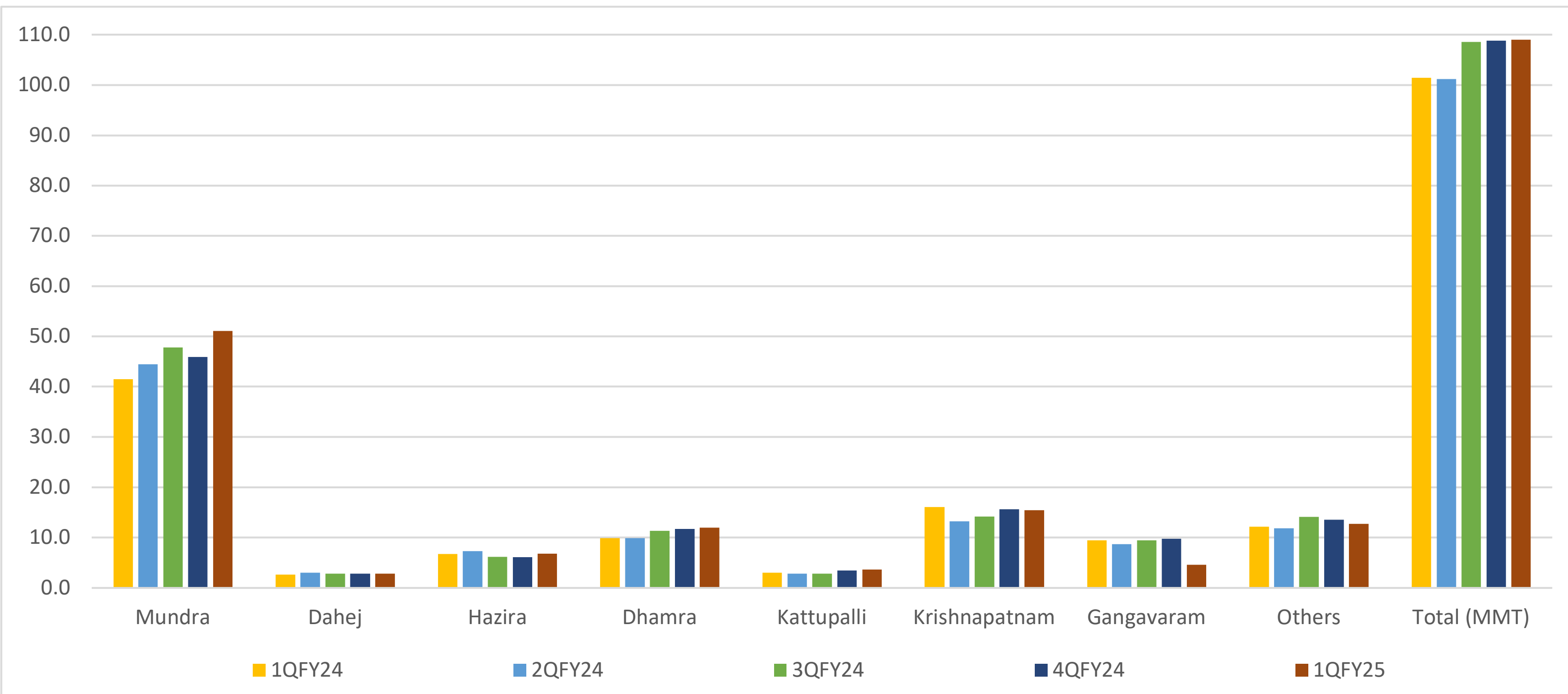
All India and APSEZ Domestic Cargo Volumes



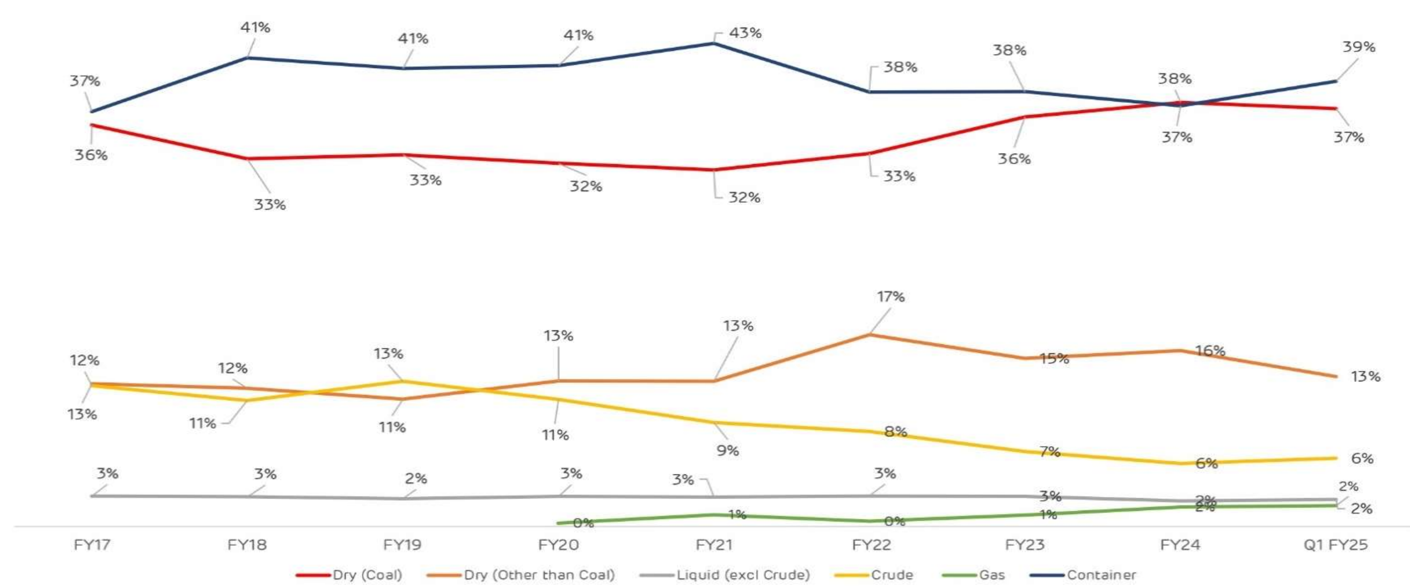
APSEZ cargo volumes CAGR over FY14-FY24E at 14% is 3x the industry volumes growth rate (5%)

VOLUME TREND ACROSS PORTS

Ports	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	Contribution (%)
Mundra	41.5	44.5	47.8	45.9	51.1	46.9
Dahej	2.6	3.0	2.8	2.8	2.8	2.6
Hazira	6.7	7.3	6.2	6.1	6.8	6.2
Dhamra	9.9	9.9	11.3	11.7	12.0	11
Kattupalli	3.0	2.8	2.8	3.4	3.6	3.3
Krishnapatnam	16.1	13.2	14.2	15.6	15.4	14.1
Gangavaram	9.4	8.7	9.4	9.8	4.6	4.2
Others	12.2	11.8	14.1	13.5	12.7	11.7
Total (MMT)	101.4	101.2	108.6	108.8	109.0	-



DIVERSIFYING CARGO PORTFOLIO



FY 24 HIGHLIGHTS

PORTS

The Dhamra LNG Terminal commenced commercial operations during the year. The first LNG vessel was berthed safely at LNG Terminal on April 1, 2023 and completed her unloading operation (cargo qty 51,196.756 MT) on April 14, 2023.

Mundra led from the front in promoting sustainability in maritime trade and issued a trade circular for the exemption of vessels utilising liquefied natural gas (LNG) as fuel. This scheme is a significant step towards reducing carbon emissions in the maritime industry.

APSEZ clocked its highest ever monthly cargo of 38.12 MMT in March 2024. In addition, the flagship Mundra Port surpassed the milestone of successfully handling 17 MMT cargo in a single month. This historic milestone marks the first instance in Indian maritime history where a port has handled such a substantial volume of cargo in a month.

Mundra Port completed 25 years of operations in 2023.

APSEZ successfully completed the integration of Haifa & Karaikal Ports in its folds in the period of FY 2023-24.

Vizhinjam Port berthed its first vessel (carrying project equipment) in October 2023.

APSEZ announced a second strategic partnership with Terminal Investment Limited (TiL), the container terminal operating and investing arm of MSC, the largest container shipping line in the world, for the operation of Adani Ennore Container Terminal Pvt Ltd (AECTPL). Terminal Investment Ltd, through its fully owned subsidiary Mundi Ltd, will acquire a 49% shareholding of AECTPL from APSEZ for a consideration of ` 247 crore.

Future-Ready Infrastructure: APSEZ ports continue to transcend the operational excellence benchmarks of the ports sector in India. In continuation of the same phenomenon, in 2023, Mundra Port berthed one of the longest vessel ever, MV MSC Hamburg, (399 meters long and 54 meters wide vessel) with a carrying capacity of 15,908 TEUs & in the same period, Krishnapatnam berthed its largest vessel measuring 335.94 m LOA and 42.94 m beam

Several ports in the APSEZ ports portfolio, viz., Mundra Port, Tuna Terminal, Hazira Port, Mormugao Terminal, Karaikal Port, Ennore Terminal, Kattupalli Port, Krishnapatnam Port, Gangavaram Port & Dhamra Port achieved their highest ever annual cargo handling in the period FY 2023-24 thereby demonstrating the readiness of APSEZ to serve the maritime trade.

APSEZ entered into a definitive agreement to purchase 95% stake in the Gopalpur Port situated in the Ganjam District of Odisha to further attain the east coast to west coast geographical diversification and to have access to the mining hubs of Odisha region.

LOGISTICS

Total count of logistics park reached 12 with addition of 3 MMLPs (Virochannagar, Loni, Valvada)

Successfully inducted 34 rakes in this financial year taking our overall rake count to 127

ALL added ~0.8 million sq. ft. of warehousing capacity after addition of WHs in Indore & Mumbai (Kalyan). This takes the overall capacity to ~2.4 million sq. ft.

Successfully demonstrated road to rail conversion in the Mundra Maliya cluster, and transported around 30k TEUs by rail.

Total agri silo capacity increased to 1.2 MMT with addition of 2 agri silos (Samastipur and Darbhanga)

Initiated construction activities on locations identified for setting up agro silos granted through competitive bidding.

Launched trucking business segment during the year with 900 trucks to provide last-mile connectivity to the customers from ports/ICDs/customer premises

FY 24 HIGHLIGHTS

SEZ, BD & Industrial Zones (IZ)

Mundra SEZ is the largest multi-sector SEZ in India. Excellent multimodal connectivity makes SEZ an attractive investment destination for setting up export focused industries. Cluster-based development approach has been adopted for industries in textiles, chemicals,engineering, etc. Sectors with investment exceeding ` 70,000 crore and employment in excess of 34,000 (direct & indirect), Mundra SEZ is working ceaselessly to attract even more investments for manufacturing.

Maritime clusters are planned across various Ports of APSEZ for ensuring captive cargoes. Allotment of land at various ports are being sought to develop industrial areas for ensuring Industry led Port Growth in port cargo.

Construction of storage tanks for crude oil by IOCL is at an advanced stage of implementation. This will ensure an additional 10 MMTPA crude oil tonnage to Mundra Port.

Major works related to Natural Gas distribution network in Mundra SEZ have been completed in current FY and the pipeline connectivity for the natural gas supply to Mundra Industrial Area is expected to go live by next year.

Ready to Use Facilities including CFS / warehouse in Mundra SEZ have been planned for SEZ as well as DTA entities, who desire to take on rent such developed infrastructure facilities on a long-term basis.

Construction of storage tanks for crude oil by HRRL is at an advanced stage of implementation. This will ensure an additional 8 MMTPA crude oil tonnage to Mundra Port.

FY 24 PERFORMACE OVERVIEW

During the year under review, APSEZ performance was good & promising with cargo volumes witnessing a robust 24% YoY growth.

The Company dominated on all fronts; Mundra Port retained its top position as the largest port in India, handling 179.58 MMT of cargo in FY 2023-24. The total cargo handled across all Adani ports was 419.95 MMT, including 11.51 MMT cargo handled at Haifa Port, Israel.

In India, APSEZ ports have handled 408.44 MMT cargo, through our 12 operating ports/ Terminals. APSEZ India ports portfolio has witnessed around 21% YoY volumes growth. Dry cargo volume crossed 219 MMT, registering 27% YoY growth. Key growth commodities in dry cargo were Coal, Iron ore, and other certain minerals. Coastal coal has witnessed massive 80% YoY growth (33.09 MMT in FY 2023-24 against 18.43 MMT in FY 2022-23).

In India, APSEZ ports container volume reached 9.7 MTEUs volume against 8.6 MTEUs in FY 2022-23, registering 13% YoY growth. APSEZ Mundra Port has maintained its top position in container volume handling, Mundra has handled 7.42 MTEUs in FY 2023-24 against 6.64 MTEUs in FY 2022-23, registering 12% YoY volume growth. Out of APSEZ's 12 operating ports, 11 ports have witnessed YoY volume growth. Mundra Port has witnessed around 16% YOY volume growth, handled 179.58 MMT; Tuna Port has handled 9.73 MMT, with 19% YoY growth , Hazira Port has handled 26.40 MMT cargo, with 4% YoY growth; Dighi has handled 0.55 MMT cargo; Goa terminal has handled 4.59 MMT cargo registering 3% YoY growth; Karaikal Port handled 12.28 MMT cargo, Ennore container terminal has handled 12.95 MMT cargo, with 57% YoY volume growth; Kattupalli Port has witnessed 4% YoY growth, handled 11.93 MMT cargo, Krishnapatnam Port has handled 59.21 MMT cargo, with 23% YoY growth, Gangavaram Port has handled 37.24 MMT cargo, registering 15 % YoY growth; and Dhamra Port has handled 42.81 MMT cargo, with a 37% YoY growth.

FY 25 GUIDANCE

Cargo	**460-480 MMT**
Revenue	**Rs 29,000-31,000 Cr**
EBITDA	**Rs 17,000-18,000 Cr**
Capex	**Rs 10,500-11,500 Cr**
Net Debt to EBITDA	**2.2–2.5x**

FINANCIALS

INCOME STATEMENT (₹ Cr)

Particulars	FY22	FY23	FY24
Revenue	**17,119**	**20,852**	**26,711**
Total Operating Expenses	7,579	9,674	10,908
EBITDA	**9,540**	**11,178**	**15,803**
% EBITDA Margin	***55.73%***	***53.61%***	***59.16%***
D&A	3,099	3,425	3,888
EBIT	**6,441**	**7,753**	**11,914**
% EBIT Margin	***37.62%***	***37.18%***	***44.60%***
Finance cost	2,560	2,594	2,784
Other Income	2,224	1,553	1,499
JV/Associates	17	48	-162
Exceptional Items	-405	-1,273	-374
PBT	**5,717**	**5,487**	**10,094**
Taxes	764	96	1,990
PAT	**4,953**	**5,391**	**8,104**
% NET Margin	***28.93%***	***25.85%***	***30.34%***
Minority Interest	-67	-82	7
Adjusted PAT	**4,886**	**5,309**	**8,111**

BALANCE SHEET (₹ Cr)

Particulars	FY22	FY23	FY24
Non Current Asset			
PP&E	41,489	48,484	51,804
Right of Use Assets	2,772	3,864	3,809
CWIP	4,023	6,637	10,936
Goodwill	6,711	6,907	6,907
Other Intangible Assets	11,581	11,666	11,283
Investments	3,113	4,788	4,972
Loans	571	1,589	60
Other Financial Assets	7,680	6,757	4,691
Deferred Tax Assets	1,358	2,200	1,919
Other Non-Current Assets	2,299	4,275	5,065
Total Non Current Asset	**81,597**	**97,167**	**1,01,446**
Current Assets			
Inventories	396	452	438
Investments	347	4,645	662
Trade Receivables	2,222	3,258	3,667
Cash & Cash Equivalents	8,653	1,121	1,576
Bank Balances	2,014	3,213	6,056
Loans	1,302	408	269
Other Financial Assets	525	1,393	3,441
Other Current Assets	730	1,165	1,177
Assets Held for Sale	1,898	1,941	187
Total Non Current Asset	**18,088**	**17,596**	**17,473**
Total Assets	**99,685**	**1,14,763**	**1,18,918**
EQUITY AND LIABILITIES			
Equity Share capital	422	432	432
Other Equity	41,566	45,124	52,513
Non-controlling interest	393	1,361	1,598
Total Sharholder's Eq	**42,381**	**46,917**	**54,543**
Non-current liabilities			
Borrowings	39,691	46,517	37,663
Lease Liabilities	1,984	2,687	2,953
Other Financial Liabilities	228	323	360
Provisions	34	1,216	1,101
Deferred Tax Liabilities	3,011	3,425	4,170
Other Non-Current Liabiliti	988	1,149	1,665
TOTAL NON CUR LIB	**45,936**	**55,316**	**47,912**
Current liabilities			
Borrowings	5,762	3,302	8,616
Bills Discounted	299	699	0
Lease Liabilities	32	62	71
Trade Payables	1,160	2,296	2,167
Other Current Liabilities	3,609	4,430	5,334
Provisions	108	187	193
Current Tax Liabilities (net)	94	31	33
Liabilities for AHFS	305	1,521	48
TOTAL CUR LIB	**11,368**	**12,530**	**16,463**
Total Equity and Liabilities	**99,685**	**1,14,763**	**1,18,918**

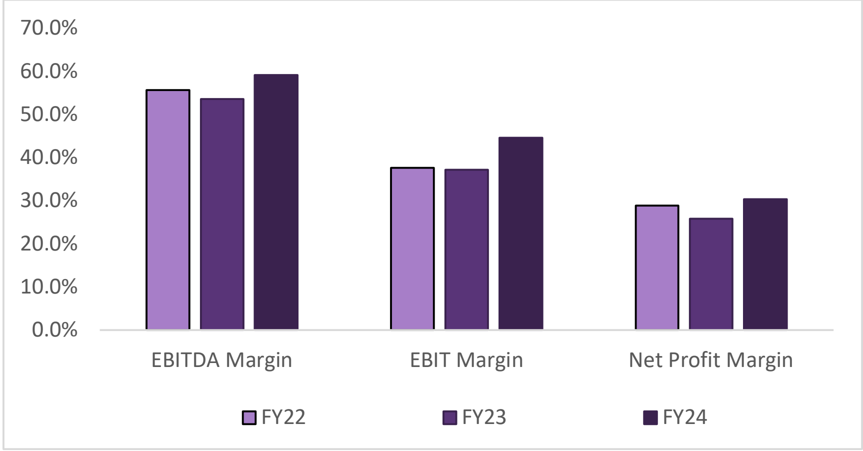
CASH FLOW STATEMENT (₹ Cr)

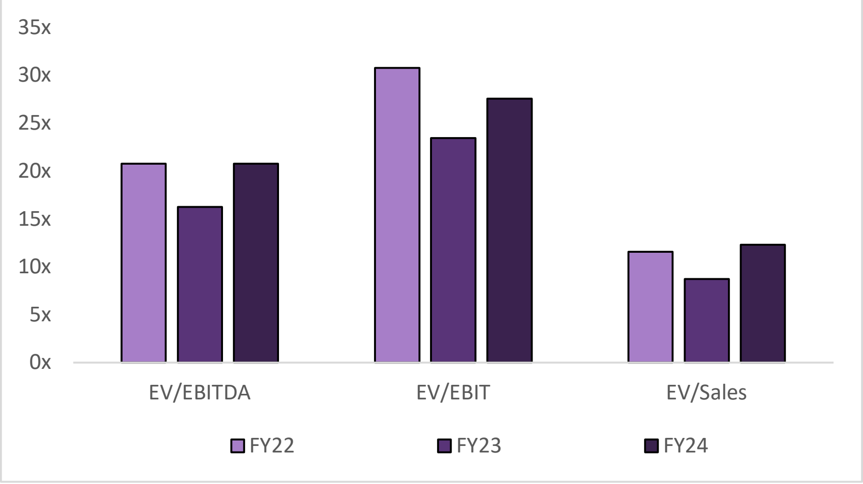
Particulars	FY22	FY23	FY24
Operating Activity			
CFO Before WC	10,621	13,621	16,299
Change in WC	758	-874	-10
Tax	-960	-847	-1,272
Net CFO	**10,420**	**11,900**	**15,018**
Investing Activity			
Net Capex	-3,801	-8,937	-7,390
Interest income	1,819	1,461	969
Other CFI	-3,300	-12,084	-526
Net CFI	**-5,282**	**-19,560**	**-6,947**
Financing Activity			
Non-Current Borrowings (net)	4,951	5,735	-3,654
Current Borrowings (net)	2,576	-5,390	-475
Acquisition of NCI	-5,427	-25	0
Issue of Equity Shares	800	0	0
Issue of Equity Shares to NCI	109	946	235
Interest & Finance Charges paid	-2,551	-2,371	-2,809
Repayment of Lease Liabilities	-62	-53	-48
Derivative Contracts (net)	43	-483	29
Payment of Dividend	-1,027	-1,093	-1,080
Net CFF	**-586**	**-2,734**	**-7,800**
Net change in CF	**4,553**	**-10,394**	**271**

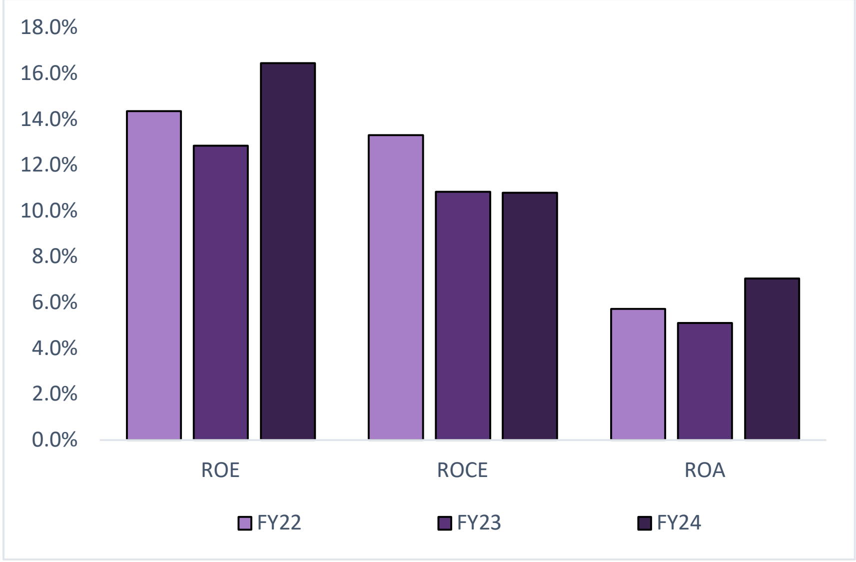
Source: Annual Report

RATIOS

Ratios	FY22	FY23	FY24
Profitability Ratios			
EPS	23.45	24.96	37.52
EBITDA Margin	55.73%	53.61%	59.16%
EBIT Margin	37.62%	37.18%	44.60%
Net Profit Margin	28.93%	25.85%	30.34%
Dividend Payout	20.73%	20.27%	13.32%
Sales Growth	36.41%	21.81%	28.10%
Expense Growth	90.56%	27.65%	12.76%
EBITDA Growth	11.29%	17.17%	41.37%
EBIT Growth	-0.38%	20.38%	53.66%
Net Profit Growth	-1.89%	8.84%	50.33%
Valuation Ratios			
Enterprise Value	1,98,260	1,81,900	3,28,507
EV/EBITDA	20.78x	16.27x	20.79x
EV/EBIT	30.78x	23.46x	27.57x
EV/Sales	11.58x	8.72x	12.30x
P/CFO	15.69x	11.47x	19.30x
P/E	33.02x	25.32x	35.77x
P/S	9.55x	6.55x	10.85x
P/B	3.86x	2.91x	5.31x
Efficiency Ratios			
ROE	14.36%	12.84%	16.45%
ROCE	13.30%	10.84%	10.80%
ROA	5.73%	5.11%	7.06%
Asset turnover	0.20x	0.20x	0.23x
Leverage Ratios			
D/E	1.07x	1.06x	0.85x
Debt/EBITDA	4.76x	4.46x	2.93x
Debt/Assets	0.46x	0.43x	0.39x
Interest Coverage Ratio	2.52	2.99	4.28
Liquidity Ratios			
Current Ratio	1.59	1.40	1.06
Quick Ratio	1.43	1.38	1.03
Cash Ratio	0.94	0.35	0.46
Cash Flow Ratio			
CFO Growth	37.9%	14.2%	26.2%
CFO/Revenue	0.61x	0.57x	0.56x
CFO/EBITDA	1.09x	1.06x	0.95x
CFO/PAT	2.10x	2.21x	1.85x
CFO/Total Assets	0.10x	0.10x	0.13x
CFO/Total Debt	0.23x	0.24x	0.32x







Source: Company,Fin2research

QUATERLY HIGHLIGHT

Income Statement (Consolidated)

(₹ crore)

Particulars	Q1FY25	Q4FY24	Q1FY24	YOY%	QOQ%
Revenue	6,956	6,897	6,248	11.3%	0.9%
Total Operating expenses	2,572	2,795	2,410	6.7%	-8.0%
EBITDA	***4,385***	***4,102***	***3,838***	14.2%	6.9%
% EBITDA Margin	***63%***	***59%***	***61%***	2.6%	6.0%
D&A	1,012	979	950	6.6%	3.3%
EBIT	***3,373***	***3,123***	***2,888***	16.8%	8.0%
% EBIT Margin	***48%***	***45%***	***46%***	4.9%	7.1%
Finance cost	655	677	706	-7.2%	-3.1%
Other Income	1,098	303	384	186.1%	261.8%
PBT, before exception, JV	***3,815***	***2,749***	***2,566***	48.7%	38.8%
Exceptional Items	-145	-374	0	-	-61.1%
JV/Associates	-77	-35	-75	2.5%	122.1%
Taxes	485	326	371	30.7%	48.8%
PAT	***3,107***	***2,015***	***2,119***	46.6%	54.2%
% NET Margin	***45%***	***29%***	***34%***	31.7%	52.9%

Adani Ports & SEZ (APSEZ) reported a revenue growth of 11.3% YoY 0.9% QoQ to INR69.6b in 1QFY25.

Logistics revenue up 12.6% yoy to Rs 5.7bn. SEZ revenue up from Rs 490mn in 1QFY24 to Rs 6.27bn in 1QFY25.Port revenues grew 13% YoY to INR55.4b In 1Q FY25.

EBITDA grew 14.2 % YoY 6.9% QoQ to INR43.8b

EBITDA Margin Expanded 2.6% YoY 6% QoQ.

Net Margin Expanded to 45% from 34% YoY growing 31.7% & growing 25.9% QoQ

APSEZ managed ~27% of the country's total cargo and ~46% of container cargo. APSEZ's domestic cargo volumes grew by 9% YoY.

Income Statement (Standalone)

(₹ crore)

Particulars	Q1FY25	Q4FY24	Q1FY24	YOY%	QOQ%
Revenue	1,796	1,964	1,427	25.9%	-8.5%
Total Operating expenses	736	801	462	59.3%	-8.1%
EBITDA	***1,060***	***1,162***	***964***	9.9%	-8.8%
% EBITDA Margin	***59%***	***59%***	***68%***	-12.7%	-0.3%
D&A	164	162	160	2.2%	0.8%
EBIT	***896***	***1,000***	***804***	11.4%	-10.4%
% EBIT Margin	***50%***	***51%***	***56%***	-11.5%	-2.0%
Finance cost	749	697	672	11.6%	7.5%
Other Income	946	524	450	110.1%	80.6%
PBT	**1,092**	826	583	87.5%	32.2%
Taxes	316	204	189	67.7%	55.4%
PAT	***776***	***623***	***394***	96.9%	24.6%
% NET Margin	***43%***	***32%***	***28%***	56.4%	36.2%

Signed 30-year agreement for container terminal in Tanzania with 1mn TEU annual capacity.
Received a LOI for development, operation and maintenance of Berth No. 13 at Deendayal Port. The Company has been awarded this LOI for a 30-year concession period through a competitive bidding process.

Received LOI for five-year O&M of container facility at Netaji Subhas Dock at Syama Prasad Mookerjee Port, Kolkata. Netaji Subhas Dock is the largest container terminal on the eastern coast of India

Container volume at MMLP up 27%yoy to 103,784 TEU in 1QFY25.

Q1FY25 Cargo volumes at 109.0mnt (+7.5% yoy, +0.3% qoq)

Mundra at 51.1mt (23.1% yoy, 11.3% qoq); Mundra Container volume up 23% yoy to 31.7mt. Dhamra at 12mt (+21.2% yoy, +2.6% qoq), Hazira at 6.8mt (+1.5% yoy, + 11.5% qoq), Dahej at 2.8mt (+7.7% yoy, 0% qoq), KPCL at 15.4mt (-4.3% yoy, -1.3% qoq), Karaikal up 20.7%yoy to 3.3mn tonne, Gangavaram 4.6mn tonne (-50.9% yoy, -52.9% qoq). It had a temporary disruption leading to a loss of 5.7mn tonne at the Gangavaram port which is now fully restored.

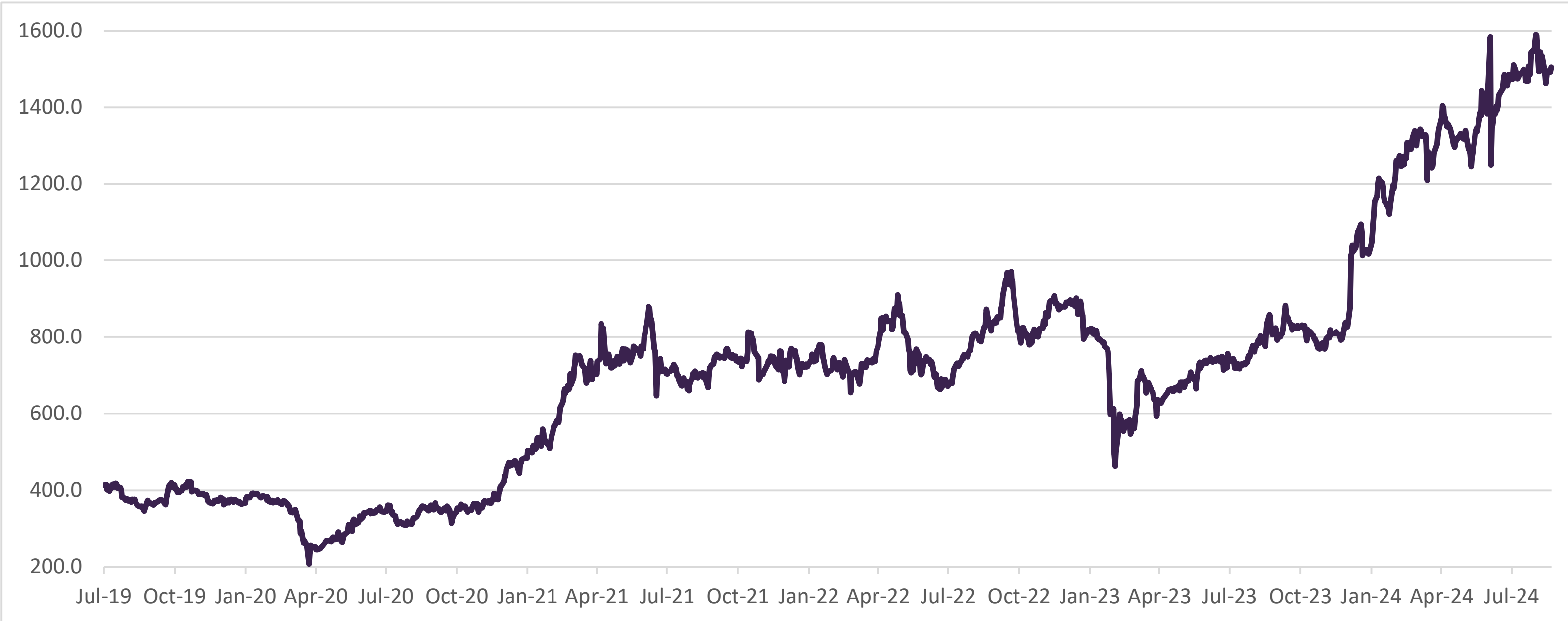
Gopalpur Port will start contributing to volumes in 2QFY25. Vizhinjam Port will start contributing in Oct'24, with full capacity utilization expected only from FY26 onward.

Tension in the Middle East and its impact on Haifa: APSEZ teams are highly engaged, and ports are running 24/7. The challenges at Haifa Port are due to geopolitical sanctions on Israel. Some countries have stopped cargo shipments to Haifa, but car imports into Israel have increased significantly, allowing the company to capture car cargo volumes.

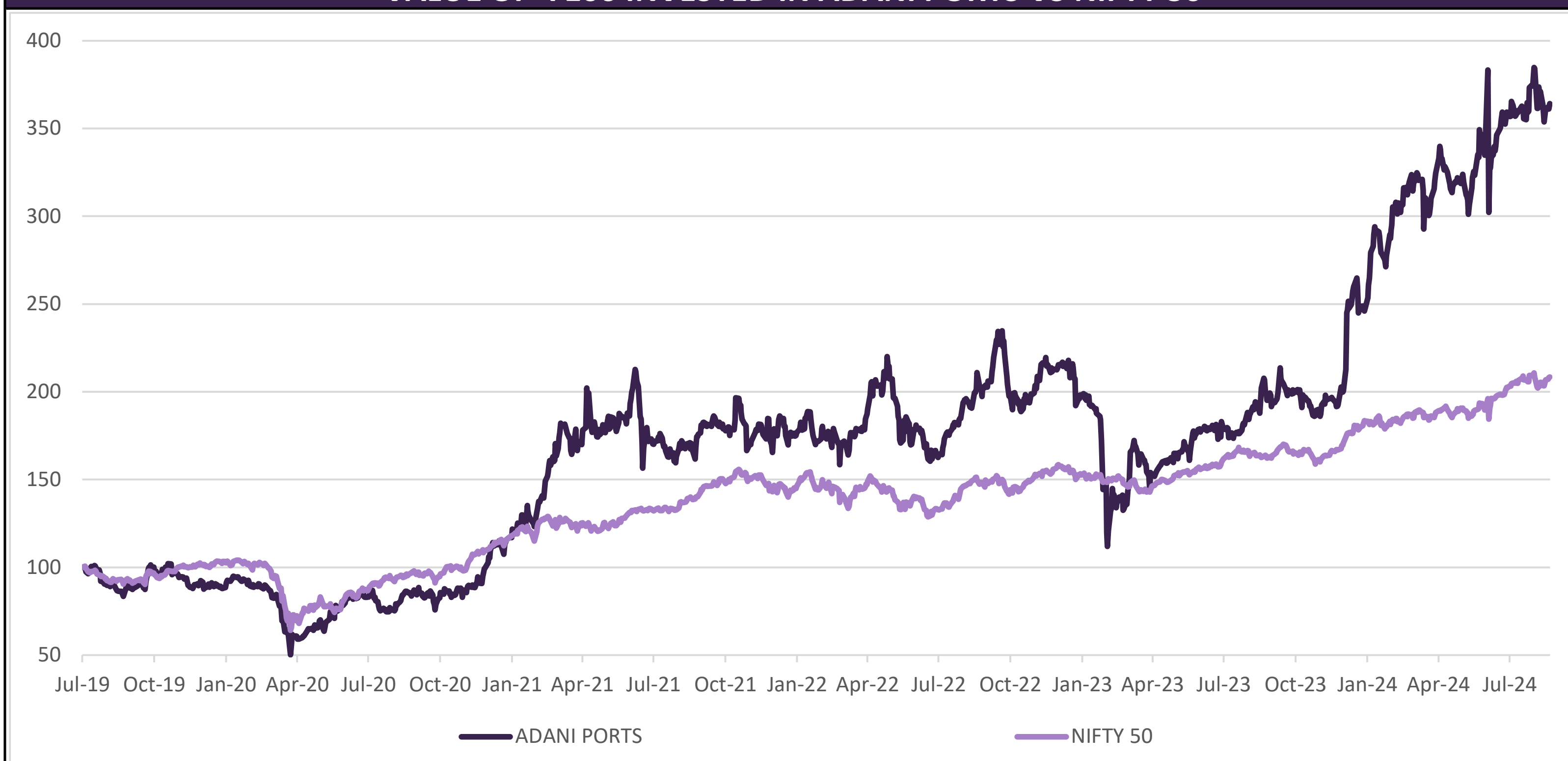
Source: Quaterly Report

Source: Concall

PRICE CHART



VALUE OF ₹ 100 INVESTED IN ADANI PORTS VS NIFTY 50



ADANI PORTS significantly outperformed the benchmark index.

₹ 100 investment in the company grew to approximately ₹ 364, showcasing a robust upward trend and substantial returns.

In contrast, the Nifty 50 Index experienced moderate growth, increasing ₹ 100 investment to around ₹ 208.

This comparison highlights that an investment in ADANI PORTS would have provided considerably higher returns than the broader market.

VALUATION

Based on our analysis using the Price-to-Earnings (P/E) valuation method, we have determined that current P/E ratio of 35.4x is little above from its 3 year historical P/E average of 30.4x. This suggests that the stock may be little above relative to its historical earnings potential.

The ratio had occasional movements towards the +1 standard deviation mark. The +2 standard deviation level remains largely untested, suggesting that the company's stock has not reached an overvalued state according to this metric during the observed period.

We believe that a higher P/E multiple of 35.4x is justified relative to its strong growth potential in the future.

APSEZ is anticipated to outpace India's overall growth, driven by a balanced port mix along India's western and eastern coastlines and a diversified cargo mix.

The company continues to invest heavily in the ports and logistics business to drive growth. The commencement of operations at Gopalpur and Vizinjham Ports will enable the company to further boost volumes.

• Company is Increasing global presence.

- Commissioning container terminal in Colombo, Sri Lanka by FY 2024-25.
- Expanding marine services offering to 5+ countries in FY 2024-25 and 15+ countries by 2030.

• Company is Improving its business mix.

- Grow share of non-Mundra volumes and geographical diversification of ports, logistics and marine services within and outside the country.
- Expanding the range of services provided to the customers.

• Company is scaling operational efficiency through focus on technology, and innovation

- Fostering a culture of data-driven decision-making.
- Optimising supply chain network through digital solution.

• Company is growing through acquisition and partnerships

- Mr Karan Adani (MD) stated CONCOR's strategic assets with the kind of positions and the ICD locations that they have will definitely adds a lot of value , at the right valuation Adani Ports will be considering it.
- Concluded acquisition of Karaikal Port
- Adani Logistics has taken 50% stake in VSCPL (Veracity Supply Chain Private Ltd), which will provide last-mile connectivity to customers from in-land container depot, powered by digital transport management system.
- Signed a definitive agreement to acquire 95% stake in Gopalpur Port.

It is important to note that P/E valuation has its limitations, including reliance on past earnings and market sentiment. Risks such as regulatory changes and competitive pressures could also impact the valuation.

DISCLAIMER

RATING SCALE: DEFINITION OF RATINGS

• BUY – We expect the stock to deliver more than 10%-20% returns over the next 9 months.
• ACCUMULATE – We expect the stock to deliver 5% - 12% returns over the next 9 months.
• REDUCE – We expect the stock to deliver 0% - 5% returns over the next 9 months.
• SELL – We expect the stock to deliver negative returns over the next 9 months.
• NR – Not Rated. Fin2Research is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
• RS – Rating Suspended. Fin2Research has suspended the investment rating and price target for this stock, either because there is not a Sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
• NA – Not Available or Not Applicable. The information is not available for display or is not applicable.
• NM – Not Meaningful. The information is not meaningful and is therefore excluded.
• NOTE – Our target prices are with a 9-month perspective. Returns stated in the rating scale are our internal benchmark.

DISCLAIMER

ANALYST CERTIFICATION

I RAJAT SIKRI - Research Analyst, author, and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. I also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above-mentioned Analyst of this report has not received any compensation from the companies mentioned in the report in the preceding twelve months and does not serve as an officer, director, or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

Investments in the 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 the performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum, or risk-free return to the investors.

Fin2research Investment Advisor Private Limited (FIA) is the source of information and opinions in this report, which may be subject to change at any time. Any and all content in this report is confidentially sourced only for that intended audience and may not be altered, transmitted (in whole or in part), copied into another medium, or reproduced elsewhere without the written permission of Fin2research Investment Advisor Private Limited (FIA). Although we will endeavor to update the information contained herein for reasonable reasons, Fin2research Investment Advisor Private Limited (FIA) has no obligation to update or keep this information current. Due to regulatory, compliance, or other reasons, Fin2research Investment Advisor Private Limited (FIA) may be unable to do so.

The accuracy of this report is not guaranteed and it relies on information from public sources that have not been independently verified. This report and the information contained in it are for informational purposes only and should not be used or considered as an offer document or as an invitation to buy, sell, or subscribe to securities or other financial instruments. Although it is distributed to all clients at the same time, not all clients can receive this report at the same time. Fin2research Investment Advisor Private Limited (FIA) will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting, or tax advice or a representation that any investment or strategy is or would be appropriate for your particular circumstances.

The securities mentioned and opinions expressed in this document might not be appropriate for all investors, who have to make their very own investment decisions, primarily based totally on their very own investment objectives, economic positions, and needs of the particular recipient. This may not be taken in substitution for the exercising of independent judgment through any recipient. The recipient must independently compare the investment risks. Any number of factors, including fluctuations in interest rates and foreign exchange rates, could affect the value and return on investment. Fin2research Investment Advisor Private Limited (FIA) disclaims all responsibility for any form of loss or damage resulting from using this material. Future performance is not always predicted by past performance. Before making an investment in the securities markets, investors are recommended to review the Risk Disclosure Document to understand the risks involved. Actual results may differ materially from those set forth in projections. Statements that are deemed forward-looking are not guarantees and could change at any time.
As of the final day of the month before the research report was published, none of the following parties owned 1% or more of the equity securities of the company mentioned in the study: Fin2research Investment Advisor Private Limited (FIA), all of its subsidiaries, research analysts, or any family members of any of these parties.

The material contained in this study may not align with previous reports published by Fin2research Investment Advisor Private Limited (FIA) or reach a different conclusion. Fin2research Investment Advisor Private Limited (FIA) and its Research Analysts have not participated in any market-making activities on behalf of the firms listed in the report. We contend that no regulatory authority has taken any significant disciplinary action against Fin2research Investment Advisor Private Limited (FIA) that would have an impact on the company's ability to conduct equity research analysis.

The distribution, publication, availability, or use of this report by any person or entity that is a citizen or resident of, or located in, any locality, state, country, or other jurisdiction is not authorized or intended, as it may violate legal requirements or subject Fin2research Investment Advisor Private Limited (FIA) and affiliates to registration or licensing requirements in such jurisdictions. Certain groups of investors or all jurisdictions may not be able to purchase the securities covered here. It is expected of everyone who may come into possession of this material to become aware of and abide by these restrictions.

THANK YOU

Fin2Research Investment Advisor Pvt Ltd (FIA)
CIN: U70200DL2023PTC413207IA
Registration No: INA000018425
Registered Office: Plot No A 2nd Floor, Street New Bungalow Road, Malka Ganj, Delhi North Delhi,110007 Delhi
Phone no: 9711885801
Email id: customercare@fin2research.com
Website: www.fin2research.com