



India

REDUCE (previously HOLD)

Consensus ratings*: Buy 19 Hold 2 Sell 0

Current price:	Rs1,431
Target price:	Rs1,329
Previous target:	Rs1,329
Up/downside:	-7.1%
InCred Research / Consensus:	-13.9%
Reuters:	APSE.NS
Bloomberg:	ADSEZ IN
Market cap:	US\$36,985m
	Rs3,090,511m
Average daily turnover:	US\$89.2m
	Rs7455.6m
Current shares o/s:	2,031.8m
Free float:	6,413.0%

*Source: Bloomberg

Key changes in this note

- Reduce FY25F/26F EBITDA by 3% each but maintain our target price.
- Downgrade the stock's rating to REDUCE (from HOLD earlier).



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	6.9	11.5	93.5
Relative (%)	2.7	5.2	59.3

Major shareholders	% held
Promoter and Promoter Group	6,513.0
Life Insurance Corporation of India	9.1
Camas Investments Pvt. Ltd.	1.2

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Adani Ports & Special Economic Zone Ltd

Reasonable listed group leverage; steep valuation

- Net external debt (NED)/EBITDA for seven listed Adani companies (SLAC), ex- Adani Wilmar (AWL) & Ambuja Cements, was 3.4x (lower than in FY20/23).
- We expect APSEZ EBITDA to rise 14% p.a. (FY24-26F). APSEZ is trading at 18x EV/EBITDA FY25F vs. 6-year median of 14.1x. Downgrade to REDUCE.

Financial analysis of seven listed Adani companies (SLAC) ex-AWL

SLAC (ex-Ambuja Cements or ACL) trades at 29x FY24 EV/EBITDA, at a premium to Mar 2019/20 levels. Over FY20-24, ex-ACL (acquired in FY23 by the unlisted Adani group), net external debt (NED) rose 80% while EBITDA rose 169%. Ex-ACL, NED/ EBITDA was 3.4x, much lower (better) than in FY20/23 (5x each). While SLAC's NED/EBITDA was 2.9x, we believe that if ACL had been acquired by SLAC, it would be at 3.6x. NED/EBITDA (FY24) of APSEZ (2.4x), APL (1.6x) and ATGL (0.9x) are benign while that for ADE (4.1x), AESL (6.1x) and AGEL (6.8x) are higher. Over Mar 2021-24, capex for SLAC ex-ACL (Rs2.7tr) was funded via cash profit (48%), NED (36%) and others (17%; mainly promoter funding and equity raising). We believe the funding pattern is reasonable. Pledged shares, as a percentage of promoter holding (ex-ACL) in Mar 2024 was at 4.3%, much lower than in Mar 2020 (43%). Including the locked-in shares of ACL, 6.7% of the promoter holding is pledged/ locked-in. Net related party dues of SLAC to the unlisted Adani group in Mar 2024 were Rs196bn (10% of NED; flat yoy) – 47% of market value of pledged shares (ex-ACL).

We expect APSEZ's cargo to post an 8.5% CAGR over FY24-26F

Our growth estimate may seem at odds with that over FY20-24 (17.1% CAGR). However, excluding acquisitions over FY21-24, volume CAGR was at 7.7%. **Coal:** We estimate 12% CAGR (39mt) over FY24-26F from 158mt in FY24, above our 6.2% p.a. estimated growth for the sector, partly driven by a further ramp-up of Adani Power and Tata Power plants. **Container:** We estimate a 10% CAGR vs. a 7% CAGR for the sector.

Despite capex, APSEZ's balance sheet is healthy

Over FY22-24, capex of Rs465bn (incl. Rs276bn of acquisitions) and Rs42bn of dividends were funded by Rs281bn cash profit, a Rs100bn rise in net debt, Rs41bn reduction in net working capital or NWC and Rs83bn of share issuance for acquisitions. While the steady improvement (fall) in NWC/ sales from 51% (FY21) to 9% (FY24) is encouraging, we feel there is room for improvement as Gujarat Pipavav's NWC/sales was (-) 34% in FY24. 60% of the capex over FY22-24 was funded via internal accruals. Despite a 55% rise in assets, NED/EBITDA is benign. Related party dues were just Rs13bn in FY24.

Maintain target price; downgrade to REDUCE (from HOLD earlier)

We cut our EBITDA estimates for FY25/26F by 3% each but maintain our target price of Rs1,329. We factor in an EBITDA CAGR of 14% over FY24-26F. APSEZ trades at 18.2x FY25F EV/EBITDA vs. six-year average one-year forward EV/EBITDA of 14.1x. Thus, we downgrade the stock's rating to REDUCE (from HOLD earlier). Our target price implies 15x FY26F EV/EBITDA. Upside risk: Higher growth vs. our estimate.

Financial Summary	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Revenue (Rsm)	151,390	208,519	267,106	304,693	346,265
Operating EBITDA (Rsm)	95,640	128,335	158,639	183,264	208,162
Net Profit (Rsm)	47,281	53,103	80,292	104,795	129,656
Core EPS (Rs)	26.5	38.1	39.7	48.5	60.0
Core EPS Growth	18.8%	43.8%	4.1%	22.2%	23.7%
FD Core P/E (x)	53.99	37.54	36.05	29.49	23.84
DPS (Rs)	5.0	5.0	6.0	4.2	6.1
Dividend Yield	0.43%	0.43%	0.51%	0.36%	0.52%
EV/EBITDA (x)	34.69	27.47	22.02	18.46	15.65
P/FCFE (x)	92.44	(30.16)	121.15	37.76	33.10
Net Gearing	90.5%	97.1%	70.9%	45.3%	21.1%
P/BV (x)	7.90	6.78	5.84	4.96	4.20
ROE	15.9%	19.4%	17.4%	18.2%	19.1%
% Change In Core EPS Estimates				(6.74%)	(6.56%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Listed group leverage lower than in FY18-23; downgrade to REDUCE on steep valuation

SLAC trades at 28.4x FY24 EV/EBITDA and 7.5x FY24 P/BV ➤

The market capitalization of seven listed Adani group companies or SLAC (ex-Adani Wilmar) has risen by 100% since Mar 2023. SLAC, ex-ACL, trades at 29x FY24 EV/EBITDA and 8.4x FY24 P/BV, at a premium to its valuation in Mar 2020/2019 (11.5x/13x FY20/19 EV/EBITDA & 2x/2.2x FY20/19 P/BV, respectively).

Figure 1: SLAC's market capitalization, net external debt (NED), loans from the group, EBITDA and EV/EBITDA

	Market capitalisation (Rs bn)				Net external Debt (Rs bn)				Loans from group (Rs bn)			
	Mar 21	Mar 22	Mar 23	Latest	Mar 21	Mar 22	Mar 23	Mar 24	Mar 21	Mar 22	Mar 23	Mar 24
Total	7,159	12,701	8,284	16,439	1,301	1,793	1,965	1,866	123	197	187	166
Adani Enterprises	1,217	2,128	1,995	3,697	100	245	373	462	44	132	105	121
Adani Ports	1,495	1,660	1,365	3,041	286	350	456	386	-	-	-	-
Adani Power	366	771	733	2,958	447	399	336	272	61	65	68	-
Adani Energy solutions	1,100	2,663	1,115	1,139	257	283	325	348	-	-	-	-
Adani Green	1,814	3,004	1,394	2,964	207	506	495	498	17	0	14	45
Adani Total Gas	1,166	2,473	955	1,055	4	10	10	10	-	-	-	-
Ambuja Cements	-	-	727	1,585	-	-	(29)	(110)	-	-	-	-
	EV/EBITDA (x)				EBITDA (Rs bn)							
	Mar 21	Mar 22	Mar 23	Latest	Mar 21	Mar 22	Mar 23	Mar 24				
Total	36.0	50.1	23.9	28.4	239	293	437	650				
Adani Enterprises	54.4	67.5	28.0	37.6	25	37	88	114				
Adani Ports	22.3	21.0	14.2	21.6	80	96	128	159				
Adani Power	14.8	18.1	16.3	18.7	59	68	70	173				
Adani Energy solutions	29.9	60.3	25.9	26.0	45	49	56	57				
Adani Green	91.2	100.0	38.6	48.1	22	35	49	73				
Adani Total Gas	166.1	321.2	110.9	96.5	7	8	9	11				
Ambuja Cements	-	-	18.9	23.1	-	-	37	64				

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Limitations of scope: Our analysis is limited to the publicly listed Adani group companies (ex-Adani Wilmar). They are Adani Enterprises (ADE), APSEZ, Adani Power (APL), Adani Energy Solutions (AESL), Adani Green Energy (AGEL), Adani Total Gas (ATGL) and Ambuja Cements (ACL). This is only a financial analysis of historical numbers. Business analysis and a view on valuations of these companies (excluding APSEZ) are beyond our scope. We refrain from giving our opinion on the results of our analysis but just present the numbers for your perusal.

Adani Wilmar (AWL): We exclude AWL from our analysis ➤

AWL was a 50:50 joint venture of ADE and the Wilmar group formed in FY21. After the Rs42bn initial public offer or IPO in Feb 2022, AEL holds a 44% stake in AWL. AEL's market capitalization factors in the valuation of the Adani group's holding in AWL. AEL's investment in AWL is recorded in AEL's consolidated balance sheet as investments (FY21-24). AEL's proportionate profit from AWL is recorded in AEL's consolidated income statement as a share of profit from joint ventures.

Figure 2: Key financials of AWL

(Rs bn)	FY21	FY22	FY23	FY24
Sales	370.9	542.1	581.8	512.6
EBITDA	13.3	17.4	16.6	11.4
PAT	6.5	7.7	5.5	1.7
Net worth	33.0	76.1	81.7	83.2
Net Debt	17.6	(19.3)	(15.0)	(3.9)
Net Block	42.3	49.8	51.2	58.0
NWC	5.0	3.4	11.6	18.1
Investments	3.3	3.6	3.9	3.1

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Key financial ratios of AWL

(%)	FY21	FY22	FY23	FY24
EBITDA margin	3.6	3.2	2.9	2.2
PAT margin	1.8	1.4	1.0	0.3
NFA/ Sales	11.4	9.2	8.8	11.3
NWC/ Sales	1.3	0.6	2.0	3.5
RoCE	22.4	26.8	20.8	10.1
RoE	19.8	10.2	6.8	2.1

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Key leverage ratios and valuations

	FY21	FY22	FY23	FY24
Net Debt/ EBITDA (x)	1.3	(1.1)	(0.9)	(0.3)
EBIT/ Interest (x)	2.6	2.6	1.7	1.0
Net Debt/ Equity (x)	0.5	(0.3)	(0.2)	(0.0)
P/E (x)				261.9
P/BV (x)				5.4
EV/EBITDA (x)				39.0

SOURCE: INCRED RESEARCH, COMPANY REPORTS

NED/EBITDA in FY24 was reasonable, lower than in FY18-23 ➤

Over FY20-24, net external debt (NED: Rs1.9tr) rose by 70% for SLAC while EBITDA (Rs650bn) rose by 198%. Ex-ACL (acquired in FY23), NED (Rs2tr) rose by 80% & EBITDA (Rs586bn) rose by 169%. EBITDA rise for SLAC, ex-ACL, was driven by APL (up 204%), ADE (up 327%), APSEZ (up 122%) and AGEL (up 403%). The rise in NED was driven by ADE (up 710%) and AGEL (up 285%).

FY24 NED/ EBITDA was 2.9x. Ex-ACL, NED/ EBITDA was at 3.4x, much better (lower) than in FY20/23 (5x each). Ex-APSEZ and ACL, it was at 3.7x, much better (lower) than in FY20/ 23 (6.1x/ 5.7x respectively).

In FY24, EBITDA ex-ACL rose by 47% yoy while NED, ex-ACL, was flat yoy, leading to a reduction in NED/ EBITDA, ex-ACL, from 5x (FY23) to 3.4x (FY24). FY22 NED/ EBITDA was high (6.1x) due to the acquisition of airports (2-3QFY22) and SB Energy (Sep 2021). While NED (Mar 22) included the entire debt of these acquisitions, only a part of their earnings accrued to SLAC's FY22 EBITDA. FY24 NED/ equity (including debt from the group) was at 0.8x. Ex-ACL, it was at 1x, lower (better) than 1.5x/1.3x in FY20/23, respectively.

FY24 EBITDA/ net interest (external) was 7x, much better (higher) than in FY20/23. Excluding ACL, it was 5.8x, much better (higher) than in FY20 (3.1x) and in FY23 (4.2x). Despite the 80% rise in NED (ex-ACL) over FY20-24, net interest (external), ex-ACL, rose by just 45%.

Figure 5: Operating EBITDA, net external debt (NED), interest and equity of SLAC

	EBITDA (Rs bn)					Net external Debt (Rs bn)					Net Interest (Rs bn)				
	FY20	FY21	FY22	FY23	FY24	FY20	FY21	FY22	FY23	FY24	FY20	FY21	FY22	FY23	FY24
Total	218	239	293	437	650	1,097	1,301	1,793	1,965	1,866	78	80	88	101	112
Adani Enterprises	27	25	37	88	114	57	100	245	373	462	9	6	15	28	27
Adani Ports	71	80	96	128	159	204	286	350	456	386	1	2	4	10	13
Adani Power	57	59	68	70	173	484	447	399	336	272	39	41	29	25	21
Adani Energy solutions	43	45	49	56	57	219	257	283	325	348	20	16	18	22	22
Adani Green	15	22	35	49	73	130	207	506	495	498	9	15	22	21	38
Adani Total Gas	6	7	8	9	11	3	4	10	10	10	(0)	(0)	0	0	1
Ambuja Cements	-	-	-	37	64	-	-	-	(29)	(110)	-	-	-	(5)	(9)
	Net Interest (external) (Rs bn)					Net external Debt/ EBITDA (x)					EBITDA/Net interest (external) (x)				
	FY20	FY21	FY22	FY23	FY24	FY20	FY21	FY22	FY23	FY24	FY20	FY21	FY22	FY23	FY24
Total	70	71	76	90	93	5.0	5.5	6.1	4.5	2.9	3.1	3.4	3.8	4.9	7.0
Adani Enterprises	7	2	9	22	17	2.1	4.0	6.6	4.2	4.1	3.6	15.3	4.2	4.0	6.8
Adani Ports	1	2	4	10	13	2.9	3.6	3.7	3.6	2.4	79.9	50.2	23.8	12.3	12.3
Adani Power	34	37	25	19	20	8.5	7.6	5.8	4.8	1.6	1.7	1.6	2.8	3.7	8.8
Adani Energy solutions	20	16	17	22	21	5.2	5.7	5.8	5.9	6.1	2.2	2.9	2.8	2.5	2.8
Adani Green	9	15	21	21	31	8.9	9.3	14.4	10.0	6.8	1.7	1.5	1.6	2.4	2.3
Adani Total Gas	(0)	(0)	0	0	1	0.4	0.6	1.2	1.1	0.9	(180.2)	(181.5)	68.8	20.9	16.4
Ambuja Cements	-	-	-	(5)	(9)	-	-	-	(0.8)	(1.7)	-	-	-	(7.6)	(7.2)
	Equity, including debt from group (Rs bn)					Net external Debt/ Equity (x)									
	FY20	FY21	FY22	FY23	FY24	FY20	FY21	FY22	FY23	FY24					
Total	717	905	1,200	1,882	2,346	1.5	1.4	1.5	1.0	0.8					
Adani Enterprises	208	234	401	484	563	0.3	0.4	0.6	0.8	0.8					
Adani Ports	258	321	386	469	545	0.8	0.9	0.9	1.0	0.7					
Adani Power	113	193	252	367	431	4.3	2.3	1.6	0.9	0.6					
Adani Energy solutions	96	100	110	128	137	2.3	2.6	2.6	2.5	2.5					
Adani Green	27	38	26	88	219	4.7	5.5	19.3	5.6	2.3					
Adani Total Gas	15	19	24	29	36	0.2	0.2	0.4	0.3	0.3					
Ambuja Cements	-	-	-	317	415	-	-	-	(0.1)	(0.3)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

The Adani group acquired Holcim's India cement business in Sep 2022 of 67mt capacity (ACL 31.5mt +ACC 36.1mt). Prior to the deal, Holcim held a 63.2% stake in ACL and 54.5% in ACC (50.05% via ACL). The deal led to Rs502bn cash proceeds for Holcim. Transaction EV was Rs864bn, at 14x CY21 EV/EBITDA.

The cash proceeds for the deal stood at 25% of SLAC's NED. We believe that if the cement assets had been acquired by SLAC, the NED/ EBITDA ratio would have been at 3.6x, higher than the reported 2.9x.

Strong profits, financial support from unlisted promoter entities and opportunistic equity raising has fuelled massive capex ➤

Over FY21-24, for SLAC, ex-ACL, capex (Rs2.7tr) was funded via cash profit (48%), NED (36%) and others (17%; mainly promoter funding and equity raising). As most assets are infrastructure projects, typically funded by 3:1 debt:equity, we believe the funding pattern is reasonable. Despite the 115% rise in assets (ex-cash) for SLAC, ex-ACL, over FY20-24 and an 80% rise in NED, FY24 NED/EBITDA was lower than in FY20.

Figure 6: Key sources and application of funds in FY21-24

(Rs bn)	Capex & investments	Increase in NWC	Cash profit	Others incl. promoter funding	Increase in NED
FY21	423	35	166	88	204
ADE	75	(2)	13	18	43
APSEZ	172	(18)	72	1	82
APL	43	31	45	67	(38)
AESL	49	6	25	(7)	37
AGEL	76	17	7	9	78
ATGL	6	1	5	(0)	2
FY22	933	(64)	218	159	492
ADE	322	(39)	17	121	145
APSEZ	200	(14)	75	47	63
APL	74	(30)	79	11	(47)
AESL	45	5	27	(3)	27
AGEL	284	12	13	(17)	298
ATGL	10	2	6	(0)	5
FY23	773	(78)	333	161	201
ADE	347	(112)	46	61	128
APSEZ	256	(25)	88	36	106
APL	41	43	140	7	(63)
AESL	51	24	29	5	42
AGEL	66	(3)	23	52	(11)
ATGL	12	(5)	6	(0)	0
FY24	594	(64)	500	15	15
ADE	238	(40)	63	46	89
APSEZ	90	(11)	119	(4)	(36)
APL	35	5	248	(143)	(63)
AESL	49	2	30	(3)	23
AGEL	173	(18)	32	119	4
ATGL	9	(1)	8	0	
FY21-24	2,723	(171)	1,217	423	912
ADE	982	(192)	140	245	405
APSEZ	718	(68)	354	80	215
APL	193	49	512	(58)	(212)
AESL	194	37	111	(8)	128
AGEL	599	7	74	163	369
ATGL	36	(4)	26	(0)	7

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Main fund raisings by SLAC (ex-ACL) over FY21-24

	Year	Rs bn
ADE		199
Loan from Adani group	FY21	19
Loan from Adani group	FY22	88
Equity raise from International Holding Company	FY23	77
Reduction in Loan from Adani group	FY23	(27)
Adani Airport holdings fund raise	FY24	26
Loan from Adani group	FY24	16
APSEZ		83
Issuance of shares for Sarguja deal	FY22	47
Issuance of shares for Gangavaram deal	FY23	36
APL		(61)
Loan from Adani group	FY21	54
Loan from Adani group	FY22	10
Loan from Adani group	FY23	3
Reduction in Loan from Adani group	FY24	(127)
AESL		8
Equity raise from International Holding Company	FY23	39
Reduction in Loan from Adani group	FY23	(31)
AGEL		144
Loan from Adani group	FY21	12
Reduction in Loan from Adani group	FY22	(17)
Equity raise from International Holding Company	FY23	39
Loan from Adani group	FY23	14
Loan from Adani group	FY24	31
Total Energies CCDs in subsidiary	FY24	65

SOURCE: INCRED RESEARCH, COMPANY REPORTS

FY21: EBITDA/ NED rose by 10%/ 19% yoy, respectively. Capex of Rs423bn (mainly APSEZ, ADE & AGEL) and Rs35bn incremental NWC were funded by Rs166bn cash profit, a Rs204bn rise in NED and promoter funding (Rs88bn).

FY22: EBITDA rose by 23% yoy and NED rose by 38% yoy. The Rs933bn capex (mainly ADE, APSEZ & AGEL) was funded by Rs218bn cash profit, a Rs64bn dip in NWC, a Rs492bn rise in NED, promoter funding & others (Rs159bn).

FY23: EBITDA, ex-ACL, rose by 36% yoy & NED, ex-ACL, rose by 11% yoy. The Rs773bn capex (mainly ADE & APSEZ) was funded by Rs333bn cash profit, a Rs78bn dip in NWC, a Rs201bn increase in NED, and promoter funding & others (Rs161bn).

FY24: EBITDA, ex-ACL, rose by 47% yoy and NED, ex-ACL, was flat yoy. The Rs594bn capex (mainly ADE & AGEL) was funded by Rs500bn cash profit, a Rs64bn dip in NWC, a Rs15bn increase in NED, and promoter funding & others (Rs15bn).

Analyzing the change in NED/EBITDA over FY20-24 for individual companies of SLAC (ex-ACL) ➤

ADE – NED/EBITDA rose from 2.1x to 4.1x: EBITDA rose by Rs87bn to Rs114bn due to a Rs41bn rise in coal trading EBITDA, Rs24bn airports EBITDA (nil in FY20) and a Rs20bn rise in solar manufacturing EBITDA. NED rose by 710% to Rs462bn.

- Capex (FY21-24) was at Rs982bn (mainly Rs408bn for airports, Rs260bn for mining, Rs94bn for solar manufacturing, and Rs160bn for roads). NWC declined by Rs192bn.
- Balance sheet expansion by Rs790bn was funded via cash profit (Rs140bn), rise in NED (Rs405bn) and Rs245bn via equity raising/ loan from the Adani group.

APL (strong turnaround) – NED/EBITDA improved from 8.5x to 1.6x: EBITDA grew by 204% to Rs173bn due to (a) an 87% sales growth (34%/ 40% volume/ tariff rise, respectively), and (b) a just 55% rise in operating expenses. NED declined by 44% to Rs272bn.

- Over FY21-24, capex was Rs193bn (including Rs43bn acquisition of Essar Power's 1.2GW power plant in Mar 2022) and incremental NWC was Rs49bn.
- Strong cash profit (Rs512bn including Rs256bn prior period income) has enabled (a) Rs242bn balance sheet expansion, (b) a Rs212bn reduction in NED, and (c) a Rs58bn reduction in funding from the promoter.

AESL – NED/EBITDA rose by a tad from 5.2x to 6.1x: EBITDA grew by 34% to Rs57bn. NED rose by 58% to Rs348bn. Over FY21-24, capex was Rs194bn. Incremental NWC was Rs37bn. The balance sheet expansion by Rs231bn was funded by cash profit (Rs111bn) and a rise in NED (Rs128bn).

AGEL – NED/EBITDA was high (8.9x/ 6.8x in FY20/24, respectively): EBITDA grew by 403% to Rs73bn, in line with the volume (up 399%). NED rose by 295% to Rs498bn.

- Over FY21-24, capex was Rs599bn, including acquisition of SB Energy, at Rs260bn EV in Sep 2021 – AGEL expects 7.5-7.8x transaction EV/EBITDA post commissioning of the entire 5GW capacity (1.4GW operational at the time of acquisition). Incremental NWC was Rs7bn.
- The balance sheet expansion of Rs606bn was funded by cash profit (Rs74bn), increase in NED (Rs369bn) and equity raising/ loan from the group of Rs163bn.
- **The equity raising/ loan from the group led to a dip in NED/EBITDA from 10x (FY23) to 6.8x (FY24), despite a Rs173bn capex in FY24.**

ATGL – NED/EBITDA benign (0.4x/0.9x in FY20/24): EBITDA rose by 86% to Rs11bn, driven by a 49% volume growth. NED rose by 282% to Rs10bn. Over FY21-24, capex was Rs36bn, most of which was funded via cash profit (Rs26bn).

6.7% (Rs724bn) of promoter holding in SLAC is pledged/ locked-in vs. 13.5% (Rs703bn) in Mar 2023 ➤

Over Mar 2020-22, pledged shares, as a percentage of promoter holding, in SLAC declined from 43% to 6% (due to a 813% rise in the value of promoter holding), but the value of pledged holding rose by 38%. Promoter holding in SLAC declined from 67% (Mar 2020) to 63% (Mar 2022) due to the fall in promoter holding in AGEL. Note: In Jan 2021, Total Holdings bought a 20% stake in AGEL from the promoter and acquired a 50% stake in a 2.35GW portfolio of AGEL's operating solar assets, in a deal worth ~Rs180bn (Rs140bn accrued to the promoter).

Figure 8: Promoter holding and pledged/ encumbered holdings over Mar 2020 to Mar 2024

	Market capitalisation (Rs bn)					Promoter holding (%)					Value of promoter holding (Rs bn)				
	Mar 20	Mar 21	Mar 22	Mar 23	Latest	Mar 20	Mar 21	Mar 22	Mar 23	Mar 24	Mar 20	Mar 21	Mar 22	Mar 23	Latest
Total	1,293	7,159	12,701	8,603	16,922	67	62	63	60	64	872	4,421	7,966	5,198	10,857
ADE	142	1,217	2,128	1,995	3,697	75	75	72	69	73	106	912	1,538	1,381	2,684
APSEZ	512	1,495	1,660	1,365	3,041	63	64	66	61	66	321	953	1,088	833	2,004
APL	104	366	771	733	2,958	75	75	75	75	72	78	275	578	549	2,123
AESL	203	1,100	2,663	1,115	1,139	75	75	75	72	73	152	824	1,995	799	834
AGEL	241	1,814	3,004	1,394	2,964	75	56	61	57	56	180	1,021	1,841	798	1,671
ATGL	92	1,166	2,473	955	1,055	37	37	37	37	37	34	436	925	357	394
ACC	-	-	-	319	482	-	-	-	7	7	-	-	-	21	32
ACL	-	-	-	727	1,585	-	-	-	63	70	-	-	-	459	1,115
						Pledged/ locked-in holding (% of promoter holding)									
	Pledged/ encumbered holding (Rs bn)					Pledged/ locked-in holding (% of promoter holding)									
	Mar 20	Mar 21	Mar 22	Mar 23	Latest	Mar 20	Mar 21	Mar 22	Mar 23	Mar 24					
Total	373	398	515	703	724	42.8	9.0	6.5	13.5	6.7					
ADE	53	59	58	9	2	50	6	4	1	0					
APSEZ	187	152	146	39	34	58	16	13	5	2					
APL	25	80	158	138	342	32	29	27	25	16					
AESL	81	99	134	30	22	54	12	7	4	3					
AGEL	27	9	18	28	17	15	1	1	3	1					
ATGL	-	-	-	-	-	-	-	-	-	-					
ACC	-	-	-	2	-	-	-	-	12	-					
ACL	-	-	-	459	307	-	-	-	100	28					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

From Mar 2022 till now, the value of promoter holding in SLAC, ex-ACL, rose by 22% and pledged shares, as a percentage of promoter holding (ex-ACL), declined from 6.5% (Mar 2022) to 4.3% (Mar 2024). The value of pledged holdings (ex-ACL) declined from Rs515bn to Rs417bn. **However, 28% of the promoter's holding in ACL is locked-in. Thus, the value of pledged/ locked-in holding of SLAC is Rs724bn (6.7% of promoter holding).**

Related-party dues of SLAC – sharp dip in APL's dues to the Adani group offset by a rise in the dues of ADE and AGEL ➤

Net related party dues of SLAC in FY24 (Rs196bn – 10% of NED) were 12% more than in FY20 and flat yoy. In Mar 2023, APL had the highest dues to the group (Rs202bn), but declined sharply to Rs75bn in Mar 2024. This was offset by the rise in dues to the group relating to ADE & AGEL. Of the Rs196bn dues of SLAC to the unlisted Adani group in Mar 2024, 45% was equity/quasi-equity (mainly APL). The value of the promoter's pledged holding in SLAC, ex-ACL, (Rs417bn) was 2.1x of the total net dues owed to the unlisted group.

Figure 9: Net dues to group companies, equity/ quasi-equity from the group

	Net dues to group companies (Rs bn)					Equity/ quasi equity from group (Rs bn)					Total (Rs bn)				
	Mar 20	Mar 21	Mar 22	Mar 23	Mar 24	Mar 20	Mar 21	Mar 22	Mar 23	Mar 24	Mar 20	Mar 21	Mar 22	Mar 23	Mar 24
Total	38	57	59	50	108	136	169	177	146	87	174	226	236	196	196
ADE	15	10	44	26	94	-	-	-	-	-	15	10	44	26	94
APSEZ	(30)	(19)	(16)	(19)	(13)	-	-	-	-	-	(30)	(19)	(16)	(19)	(13)
APL	66	79	72	69	2	86	126	132	132	73	152	205	205	202	75
AESL	(22)	(13)	(5)	7	16	33	28	31	-	-	11	15	26	7	16
AGEL	6	0	(2)	2	43	17	14	14	14	14	23	14	13	16	57
ATGL	3	0	(35)	(35)	(34)	-	-	-	-	-	3	0	(35)	(35)	(34)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Contingent liabilities and auditors of SLAC ➤

Contingent liabilities in Mar 2024 stood at Rs180bn (similar yoy) – 10% of NED. Ex-ACL, contingent liabilities in Mar 2024 were at Rs108bn (similar yoy) – 5.5% of NED.

Figure 10: Contingent liabilities of SLAC

(Rs bn)	FY21	FY22	FY23	FY24
Total of SLAC	106.5	88.4	176.9	179.9
Adani Enterprises	66.5	45.6	56.2	57.5
Income Tax	2.0	19.7	34.4	36.5
Custom Duty	10.2	10.2	12.8	12.8
Adani Ports	5.1	6.2	10.6	8.3
Bank Guarantees	3.5	3.4	3.4	3.4
Adani power	14.4	14.7	16.8	16.8
Custom Duty	12.2	12.2	12.2	12.2
Adani Energy solutions	19.4	19.4	21.8	23.7
Claims by Vidarbha Industries Power	13.8	13.8	13.8	13.8
Adani Green	0.7	1.8	1.1	1.0
Adani Total Gas	0.5	0.7	1.0	1.0
Ambuja Cements	-	-	69.4	71.6
CCI Matters			41.0	43.7
Income tax related to excise duty incentives			10.9	9.5

SOURCE: INCRED RESEARCH, COMPANY REPORTS

In Aug 2023, APSEZ appointed M/s. MSKA & Associates as its auditor. MSKA is an independent member firm of BDO International, a Top-6 global audit firm.

Background: Since May 2017, Deloitte was APSEZ's auditor, and was reappointed for five years in Jul 2022. As per APSEZ, in some meetings with Deloitte, the firm indicated a lack of wider audit role of other listed Adani companies. It was conveyed to Deloitte that it is not within the remit of APSEZ to recommend group-wide appointments. Following this, Deloitte was not willing to continue as APSEZ's auditor and it was agreed to end the client-auditor relationship. In the resignation letter, Deloitte has mentioned the same.

Figure 11: Auditors of SLAC (ex-ACL) over FY17-24

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Adani Enterprises	Dharmesh Parikh & Co				Shah Dhandharia & Co			
Adani Ports	S R B C & Co			Deloitte Haskins & Sells			M S K A & Associates	
Adani Power	Deloitte Haskins & Sells			S R B C & Co				
Adani Energy solutions	Dharmesh Parikh & Co			Deloitte Haskins & Sells			Walker Chandio & CO	
Adani Green	NA	Dharmesh Parikh & Co; B S R & Co		Dharmesh Parikh & Co; S R B C & Co				
Adani Total Gas	NA			Shah Dhandharia & Co			Walker Chandio & CO	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

SLAC (ex-ACL) trades at a discount to FY21/22, but at a premium to FY20/19 ➤

RoCE of SLAC (ex-ACL) stood at 11.8% in FY24. EBIT posted a 31% CAGR over FY20-24.

Figure 12: Valuation of SLAC (ex-ACL)

(x)	RoCE (%)		EBIT CAGR (%)	EV (Current)/ EBITDA (FY24)	EV (Mar 20)/ EBITDA (FY20)	Price (Current)/ Book value (FY24)	Price (Mar 20)/ Book value (FY20)
	FY24	FY20					
ADE	8.9	8.6	40	37.6	8.4	8.4	0.8
APSEZ	12.9	11.8	22	21.6	10.0	5.6	2.0
APL	19.0	4.7	49	18.7	11.2	6.9	1.6
AESL	8.4	10.4	6	26.0	9.9	8.3	2.1
AGEL	8.3	7.1	50	48.1	25.8	17.0	10.4
ATGL	22.2	35.4	15	96.5	15.9	29.5	6.3
Total	11.8	8.6	31	29.0	11.3	8.4	2.0

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Main shareholders of Adani group companies ➤

Figure 13: Main shareholders of Adani group companies

Adani Ports		Adani Power		Adani Energy Solutions	
	% holding		% holding		% holding
Promoter	65.9	Promoter	71.8	Promoter	73.2
LIC	7.9	Opal Investments	4.7	Envestcon	3.8
GQG partners	3.1	Goldman Sachs	3.4	LIC	3.0
Goldman Sachs	2.8	GQG partners	2.1	Goldman Sachs	2.7
Vanguard	1.7	Quant money managers	1.4	GQG partners	2.1
Dandu Corporate services	1.2	Vanguard	1.2	Elara India opportunities	1.7
Blackrock	0.9	Blackrock	0.7	Vanguard Group	1.2
SBI Funds management	0.8	Others	14.7	Others	12.2
Kotak Mahindra asset management	0.6				
Others	15.1				
Adani Green		Adani Total Gas		Adani Enterprises	
	% holding		% holding		% holding
Promoter	56.4	Promoter	37.4	Promoter	72.6
Total Energies	19.8	Total holdings	37.4	LIC	3.9
INQ holding	2.7	LIC	6.0	IHC	4.7
Goldman Sachs	2.6	Envestcon holding	4.0	Vishvapradhan Commercial	2.1
GQG partners	2.1	Elara India Opportunities	1.5	Goldman Sachs	1.9
LIC	1.4	Vanguard Group	1.0	GQG partners	1.9
Vanguard Group	1.1	Others	12.7	Vanguard Group	1.2
Others	14.1			Blackrock	0.6
				Others	11.1
Adani Wilmar		Ambuja Cements		ACC	
	% holding		% holding		% holding
Promoter	43.9	Promoter	70.3	Promoter	56.7
Lence PTE (subsidiary of Wilmar)	43.9	LIC	5.1	LIC	6.4
Vanguard Group	0.5	GQG partners	1.7	HDFC AMC	3.0
Others	11.7	Vanguard group	1.2	SBI Funds management	2.1
		Kotak Mahindra AMC	0.9	Mirae Asset	1.9
		Blackrock	0.9	ICICI Prudential AMC	1.9
		ICICI Prudential AMC	0.9	Franklin resources	1.8
		HDFC AMC	0.7	Vanguard	1.7
		Others	18.4	Others	24.5

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Commodity-wise performance of APSEZ (ex-Haifa, MPs and Karaikal) over FY20-24 ➤

Total cargo grew at a 6% CAGR vs. a 3.8% CAGR at major ports or MPs. Growth over FY20-22 was muted (0.4% CAGR), similar to MPs. Growth picked up in FY22-24F (11.9% CAGR) higher than at MPs (6.6% CAGR).

Coal cargo grew at a 4.6% CAGR vs. a 6.5% CAGR at MPs. The decline over FY20-22 (-9.1% CAGR) vs. a -0.4% CAGR at MPs was followed by growth in FY22-24F (20.4% CAGR) vs. a 13.9% CAGR at MPs. The decline in FY20-22 was due to lower cargo at Tata Power/ Adani Power plants at Mundra (28mt [FY20] to 10mt [FY22]).

Container cargo grew at a 8.2% CAGR vs. a 5.5% CAGR at MPs. Over FY20-22, cargo for both APSEZ and MPs grew at a 6.7% CAGR. Over FY22-24F, cargo for APSEZ rose at a 9.6% CAGR while that for MPs rose at a 4.3% CAGR.

Figure 14: Volume at major ports or MPs and Adani Ports

	FY20	FY21	FY22	FY23	FY24	CAGR %		
						FY20-24	FY20-22	FY22-24
Major Ports	704	673	720	784	819	3.8	1.1	6.6
POL	237	207	222	234	246	0.9	(3.3)	5.3
Coal	149	132	148	188	192	6.5	(0.4)	13.9
Container	147	144	167	170	182	5.5	6.7	4.3
Others	171	190	183	192	200	3.9	3.5	4.3
Adani Ports ex Haifa, MPs and Karaikal	292	286	294	316	368	6.0	0.4	11.9
POL	29	32	36	35	40	7.6	10.1	5.2
Coal	113	101	93	113	135	4.6	(9.1)	20.4
Container	99	106	113	120	136	8.2	6.7	9.6
Others	50	47	52	48	58	3.6	1.9	5.3

SOURCE: INCRED RESEARCH, COMPANY REPORTS

We expect APSEZ's cargo to grow at an 8.5% CAGR (FY24-26F) ➤

Our growth estimate for APSEZ may seem at odds with the strong growth over FY20-24 (17.1% CAGR) or over FY22-24 (22% CAGR). However, excluding acquisitions over FY21-24 (Krishnapatnam, Gangavaram, Karaikal and Haifa), the volume CAGR was 11.2% over FY22-24. Over FY20-24F, the growth was lower (7.7% CAGR).

Coal (38% of APSEZ FY24 cargo): We estimate a 12% CAGR (39mt) over FY24-26F from 158mt in FY24, above our estimated growth for the sector (6.2% CAGR), partly driven by further ramp-up of Adani Power and Tata Power plants (21.4mt in FY24 to 28mt in FY26F).

Container (38% of APSEZ FY24 cargo): We estimate a 10% CAGR, above our estimate for the sector at a 7% CAGR.

Figure 15: Detailed volume break-up of APSEZ over FY20-24

	Volumes (mt)							CAGR %			
	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY20-24	FY20-22	FY22-24	FY24-26F
Total	223	247	282	337	420	462	494	17.1	12.5	22.0	8.5
Total ex-KPCL, GPL, Karaikal & Haifa	223	227	242	256	300	331	353	7.7	4.2	11.2	8.6
Mundra	139	144	150	155	180	203	216	6.6	3.9	9.5	9.5
Container	70	83	95	100	111	120	128	12.2	16.4	8.3	7.2
LNG & LPG	1	3	3	3	3	7	7	43.9	107.0	-	52.8
Adani Power	17	14	6	6	13	17	17	(5.8)	(40.3)	48.8	12.6
Tata Power	11	10	4	5	8	11	11	(7.8)	(37.1)	35.4	17.5
Crude Oil	22	21	23	23	25	27	28	4.0	3.4	4.5	5.5
Others	19	14	18	19	19	21	25	0.4	(0.3)	1.0	14.4
Katupalli	11	9	7	11	12	12	13	2.3	(17.5)	26.9	3.0
Dhamra	30	32	33	31	43	46	50	9.6	6.1	13.1	8.0
Hazira	22	22	25	25	26	28	30	5.1	7.2	3.0	6.0
Dahej	6	6	8	11	11	12	13	15.1	12.5	17.7	8.0
Krishnapatnam	-	20	40	48	59	65	70	na	na	21.5	9.0
Gangavaram	-	-	-	32	37	40	43	na	na	na	8.0
Others	15	14	18	21	27	30	32	15.9	9.4	22.6	8.0
Karaikal	-	-	-	-	12	13	14	na	na	na	8.0
Haifa	-	-	-	-	12	12	13	na	na	na	5.0

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Mundra port (43% of FY24 APSEZ cargo): Over FY24-26F, we expect a 9.5% CAGR vs. a 6.6% CAGR (FY20-24), due to ramp-up at Tata Power and Adani Power plants at Mundra.

Dhamra, Krishnapatnam and Gangavaram (33% of FY24 APSEZ cargo): We factor in an 8-9% volume CAGR (FY24-26F). 64% of the cargo at these ports comprises coal. Our estimated slowdown in coal cargo for the ports sector from a 16.4% CAGR (FY22-24F) to a 6.2% CAGR (FY24-26F) could negatively impact the growth.

Despite capex, APSEZ's balance sheet is healthy ➤

Mar 2021 to Mar 2024: Capex of Rs465bn (including Rs276bn of acquisitions) and Rs42bn of dividends was funded by Rs281bn cash profit, a Rs100bn rise in net debt, a Rs41bn reduction in NWC, and Rs83bn of share issuance for acquisitions.

- While the steady improvement (decline) in NWC/ sales from 51% (FY21) to 40% (FY22) to 17% (FY23) to 9% (FY24) is encouraging, we believe there is room for improvement as Gujarat Pipavav's NWC/sales was (-)34% in FY24.
- 79% of FY24 gross debt of Rs463bn comprises forex debt. The proportion is similar to that in FY21 (71% of gross debt of Rs333bn).
- **60% of the capex over FY22-24 was funded via internal accruals. Thus, despite a 55% rise in assets, NED/EBITDA is benign. It has declined (improved) from 3.6x (FY21-23) to 2.4x in FY24.**
- Related party dues were stable over FY21 (Rs19bn) to FY22 (Rs16bn) to FY23 (Rs19bn) and they declined a tad in FY24 (Rs13bn).

Figure 16: Consolidated balance sheet

(Rs bn)	FY21	FY22	FY23	FY24	Chg (FY24/21)
Shareholders' funds	306	383	456	529	223
Non-current liabilities	311	371	485	432	121
Net Debt	286	350	456	386	100
Others	24	22	30	46	21
Total Liabilities	617	754	941	961	345
Net Fixed assets	490	575	761	826	336
Goodwill	40	59	70	69	29
Investments	22	60	76	43	21
NWC Ex cash	64	60	35	23	(41)
Total Assets	617	754	941	961	345

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 17: Major acquisitions over FY22-24

	(Rs bn)
FY22	95
Sarguja rail corridor	60
Dighi Port	7
Krishnapatnam (25% stake) #	28
FY23	166
Gangavaram ##	61
Ocean Sparkle	17
Haifa	88
FY24	15
Karaikal	15
Total acquisitions FY22-24	276

bulk of payment done prior to FY22

In Mar 2022, APSEZ had 41.9% stake in GPL, remaining acquired in FY23.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

FY22: Net debt rose by Rs63bn yoy, despite a Rs75bn cash profit, due to Rs131bn capex and a Rs37bn rise in investments. NWC (ex-cash) declined by Rs4bn yoy.

FY23: Net debt rose by Rs106bn, despite Rs87bn cash profit and Rs25bn reduction in NWC, because of Rs231bn capex and a Rs16bn rise in investments.

FY24: Despite Rs104bn capex, net debt declined by Rs69bn due to Rs119bn cash profit, a Rs11bn reduction in NWC and a Rs33bn reduction in investments.

Figure 18: Related-party balances – Mar 2021

(Rs bn)	JV	Others	Total
Receivables	1	7	7
Loans	8	-	8
Other Fin/ Non-Fin assets	2	7	9
Others	(3)	(2)	(5)
Total	7	12	19

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 19: Related-party balances – Mar 2022

(Rs bn)	JV	Others	Total
Receivables	1	5	6
Loans	5	-	5
Other Fin/ Non-Fin assets	1	5	6
Others	(0)	(1)	(1)
Total	8	9	16

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 20: Related-party balances – Mar 2023

(Rs bn)	JV	Others	Total
Receivables	1	10	11
Loans	3	-	3
Other Fin/ Non-Fin assets	0	5	6
Others	-	(1)	(1)
Total	4	15	19

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 21: Related-party balances – Mar 2024

(Rs bn)	JV	Others	Total
Receivables	1	7	8
Loans	2	-	2
Other Fin/ Non-Fin assets	1	4	5
Others	-	(2)	(2)
Total	4	9	13

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Maintain our target price but downgrade the rating on the stock to REDUCE (from HOLD earlier) ➤

We cut our EBITDA estimates for FY25F/26F by 3% each but maintain our target price of Rs1,329. We factor in an EBITDA CAGR of 14% over FY24-26F. APSEZ trades at 18.2x FY25F EV/EBITDA vs. a six-year average one-year forward EV/EBITDA of 14.1x. Thus, we downgrade the stock's rating to REDUCE (from HOLD earlier). Our target price implies an EV/EBITDA of 15x FY26F. Upside risk: Higher growth vs. our estimate.

Figure 22: Consolidated income statement and balance sheet

	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F
Income statement (Rs bn)							
Port volume (MT)	223	247	282	337	420	462	494
Sales	114	125	151	209	267	305	346
EBITDA	71	80	96	128	159	183	208
Interest	20	21	26	26	28	26	23
Depreciation	17	21	27	34	39	41	42
Adjusted PAT	48	45	55	81	86	105	130
Balance sheet (Rs bn)							
Net Worth	256	306	383	456	529	623	737
Minority Interest	2	15	4	13	16	8	9
Net Debt	204	286	350	456	386	286	157
Net Fixed assets	337	490	575	761	826	816	803
Net working capital	79	64	60	35	23	18	16
Goodwill	33	40	59	70	69	69	69
Investment & others	14	13	42	60	13	14	14

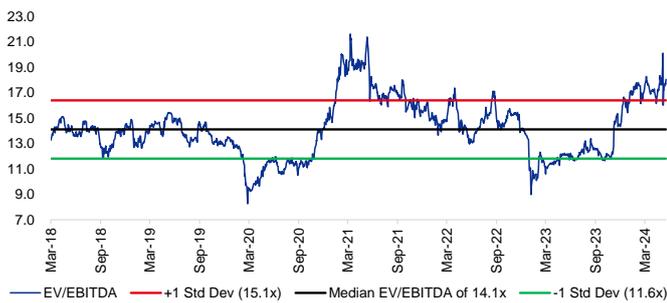
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 23: Key financial ratios and valuations

	FY20	FY21	FY22	FY23	FY24	FY25F	FY25F
Financial Ratios (x)							
RoCE %	12	10	10	11	13	16	19
RoE %	19	15	14	18	16	17	18
EBITDA Margin %	62	64	63	62	59	60	60
Net debt/ EBITDA	2.9	3.6	3.7	3.6	2.4	1.6	0.8
Valuations (x)							
Interest	0.8	0.9	0.9	1.0	0.7	0.5	0.2
EBIT/ Interest	2.8	2.8	2.7	3.6	4.3	5.4	7.1
Valuations (x)							
P/BV					5.8	5.0	4.2
EV/ EBITDA					21.6	18.2	16.0
P/E					36.0	29.5	23.8

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 24: Last six years' median EV/EBITDA at 14.1x



SOURCE: INCRED RESEARCH, BLOOMBERG, COMPANY REPORTS

Figure 25: Our revised earnings estimates

(Rs m)	FY25F		FY26F	
	Old	New	Old	New
Sales	3,10,913	3,04,693	3,54,445	3,46,265
% change		(2)		(2)
EBITDA	1,88,905	1,83,264	2,14,852	2,08,162
% change		(3)		(3)
PAT	1,12,371	1,04,795	1,38,754	1,29,656
% change		(7)		(7)

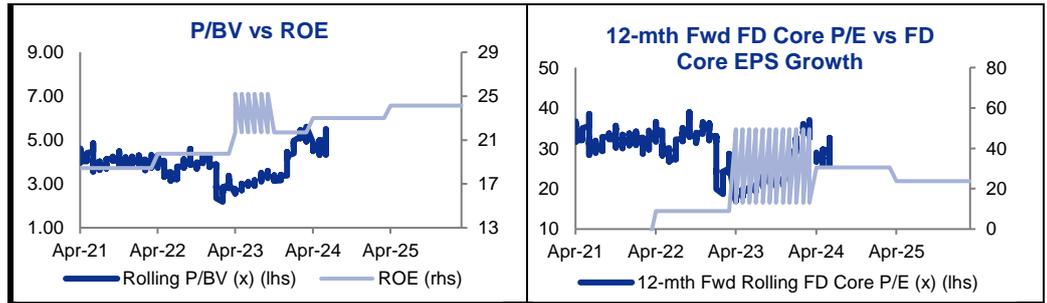
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 26: Sum-of-the-parts or SOTP-based valuation

	(Rs/ share)	(Rs bn)	Basis
EV APSEZ's stake			
Mundra Port	405	856	DCF @ WACC of 10.5% implying EV/E of 12.8x FY26F
SEZ	14	29	DCF @ WACC of 10.5%
Dahej	27	56	@ 14x EV/E FY26F
Hazira	95	200	@ 14x EV/E FY26F
Dhamra	112	236	@ 14x EV/E FY26F
Katupalli	15	33	@ 13x EV/EBITDA FY26F; implied 1.2x acquisition EV
Adani Logistics	82	173	@ 20x EV/EBITDA FY26F; implied 2.6x EV/Assets FY23
Marine Business	205	434	@ 14x EV/E FY26F
Krishnapatnam	177	373	@ EV/E of 14x FY26F; implied 2.7x acquisition EV
Vizhinjam	20	41	@ Capex
Gangavaram	90	190	@ 14x EV/EBITDA FY26F; implied 3.1x acquisition EV
Sarguja	28	60	@ acquisition price; implying EV/E of 10.8x FY26F
Karaikal	36	75	@ 14x EV/EBITDA FY26F
Other assets	140	295	@ 1x Capex
NPV of NWC change	(1)	(2)	
Total EV	1,444	3,051	
Less: Net debt less other investments	(115)	(243)	
Target Price	1,329	2,808	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Total Net Revenues	151,390	208,519	267,106	304,693	346,265
Gross Profit	111,174	151,974	195,942	222,855	252,151
Operating EBITDA	95,640	128,335	158,639	183,264	208,162
Depreciation And Amortisation	(27,396)	(34,232)	(38,885)	(40,800)	(42,120)
Operating EBIT	68,244	94,103	119,755	142,464	166,042
Financial Income/(Expense)	(4,015)	(10,401)	(12,850)	(9,897)	(2,005)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	64,229	83,701	106,905	132,568	164,037
Exceptional Items	(8,817)	(28,809)	(6,782)		
Pre-tax Profit	55,412	54,892	100,122	132,568	164,037
Taxation	(7,459)	(964)	(19,897)	(27,839)	(34,448)
Exceptional Income - post-tax					
Profit After Tax	47,952	53,928	80,225	104,729	129,590
Minority Interests	(672)	(826)	67	67	67
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	47,281	53,103	80,292	104,795	129,656
Recurring Net Profit	54,911	81,406	85,726	104,795	129,656
Fully Diluted Recurring Net Profit	54,911	81,406	85,726	104,795	129,656

Cash Flow

(Rs mn)	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
EBITDA	95,640	128,335	158,639	183,264	208,162
Cash Flow from Invt. & Assoc.					
Change In Working Capital	3,732	25,421	11,393	5,314	1,658
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(8,817)	(28,809)	(6,782)		
Other Operating Cashflow					
Net Interest (Paid)/Received	(4,015)	(10,401)	(12,850)	(9,897)	(2,005)
Tax Paid	(7,513)	(12,661)	(18,887)	(16,832)	(34,448)
Cashflow From Operations	79,027	101,884	131,513	161,850	173,368
Capex	(130,882)	(230,622)	(103,581)	(30,000)	(30,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(37,250)	(16,254)	32,979		
Cash Flow From Investing	(168,132)	(246,876)	(70,603)	(30,000)	(30,000)
Debt Raised/(repaid)	121,175	43,663	(35,401)	(50,000)	(50,000)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(12,394)	(12,885)	(13,177)	(26,929)	(16,095)
Preferred Dividends					
Other Financing Cashflow	38,236	51,781	(5,771)	(165)	34
Cash Flow From Financing	147,018	82,559	(54,349)	(77,094)	(66,061)
Total Cash Generated	57,914	(62,433)	6,561	54,756	77,306
Free Cashflow To Equity	32,071	(101,329)	25,509	81,850	93,368
Free Cashflow To Firm	(63,542)	(119,055)	88,754	158,118	166,635

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Total Cash And Equivalents	104,921	42,488	76,319	127,257	205,394
Total Debtors	24,697	32,417	36,669	48,751	55,402
Inventories	3,812	4,520	4,375	6,094	6,925
Total Other Current Assets	108,415	125,835	113,856	130,572	144,295
Total Current Assets	241,845	205,259	231,220	312,673	412,017
Fixed Assets	575,146	761,080	826,341	815,541	803,421
Total Investments	59,611	75,865	42,887	42,887	42,887
Intangible Assets	59,179	69,634	69,069	69,069	69,069
Total Other Non-Current Assets					
Total Non-current Assets	693,936	906,579	938,297	927,497	915,377
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	56,217	93,612	93,154	167,581	190,446
Other Current Liabilities	7,537	9,422	11,777		
Total Current Liabilities	63,754	103,034	104,931	167,581	190,446
Total Long-term Debt	454,530	498,193	462,792	412,792	362,792
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	5,732	6,331	7,032	6,532	6,032
Total Non-current Liabilities	460,263	504,524	469,824	419,324	368,824
Total Provisions	25,335	35,059	49,332	22,512	22,512
Total Liabilities	549,353	642,617	624,087	609,417	581,781
Shareholders Equity	382,500	455,836	529,448	623,126	736,687
Minority Interests	3,928	13,385	15,982	7,628	8,926
Total Equity	386,428	469,221	545,430	630,754	745,612

Key Ratios

	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Revenue Growth	20.6%	37.7%	28.1%	14.1%	13.6%
Operating EBITDA Growth	19.8%	34.2%	23.6%	15.5%	13.6%
Operating EBITDA Margin	63.2%	61.5%	59.4%	60.1%	60.1%
Net Cash Per Share (Rs)	(165.51)	(210.96)	(178.91)	(132.18)	(72.86)
BVPS (Rs)	181.08	211.02	245.10	288.46	341.03
Gross Interest Cover	2.67	3.63	4.30	5.42	7.14
Effective Tax Rate	13.5%	1.8%	19.9%	21.0%	21.0%
Net Dividend Payout Ratio	16.2%	12.7%	11.8%	6.7%	7.8%
Accounts Receivables Days	65.04	49.99	47.20	51.16	54.89
Inventory Days	62.31	26.89	22.81	23.35	25.25
Accounts Payables Days	530.48	483.58	478.96	581.44	694.27
ROIC (%)	11.2%	13.3%	13.4%	15.1%	18.4%
ROCE (%)	11.9%	12.0%	13.4%	15.2%	17.1%
Return On Average Assets	8.1%	9.2%	10.5%	11.8%	12.9%

Key Drivers

	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Mundra Port volume growth (% chg)	4.1	3.3	16.1	12.9	6.3
Adani Ports volume growth (% chg)	14.3	19.2	24.8	9.9	7.0

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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