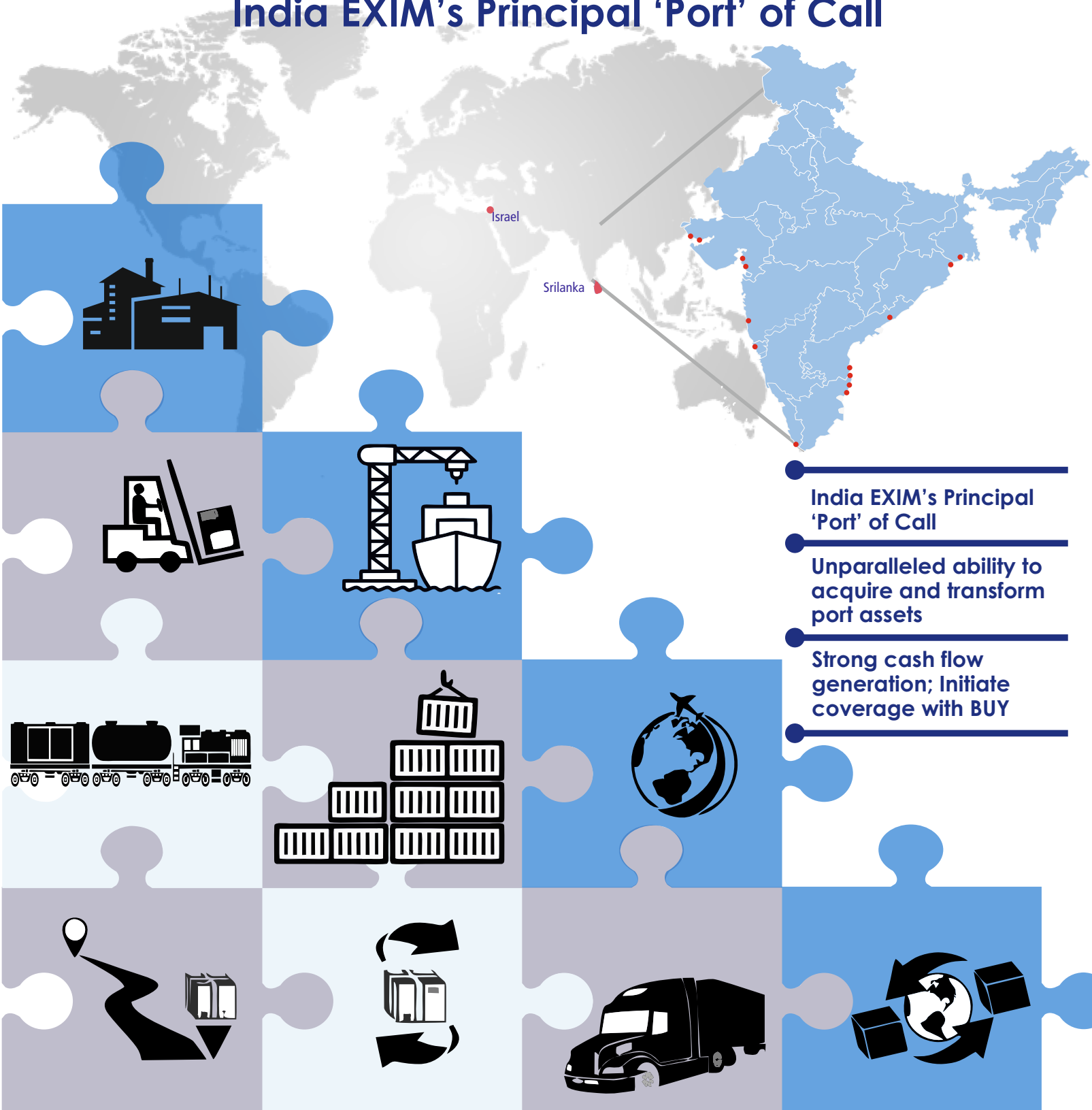


Adani Ports and SEZ

India EXIM's Principal 'Port' of Call

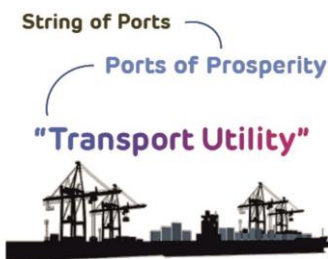


India EXIM's Principal
'Port' of Call

Unparalleled ability to
acquire and transform
port assets

Strong cash flow
generation; Initiate
coverage with BUY

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Started in 1999, Adani Ports has grown from 1 port to 13 ports in the past 2 decades with diverse cargo/geography mix. It has achieved supreme market leadership in India (c.24% share in total cargo), especially in containers (c.43% share) and has demonstrated unique ability to transform acquired assets in the past by deploying its operational expertise along with pricing and efficiency gains. APSEZ is rapidly expanding its presence in various logistics sub-segments, thus covering the entire value chain for customers. CMP does not fully capture APSEZ’s market leadership and transport utility characteristics, in our view.

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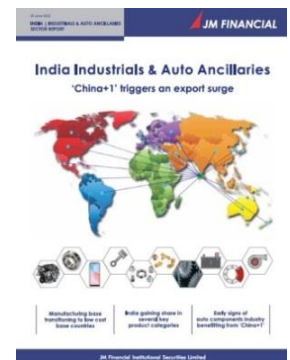
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Adani Ports and Special Economic Zone

India EXIM's Principal 'Port' of Call

Adani Ports and SEZ (APSEZ), India's largest private port company [13 ports across India with >600 million tonnes (mnt) total capacity], is determined to become the world's largest private sector port by 2030. It has demonstrated its ability to successfully construct/acquire assets in India and create significant value for stakeholders. On the back of aggressive expansion in logistics (container/bulk/warehousing), APSEZ is transforming into India's largest integrated transport utility, providing end-to-end logistics solutions to its enormous customer base.

APSEZ has delivered supreme market share gains in India in the past decade (at least 10ppt gain in total share at 24%; over 16ppt gain in container cargo to 43% market share) and is expected to sustain that in future with organic and inorganic growth. We estimate APSEZ to post 16% CAGR in volume (445mnt in FY25 vs. management guidance of 500mnt), translating into Revenue/EBITDA/PAT CAGR of 18%/15%/13% respectively in FY23-25. We initiate coverage on APSEZ with a BUY rating and a SoTP-based Mar'24 TP of INR 800, a potential upside of 42%. Our TP implies 12.5x FY25 EV/EBITDA, as compared to its 5 year average of 12.8x. We estimate CMP implies zero value being assigned to 5 ports (constitute c.30% of total capacity). Key risks: Any significant slowdown in India and adverse developments in group companies.

We estimate APSEZ to generate cumulative OCF of INR 261bn in FY24-25 and have a capex of c.INR120bn, resulting in INR 140bn of free cash flow, substantially higher than its debt-repayment obligations (INR 110bn). We specifically call out the following: a) strong balance sheet (net debt/EBITDA < 2.1x in FY25; net debt/equity < 0.7x in FY25), b) adequate debt/service coverage ratios, and c) >90% of APSEZ's forex debt being fixed coupon (thus protected from market volatility) and more than covered by its foreign currency revenue.

India EXIM's principal 'Port' of call: Started in 1999, APSEZ has grown from one port to 13 ports in the past 2 decades primarily through greenfield/acquisitions of ports on the west and east coasts in India. Its market leadership in India (c.24% share), especially in container (43% market share; Mundra port is India's largest container port), is adequately complemented by its SEZ (captive industries base - creating a virtuous cycle). More than 50% of its cargo is 'sticky', which provides significant visibility to revenue/cash flow. APSEZ is rapidly expanding its presence in various logistics sub-segments including Container/Bulk train operations, warehousing (agri/non-agri), liquid storage tanks and Multi Modal Logistic Parks, thus covering the entire value chain and providing one-stop solutions to customers.

Unparalleled ability to acquire and transform port assets: APSEZ has demonstrated its unique ability to acquire and transform assets in the past by a) deploying its operational expertise, along with pricing and efficiency gains, driving significant margin expansion, and b) expanding capacity. For example, APSEZ bought Dhamra port in FY15 for INR55bn, while we estimate the NPV of the asset at INR152bn (c.3x invested amount). APSEZ has also shown thoughtfulness in tying up with the best of partners/customers at various ports/terminals (Mundra, Dhamra, Haifa Port, Sri Lanka terminal, etc.) in order to mitigate execution challenges while benefiting immensely from economies of scale.

Strong cash flow generation; Initiate coverage with BUY: We initiate coverage on APSEZ with a BUY rating and a SoTP-based Mar'24 TP of INR 800, a potential upside of 42%. We estimate APSEZ to remain the market leader in India with volume growth of 16%, translating into Revenue/EBITDA/PAT CAGR of 18%/15%/13% respectively in FY23-25E with OCF/EBITDA exceeding 80% (10yr average ~75%). While APSEZ's fundamentals are extremely robust, we do provide sensitivity analysis on CoD/BETA to APSEZ valuation to reflect uncertainties pertaining to group-related developments. Every 100bps change in WACC lead to 15% change in SoTP, as per our estimate. Our Mar'24 TP implies 12.5x FY25EV/EBITDA, as compared to its 5 year average of 12.8x (current 9.3x). Moreover, our estimates and TP do not reflect any future acquisitions' value creation.

Recommendation and Price Target

Current Reco	BUY
Current Price Target (12M)	800
Upside/(Downside)	42.3%

Key Data – ADSEZ IN

Current Market Price	INR562
Market cap (bn)	INR1,214.0/US\$14.7
Free Float	35%
Shares in issue (mn)	2,160.2
Diluted share (mn)	2,160.2
3-mon avg daily val (mn)	INR8,557.4/US\$103.3
52-week range	988/395
Sensex/Nifty	59,288/17,393
INR/US\$	82.8

Price Performance

%	1M	6M	12M
Absolute	-5.9	-32.9	-19.2
Relative*	-5.8	-33.4	-23.8

*To the BSE Sensex

Financial Summary

Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Net Sales	125,496	171,188	201,000	242,778	281,336
Sales Growth (%)	5.7	36.4	17.4	20.8	15.9
EBITDA	86,987	95,244	108,195	146,064	168,281
EBITDA Margin (%)	69.3	55.6	53.8	60.2	59.8
Adjusted Net Profit	45,213	59,772	71,365	73,575	91,453
Diluted EPS (INR)	22.3	28.3	33.0	34.1	42.3
Diluted EPS Growth (%)	-12.1	27.2	16.8	3.1	24.3
ROIC (%)	10.0	9.0	9.2	11.2	12.8
ROE (%)	16.1	17.4	17.6	16.1	17.5
P/E (x)	25.1	19.8	16.9	16.4	13.2
P/B (x)	3.7	3.1	2.8	2.5	2.2
EV/EBITDA (x)	17.5	16.2	15.2	10.9	9.3
Dividend Yield (%)	1.1	0.9	0.9	1.2	1.5

Source: Company data, JM Financial. Note: Valuations as of 27/Feb/2023

JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet & Visible Alpha

You can also access our portal: www.jmflresearch.com

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

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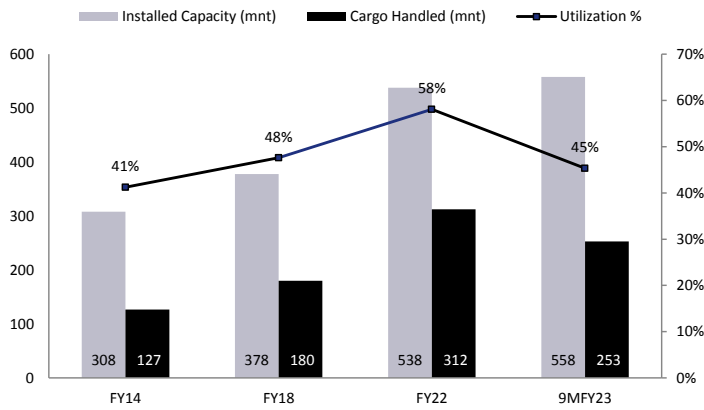
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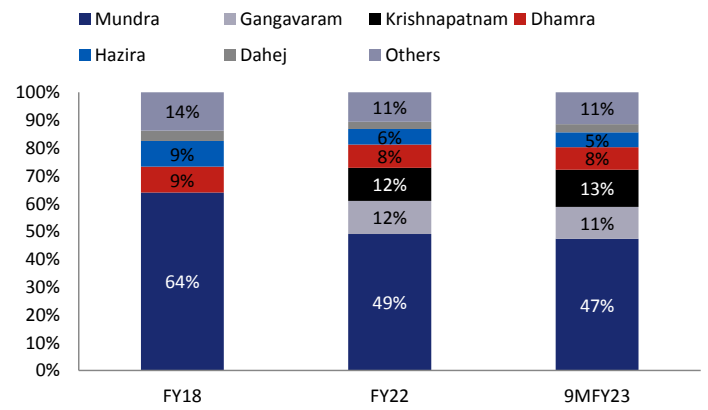
Focus Charts

Exhibit 1. APSEZ consolidated capacity utilisation trends



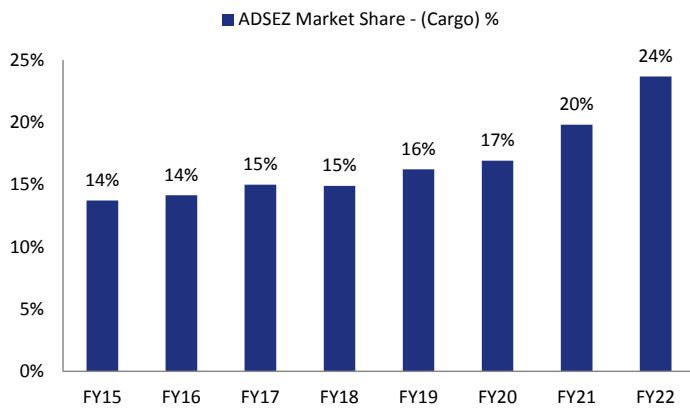
Source: Company, JM Financial

Exhibit 2. Well diversified port mix



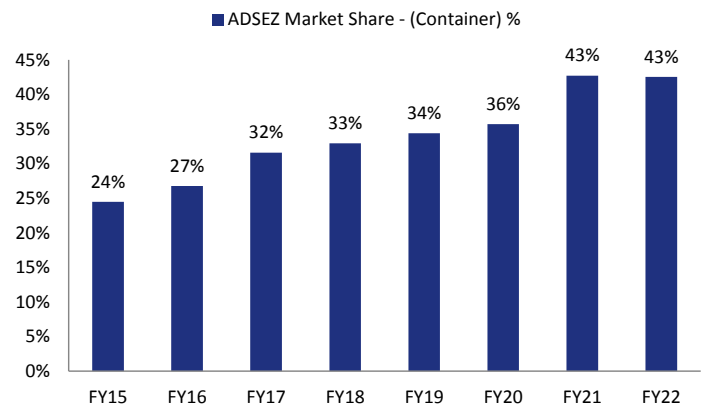
Source: Company, JM Financial

Exhibit 3. Strong market share gains in past (Total cargo)...



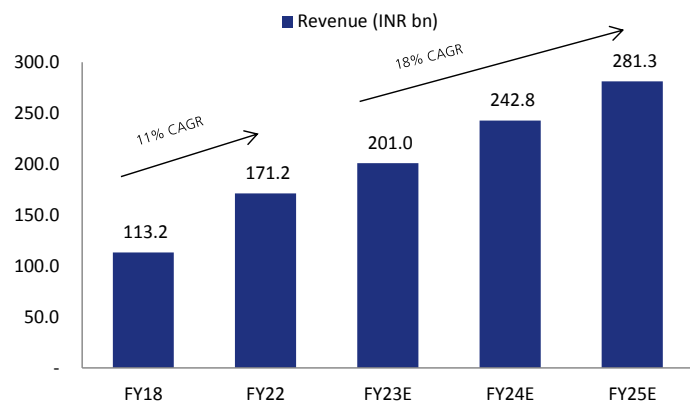
Source: Company, JM Financial

Exhibit 4. ... more so in container cargo segment



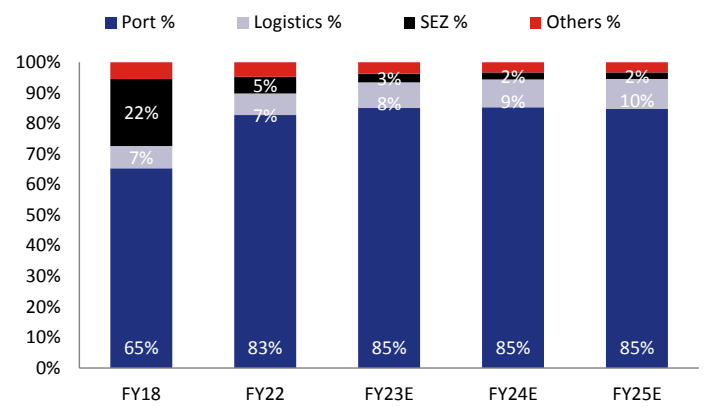
Source: Company, JM Financial

Exhibit 5. Revenue to grow at 18% CAGR over FY23-25



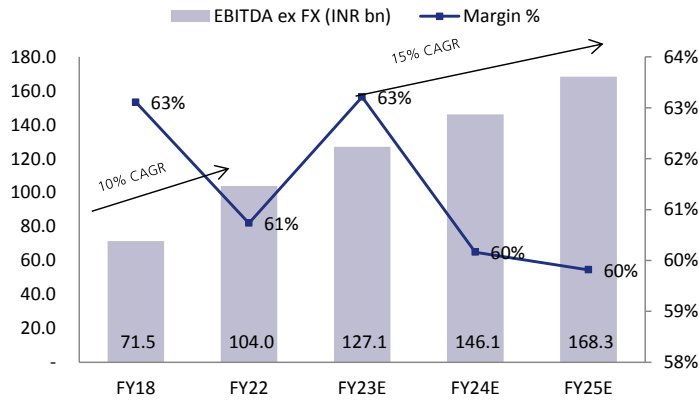
Source: Company, JM Financial

Exhibit 6. Ports constitute 85% of total revenue



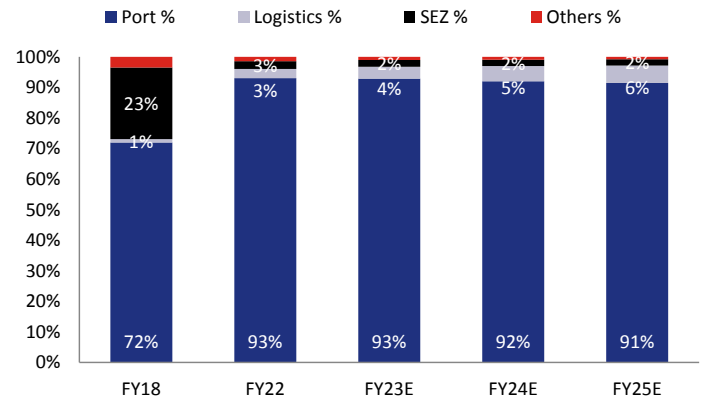
Source: Company, JM Financial

Exhibit 7. EBITDA to grow at 15% CAGR over FY23-25



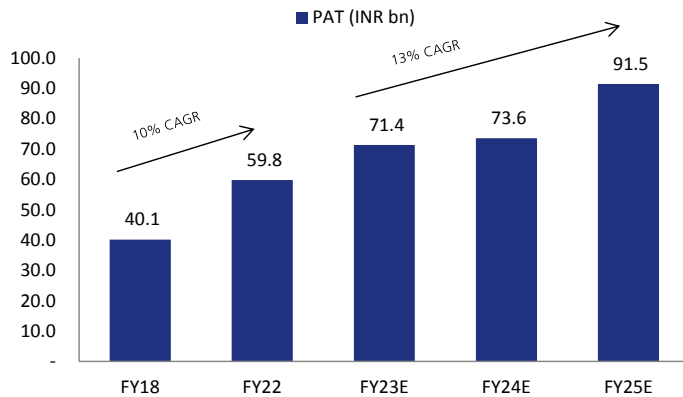
Source: Company, JM Financial

Exhibit 8. Port contribute 90%+ of total EBITDA



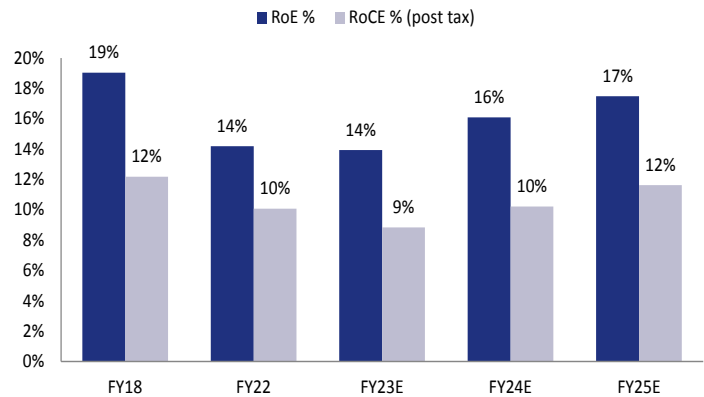
Source: Company, JM Financial

Exhibit 9. PAT to grow at 13% CAGR over FY23-25



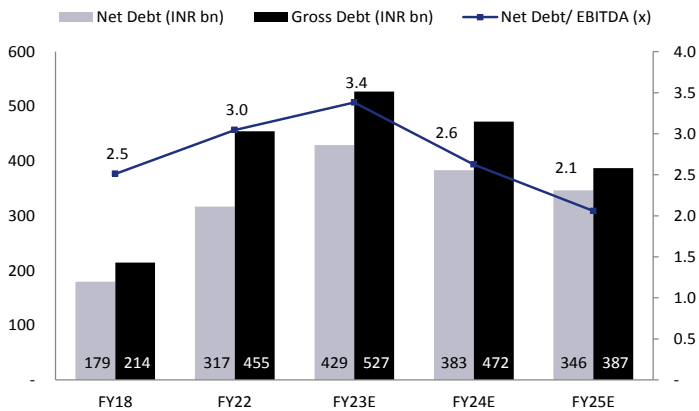
Source: Company, JM Financial

Exhibit 10. Return ratios to improve



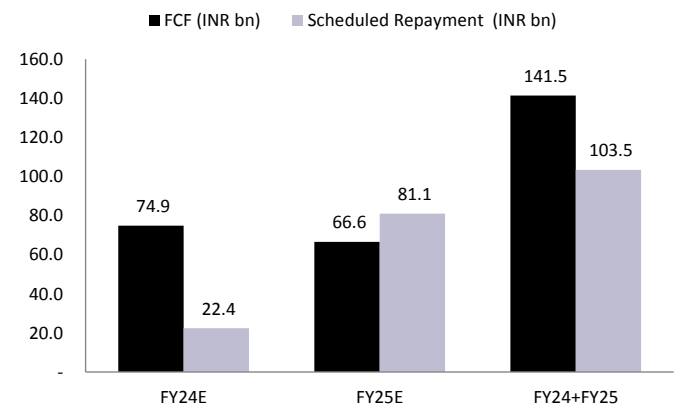
Source: Company, JM Financial

Exhibit 11. Improving leverage profile



Source: Company, JM Financial

Exhibit 12. Sufficient FCF generation to cover maturing debt



Source: Company, JM Financial

Investment Rationale

Sustained PORTfolio addition coupled with stellar execution record

- **Has grown from being a single port operator to a developer & operator with a PORTfolio of 13 ports:** Starting with Mundra port in 1999, APSEZ has grown from being a single port operator to India's largest port developer and operator today with 13 ports and terminals with 610 million tonnes (mnt) of operating capacity. It offers a wide range of services such as ports, port infrastructure (including marine services such as anchorage, pilotage, tug pulling, berthing), SEZs, and logistics under one umbrella.

Handling vol (mnt)	FY14	FY18	FY22
Mundra	101	122	150
Hazira	4	17	25
Dhamra	14	21	33

Exhibit 13. APSEZ has built a 'necklace' of ports across the Indian coastline

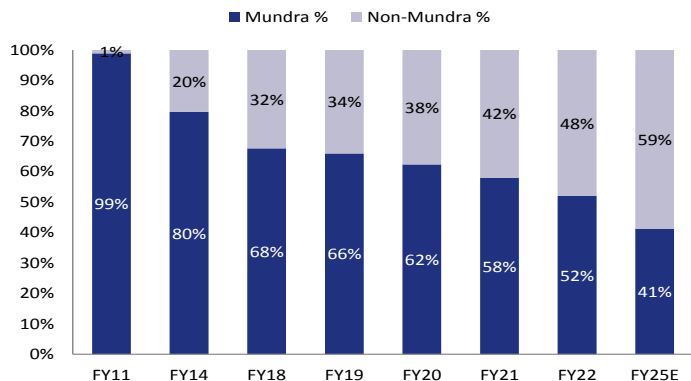


Source: Company, JM Financial

Year	Asset	Type
FY1999	Mundra Port	Greenfield
FY2011	Dahej Port	Greenfield
FY2013	Hazira Port	Greenfield
FY2014	Mormugao Terminal	Greenfield
	Dhamra Port	Acquisition
FY2015	Vizag Terminal	Greenfield
	Tuna (Kandla) Terminal	Greenfield
FY2017	Kattupalli Port	Acquisition
FY2018	Ennore Terminal	Greenfield
FY2021	Krishnapatnam Port	Acquisition
	Dighi Port	Acquisition
FY2022	Gangavaram Port	Acquisition
	Haldia Port LOA	Greenfield

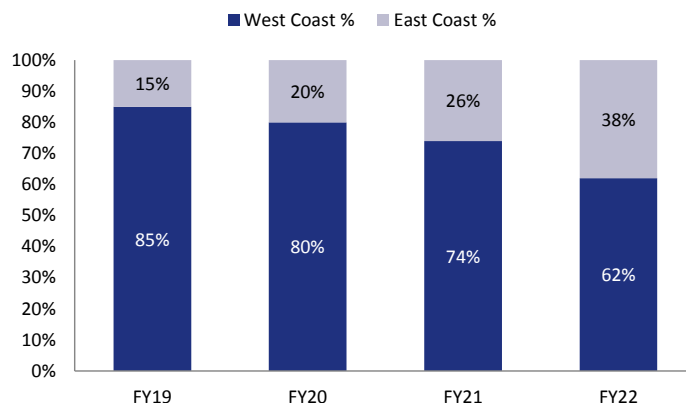
Over the years, APSEZ has created a 'necklace' of ports around the Indian coastline with its assets acting as the gateway to India. APSEZ has had a strong presence on the west coast of India through its flagship Mundra port. Over the years, (especially in the past 4-5 years), APSEZ has developed more ports and/or acquired ports along the vast coastline of the country. The concentration of Mundra in the company's overall cargo volume has reduced from 99% in FY11 to 52% in FY22. Moreover, in terms of east-west mix, the east coast's contribution has risen steadily and reached 38% in FY22 (40% in 9MFY23). APSEZ's six ports on the east coast provide an opportunity for it to carve away the high-growth BIMSTEC business (countries adjacent to Bay of Bengal like Bangladesh, Sri Lanka, Nepal, Bhutan, Thailand, Myanmar, etc.). APSEZ's east-west port connectivity, along with its ability to manage various kinds of cargo, enables it to efficiently cater to the economic needs of the hinterland states of India. APSEZ is transforming itself into integrated transport utility offering one-stop solutions to clients.

Exhibit 14. Diversified port mix (Mundra mix reduce from 99% to 52% in FY22 on new ports/acquisitions)



Source: Company, JM Financial

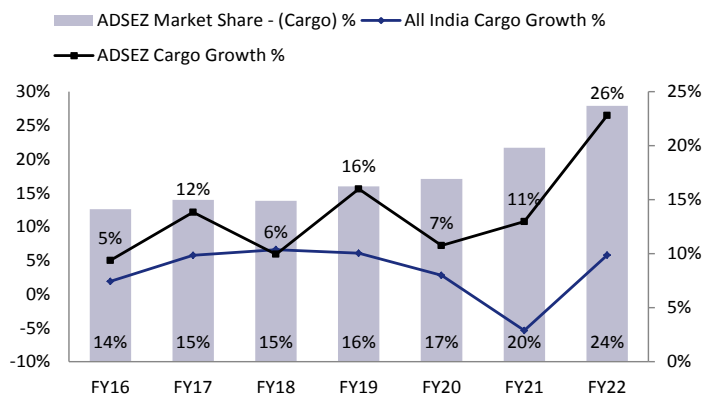
Exhibit 15. Moving towards East-West parity



Source: Company, JM Financial

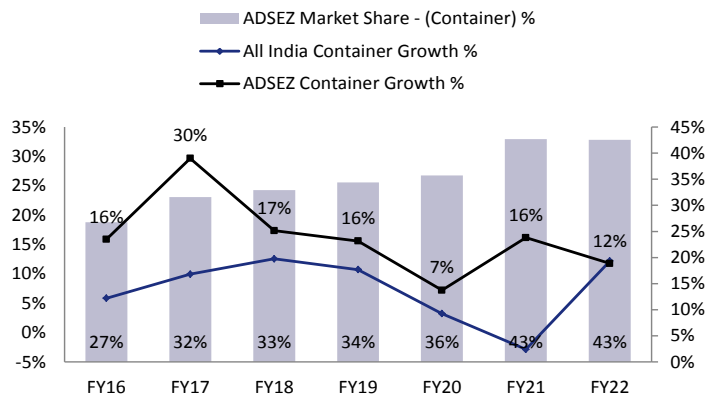
- Consistently gained cargo market share:** APSEZ has consistently outpaced all-India cargo growth rates by growing at a CAGR of 12% over FY15-22 vs. the all-India growth rate of 3%. Consequently, its market share has increased from 14% to 24% during this period. Even on the container cargo side, APSEZ has grown at a CAGR of 16% vs. the all-India growth of 7% over FY15-22, leading to its market share rising from 24% to 43%. APSEZ remains on track to achieving its guided all-India market share of 25%. While Mundra port's cargo market share has risen modestly at the aggregate level, container market share has soared by 10ppt over FY16 to 34% in FY22.

Exhibit 16. APSEZ consistently outperformed all-India growth rate



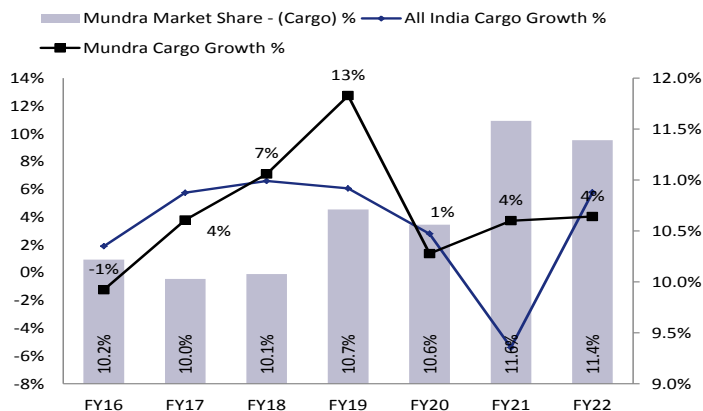
Source: Company, JM Financial

Exhibit 17. Consistent container market share gains



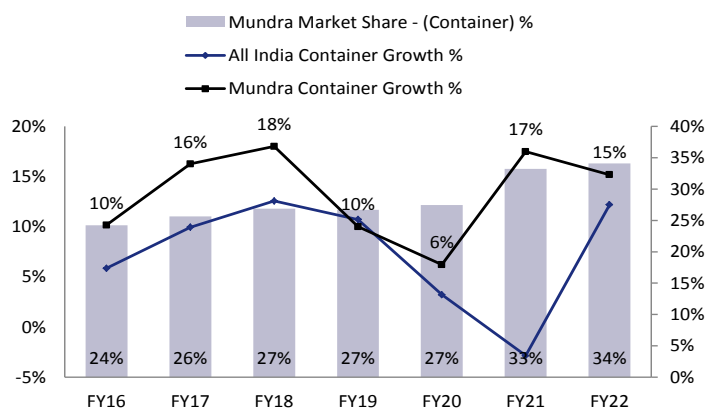
Source: Company, JM Financial

Exhibit 18. Mundra market share has been steady



Source: Company, JM Financial

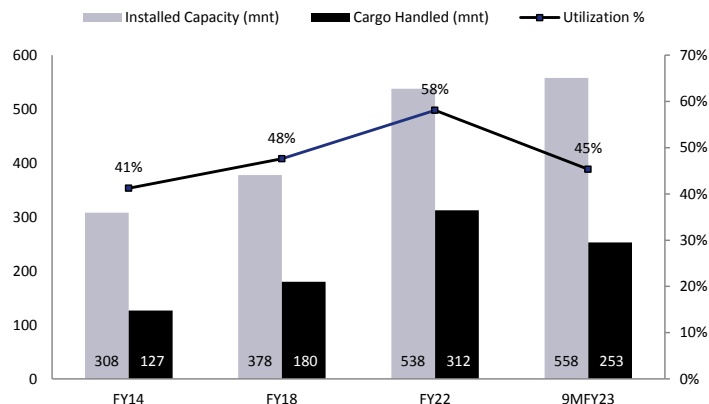
Exhibit 19. Sustained growth in Mundra's container market share



Source: Company, JM Financial

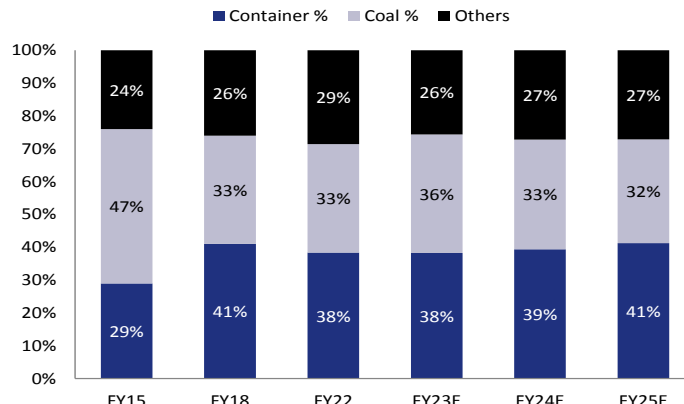
- Diversified cargo mix:** APSEZ has the ability to manage a diverse range of cargo across its ports, ranging from liquid cargo to containers. Earlier, the cargo mix had a higher dependence on coal (47% in FY15) and individual commodities. Over the past few years, APSEZ has been focusing on diversifying its cargo mix. This is evident from reduction in the share of coal to 33% (FY22) while the high-margin container mix has been steady around 40% (29% in FY15). As part of cargo diversification, APSEZ has added LPG and LNG cargo to its portfolio, the demand for which is likely to remain robust given the rise in demand for them as a green energy source. We expect that mix to improve further in container and other segment, while coal mix is expected to see further moderation.

Exhibit 20. Sustained capacity additions



Source: Company, JM Financial

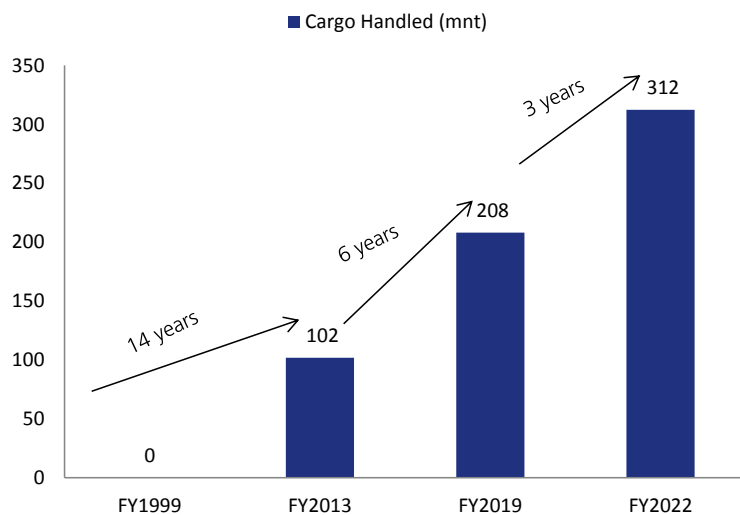
Exhibit 21. Diversified cargo mix



Source: Company, JM Financial

- Strong volume growth on the back of robust infrastructure and strategic acquisitions:** After commencing its operations at Mundra in 1999, it took 14 years for APSEZ to cross 100mt of annual cargo volume. But it was able to double that to 200mt in only 6 years and increase cargo volume by another 100mt in a mere 3 years on the back of best-in-class assets and integrated nature of the business (such as providing end-to-end services) and strategic acquisitions. In the past decade, APSEZ's cargo volume has grown at a CAGR of 18% (+15% over FY18-22). We estimate APSEZ to repeat the same feat in just over 2 years (FY23: 332mnt; FY24:390mnt and FY25:445mnt)

Exhibit 22. Journey from 208mt to 312mt achieved in 3 years; next 100mnt in 30 months



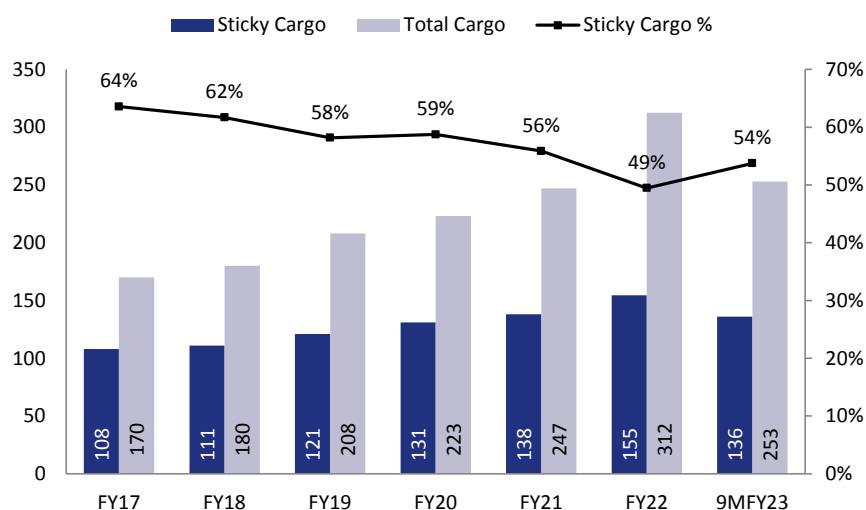
Source: Company, JM Financial

- **Significant contribution from sticky cargo:** Over the years, APSEZ has focused on improving the stickiness of cargo through long-term contracts, cargo diversification, and by bringing together shipping lines. This has enabled it to deliver stable industry leading cargo growth. As per the management, sticky cargo is cargo that has high repeat visibility and something that cannot be taken away easily. Liquids and coal are prime examples of sticky cargo; certain container routes too are classified as sticky.

Over FY17-18, APSEZ boasted 60%+ sticky cargo in its overall mix. Of the sticky cargo volume, Mundra port contributed 80%+. With the addition of new assets (especially over the past 2-3 years), sticky cargo volume mix has been trending downwards. However, as these assets mature, there will be an increase in sticky cargo volume from these assets. As seen from the Exhibit 24 below, concentration of Mundra port has reduced from 81% to 70%, thereby indicating increasing throughput from other ports, in our view.

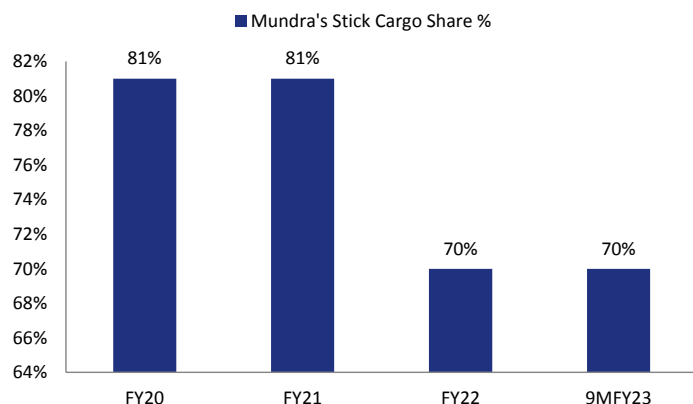
APSEZ, through some of its partnerships (like IOTL), operated on take-or-pay contracts, which, in addition to steady volume, also offers good visibility on future cash flows.

Exhibit 23. More than 50% of cargo volume 'sticky'- provides strong visibility



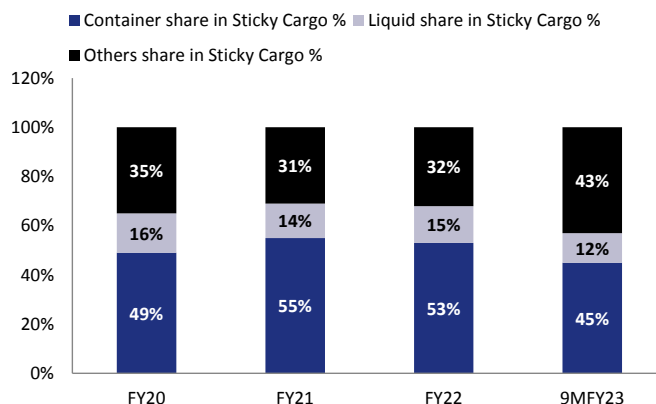
Source: Company, JM Financial

Exhibit 24. Reduction in Mundra mix on account new port additions



Source: Company, JM Financial

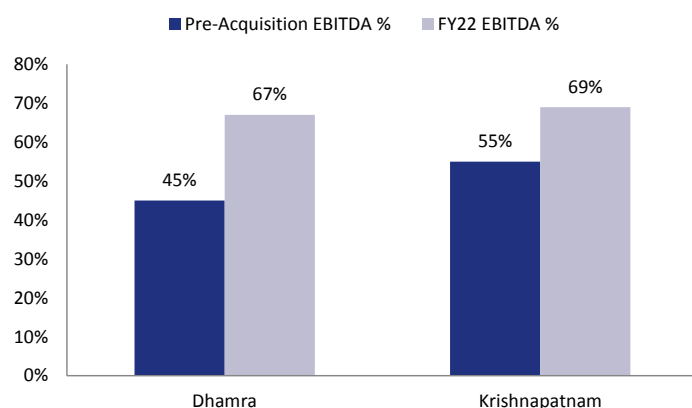
Exhibit 25. Container leads sticky cargo volume mix



Source: Company, JM Financial

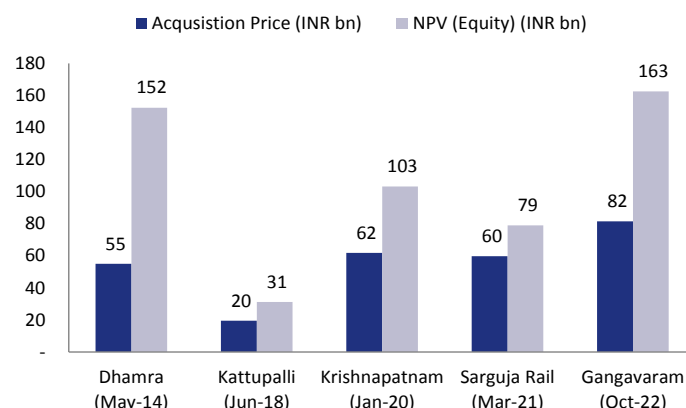
- **Track record of ability to turnaround acquired assets:** APSEZ has time and again demonstrated its capability to turn around an asset post acquisition by putting in place a strong operating process. This is evident from the increase in EBITDA margin at a) Dhamra Port - 67% in FY22 (45% on acquisition in 2015), and b) Krishnapatnam port – 69% in FY22 (55% on acquisition). A similar improvement in EBITDA margin is expected in Gangavaram port. As shown in Exhibit 27, post-acquisition, APSEZ has been able to generate significant value from the acquired assets.
- **Krishnapatnam:** Post acquisition, APSEZ focused on improving EBITDA by business process re-engineering and optimum utilization of existing facilities. APSEZ did so by optimizing a) operational process (better sweating of assets) b) contracting process (vendor process- renegotiation of contracts, hiring of equipment on variable pay etc; customer process – recalibrating contracts based on commodity potential) and c) rationalization of overheads.

Exhibit 26. Improvement in operating margin post acquisition



Source: Company, JM Financial

Exhibit 27. Current Equity value being 2x-3x of Cost of Acquisition



Source: Company, JM Financial *Acquisition date presented in brackets below Port

- **Tie-ups with strong players in respective fields/geographies:** APSEZ entered into strategic partnerships with global shipping lines MSC (leader in global container shipping) in 2011 and CMA (3rd largest container shipping company) in 2014 in order to develop and operate the container jetty at its Mundra port. Later, in 2019, APSEZ entered into a partnership with Total Energies for the development of an LNG terminal in Dhamra port. In recent times, APSEZ has expanded its footprint in the international markets by entering into strategic partnerships with John Keells (one of the largest conglomerates in Sri Lanka with diverse businesses including port, marine fuel, and logistics) to develop the Colombo port, and with the Gadot group (engaged in the business of ports/terminals for chemicals/lubricant distribution in Israel and northwest Europe) to acquire the Haifa Port Company in Israel.

APSEZ believes that these partnerships will enable it to increase its revenue as it is likely to benefit from a) strategic partnerships supporting cargo diversification beyond coal, b) long-term visibility and reliability of cargo volume, and c) de-risking investments and leveraging available capital.

Exhibit 28. List of strategic partnerships (1/2)

Company Name	Adani International Container Terminal Pvt Ltd	Adani CMA Mundra Terminal Pvt Ltd	Dhamra LNG Terminal Pvt Ltd
Asset Description	Container Jetty at Mundra CT3	Container Jetty at Mundra CT4	Dhamra LNG terminal is a 5 MTPA LNG import & regasification facility under construction
JV Partner/ Minority shareholder name	TIL through Mundi Limited	CMA Terminals SA	Total Energies Holdings SAS
% holding of holders	APSEZ: 50% MSC: 50%	APSEZ: 50% CMA-CGM: 50%	Adani Total Pvt Ltd (ATPL): 100% ATPL is 50-50 JV between APSEZ and Total Energies
Details of JV Partner/ Minority share holder	TIL is the subsidiary of MSC the largest Shipping line in the world.	CMA CGM group is the third largest shipping line in the world	Total Energies SE is one of the seven "super major" oil companies
Transaction Date	31st October, 2011	24th June, 2014	4th February, 2019

Source: Company, JM Financial

Exhibit 29. List of strategic partnerships (2/2)

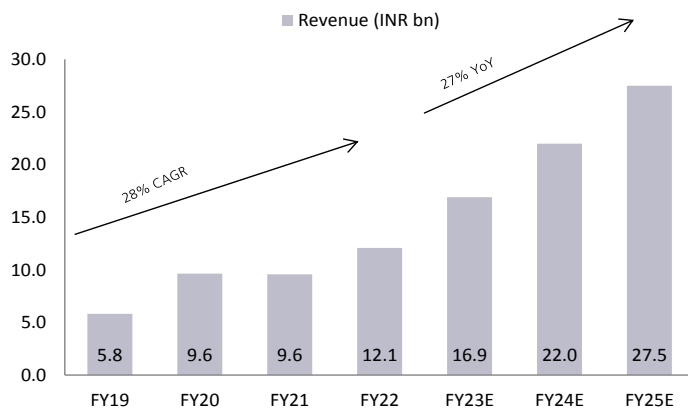
Company Name	Colombo West International Terminal (Pvt) Ltd	Haifa Port Company
Asset Description	Jetty in Sri Lanka	Operates and maintains 5 terminals (2 Container, 2 Multi-cargo & 1 passenger) at Haifa Port
JV Partner/ Minority shareholder name	John Keells Holdings PLC & Sri Lanka Port Authority	Gadot
% holding of holders	Adani International Ports Holdings Pte Ltd: 51% John Keells: 34% Sri Lanka Port Authority: 15%	SPV/ Holdco in Israel: 100% In SPV/ Holdco - APSEZ: 70%; Gadot: 30%
Details of JV Partner/ Minority share holder	John Keells Holdings PLC is Sri Lanka's largest diversified company	Gadot Group is engaged in the business of ports/terminals for chemicals/lubricant distribution in Israel and northwest Europe
Transaction Date	February, 2022	January, 2023

Source: Company, JM Financial

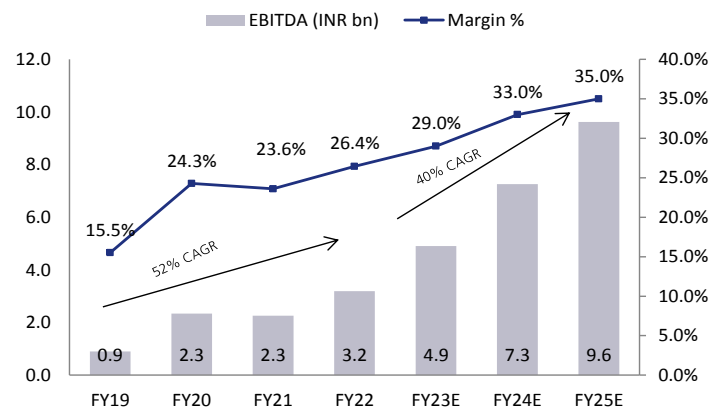
- Adani Logistics – Next growth driver:** Adani Logistics (ALL), a wholly-owned subsidiary of APSEZ, is one of India's most diversified end-to-end logistics service providers with a presence across all major markets. ALL provides customised logistics solutions to help customers improve efficiency and flexibility, and optimise cost. ALL's operations can broadly be classified into a) Train operation, b) MMLPs, c) Grain silos, and d) Warehousing. ALL has set out an aggressive capex target (by FY26) and is looking to a) increase train capacity by 2x, b) increase MMLP count to 15 from nine currently, c) increase grain silos capacity by 2.5x to 2.5mt, and d) increase warehousing capacity by 40x from 1.5mn sqft currently.

Particulars	FY22		FY25E	
	ALL	Concor	ALL	Concor
Rakes	75	361	200	560
Terminal/ MMLPs	6	61	15	71
Rail Volume ('000 TEUs)	404	4,073	1,077	3,092

ALL's revenue has grown at a CAGR of 28% over FY19-22 led by sustained capacity addition across verticals (CTO, MMLP, grain silos, and warehousing). On the other hand, margin has expanded from 15.5% in FY19 to 26.4% in FY22 on the back of a) efforts to diversify into bulk cargo b) elimination of loss-making routes, and c) efficiency gains. ALL believes margin can go up further as utilisation improves.

Exhibit 30. Revenue to grow at a CAGR of 27% over FY23-25E

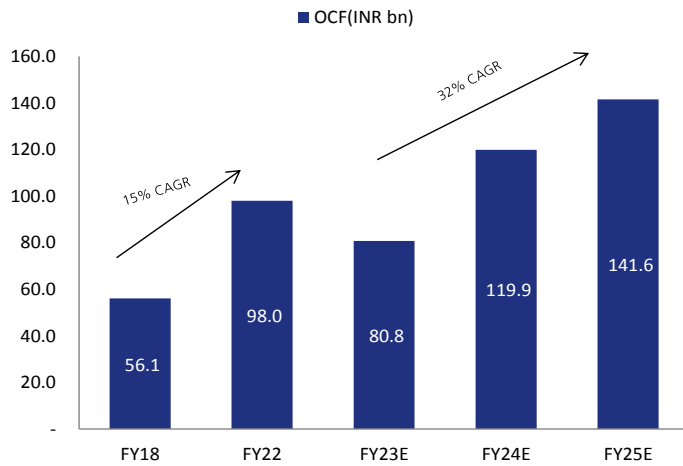
Source: Company, JM Financial

Exhibit 31. Sustained improvement in margin

Source: Company, JM Financial

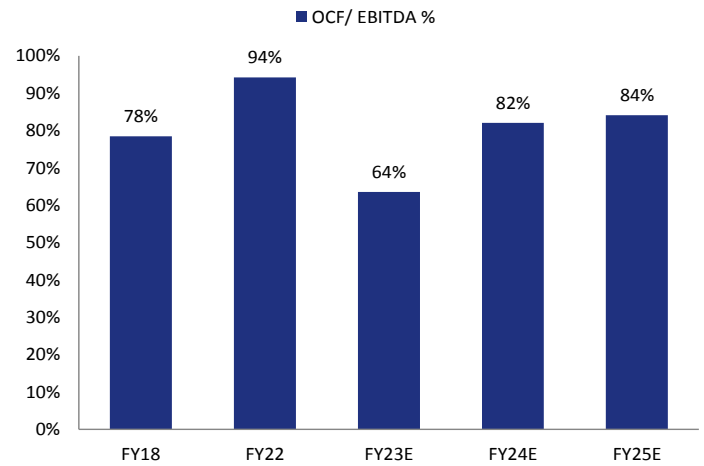
- Strong operational cash flow generation:** APSEZ has consistently generated strong operating cash flows in FY18-22 (CAGR of 15%). During this period, APSEZ had embarked on an acquisition spree. Going ahead, APSEZ is likely to focus on sweating the acquired assets, which will sustain strong cash flows in the coming years as well. We estimate cash flow from operations to grow at 32% CAGR over FY23-25. This, we believe, will be used to fund capex and reduce debt. APSEZ continues to be on the lookout for opportunities outside India via the joint venture (JV) mode with a strong local partner, either in South Asia, Southeast Asia, Middle East, and Africa.

Exhibit 32. Sustained improvement in OCF



Source: Company, JM Financial

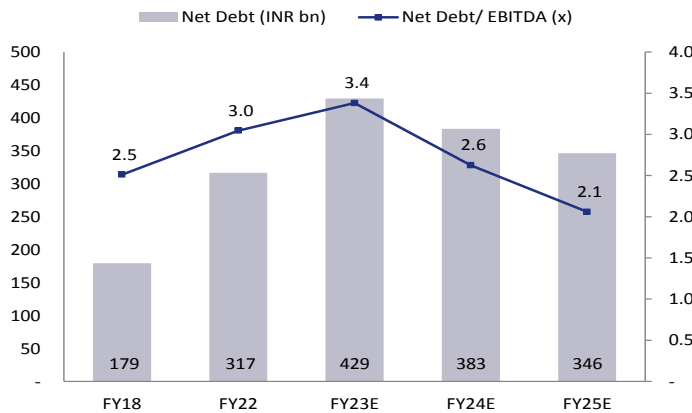
Exhibit 33. Strong OCF to EBITDA conversion



Source: Company, JM Financial

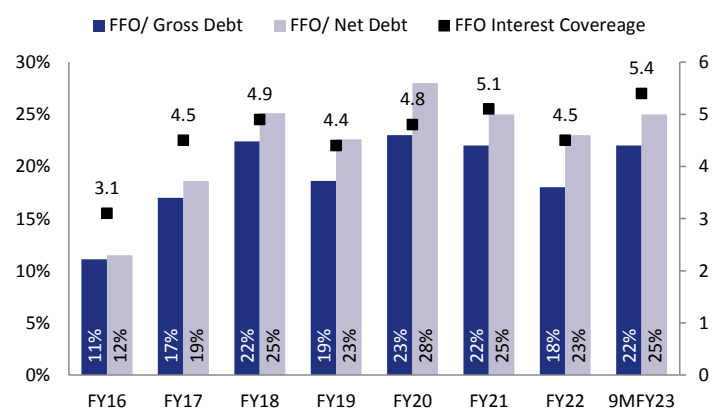
- Leverage on the mend:** Although absolute debt has gone up on account of acquisitions executed over the past 24-36 months, the company's return profile has improved steadily, highlighting its strong execution capabilities. Net Debt/ EBITDA has been fairly stable at 3-3.3x while FFO (Fund from Operations) as ratios have improved. FFO/Gross debt has improved from 17% in FY17 to 22% as of 9MFY23 while FFO/Net debt has improved from 19% to 22% in the same period. FFO interest coverage has also improved. We estimate Net debt to decline to INR 346bn by FY25 while Net Debt/EBITDA will see significant improvement (from 3.4x in FY23 to 2.1x in FY25).

Exhibit 34. Net Debt/ EBITDA to improve



Source: Company, JM Financial

Exhibit 35. Improving coverage



Source: Company, JM Financial *FFO – Fund from operations (EBITDA-int & tax paid + int received)

Key Risks

- **Significant slowdown in economy:** APSEZ is the market leader in India in total cargo, especially in container cargo with more than 40% market share. Any material slowdown in macro economy/EXIM trade can impact APSEZ's performance.
- **Any adverse development in group entities:** APSEZ, in its 3QFY23 earnings call, has categorically stated that a) there have been no inter corporate loans/ICDs provided to group entities in the recent past (excluding APSEZ subsidiaries/associate/JV entities), and b) it has given loans/advances to third parties in FY21/22 where repayments have been guaranteed by a related party, as it was carrying significant treasury balances on account of possible acquisition. Any incidence/material increase in the same or any other related party transaction could again spur corporate governance issues and prove detrimental to valuation.
- **Changes in concession/ royalties:** APSEZ's concession and sub-concession agreements and licences required it to pay royalties and fees for the use of facilities at locations where ports are situated. Any adverse development on the renewal/increase in concession/royalty fees payable may adversely impact the company.
- **Does not own 'Adani' trademark:** The 'Adani' trademark, name and logo does not belong to APSEZ. S.B Adani Family Trust (SBAFT), a member of the promoter group, has applied for the same which is pending with trademark registry. APSEZ has neither any formal agreement with SBAFT nor does it pay SBAFT for use of the 'Adani' trademark, name or logo.

Valuation and Recommendation

We initiate coverage on APSEZ with a BUY rating with a SoTP-based Mar'24TP of INR800. Key assumptions as below:

- We value operational ports on DCF basis given the specific concession of the ports. We follow FCFF methodology assuming WACC of 11.8% with Cost of Debt (10%) and Cost of Equity at 14.1% (RfR: 8%, Risk Premium 5.5% and Beta 1.1 and D/E of 0.7x).
- Port concession is typically for a specific duration (generally 30 years or more) and the operator is entitled to a specific value at the end of the concession period. Given that there is no precedent for renewal of any ports till now and, hence, no mechanism for terminal value estimation, we assume perpetuity for ports in our estimates, assuming 4% terminal growth (which includes various elements of nominal GDP growth, port volume growth, pricing increase and efficiency gains, partly offset by a possible hike in royalty/revenue share). Exhibit 38 displays the contribution of NPV from the explicit forecast and terminal value.
- We value logistics based at 15xEV/EBITDA, given significant growth in the medium term and business to perpetuity, unlike in the case of ports. We assign 2x value to its investments in Haifa and 1x to investments in Myanmar, Vizhinjam and other major port terminals.

Terminal Growth	4.0%
Cost of debt (pre-tax)	10.0%
Tax Rate	17.0%
Cost of debt (Post-tax)	8.3%
Debt Mix (%)	40.0%
Equity Mix(%)	60.0%
Risk Free Rate	8.0%
Risk Premium	5.5%
Company Beta	1.1
Cost of Equity	14.1%
WACC	11.8%

Exhibit 36. SoTP-based valuation

INR bn, unless specified otherwise	FCFF NPV	Net Debt (FY24)	Equity Value	% share	Value (INR/ share)	% total	EV	FY25 EBITDA	EV/ EBITDA (Implied)	Valuation Methodology
Adani Harbour	474.5	-34.3	508.8	100%	236	29%	474.5	22.5	21.1	FCFF
Mundra Port	385.4	0.0	385.4	100%	178	22%	385.4	50.2	7.7	FCFF
Hazira Port	228.4	-1.1	229.5	100%	106	13%	228.4	16.0	14.3	FCFF
Krishnapatnam Port	161.7	58.4	103.3	100%	48	6%	161.7	18.1	8.9	FCFF
Dhamra Port	178.4	26.1	152.4	100%	71	9%	178.4	13.5	13.2	FCFF
Gangavaram Port	157.9	-4.6	162.6	90%	68	8%	157.9	13.7	11.6	FCFF
Adani Tracks Management	91.7	12.8	79.0	100%	37	5%	91.7	11.0	8.4	FCFF
SEZ	54.0	0.0	54.0	100%	25	3%	54.0	3.4	16.0	FCFF
Dahej port	50.2	-5.7	55.9	74%	19	2%	50.2	4.6	10.9	FCFF
Kattupali Port	32.0	0.7	31.2	97%	14	2%	32.0	2.7	11.9	FCFF
Adani CMA (JV with CMA)	77.4	7.9	69.4	50%	16	2%	77.4	5.4	14.3	FCFF
AICTPL (JV with MSC)	63.1	12.5	50.5	50%	12	1%	63.1	8.9	7.1	FCFF
Adani Logistics		40.0	104.3	100%	48	6%	144.3	9.6	15.0	EV/EBITDA
Haifa Port			32.0	70%	15	2%	26.3	6.0	4.4	2x Invnt value
Other Terminals and Ocean Sparkle			58.4	100%	27	3%				1x Invnt value
Balance Net Debt (Consol- Subs)		256.8	-256.8	100%	-119	-15%				
Total (Consolidated)		383.3	1,728.1		800	100%	2,111	168	12.5	
CMP					562					
Upside Potential					42%					

Source: JM Financial, Company

- We estimate volume/EBITDA CAGR of 12%/ 15% for key ports in FY23-25 and assume moderated 9%/11% CAGR in FY25-31 respectively, led by organic growth. Our capex assumption is broadly in line with current asset turn for individual ports.

Exhibit 37. Brief summary of assumption

	Volume (mnt)					Volume CAGR		Revenue CAGR		EBITDA CAGR		Terminal Year	Terminal Growth (%)
	FY22	FY23	FY24	FY25	FY31	FY23-25	FY25-31	FY23-25	FY25-31	FY23-25	FY25-31		
Mundra Port	150	154	166	184	271	9%	7%	15%	9%	17%	9%	FY31	4%
Krishnapatnam Port	40	46	52	58	105	12%	10%	13%	11%	11%	11%	FY59	4%
Gangavaram Port	30	30	37	43	87	19%	12%	20%	14%	20%	14%	FY59	4%
Dhamra Port	33	32	35	40	73	13%	10%	15%	12%	15%	12%	FY41	4%
Hazira Port	25	26	28	31	56	11%	10%	13%	12%	14%	12%	FY36	4%
Dahej port	8	11	12	12	20	6%	8%	9%	9%	7%	9%	FY36	4%
Kattupali Port	7	11	13	16	27	19%	9%	25%	11%	27%	11%	FY39	4%
Total Select Ports	294	309	344	385	640	12%	9%	15%	11%	15%	11%		
Others	18	23	45	60	118	62%	12%	29%	11%	10%	12%		
Total Select Ports	312	332	390	445	757	16%	9%	18%	11%	14%	11%		

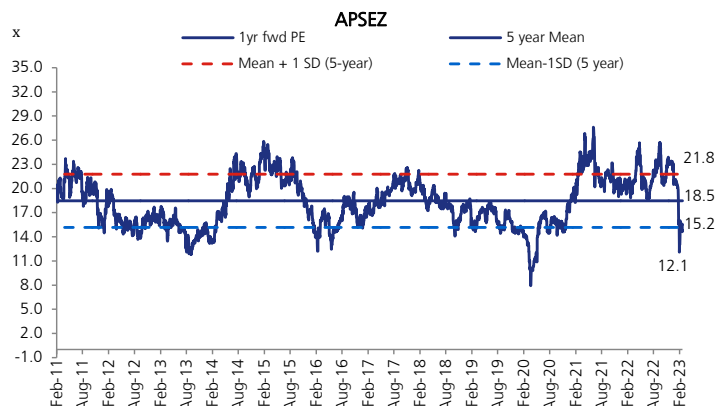
Source: JM Financial

Exhibit 38. FCFF NPV split for key ports

	Terminal Year	FCFF NPV (INR bn)		Total (INR bn)	Terminal % of total
		Explicit	Terminal		
Mundra Port	FY31	138.2	247.2	385.4	64%
Krishnapatnam Port	FY59	146.6	15.1	161.7	9%
Gangavaram Port	FY59	134.5	23.4	157.9	15%
Dhamra Port	FY41	113.3	65.1	178.4	36%
Hazira Port	FY36	115.7	112.7	228.4	49%
Dahej port	FY36	27.7	22.5	50.2	45%
Kattupali Port	FY39	16.8	15.2	32.0	47%
Total Select Ports		692.9	501.2	1,194.1	42%

Source: Company, JM Financial

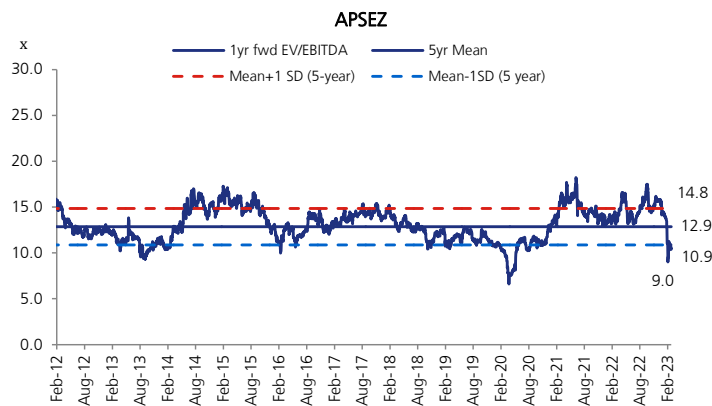
Exhibit 39. 1 year forward P/E ratio



Source: Bloomberg, JM Financial

1 yr Median	3 yr Median	5 yr Median	10 yr Median
21.1	21.0	18.1	18.2

Exhibit 40. 1 year forward EV/EBITDA ratio



Source: Bloomberg, JM Financial

1 yr Median	3 yr Median	5 yr Median	10 yr Median
14.7	14.0	12.8	13.2

Exhibit 41. Sensitivity to Beta and cost of debt

	800	Cost of Debt				
		8.0%	9.0%	10.0%	11.0%	12.0%
Beta	0.9	1,010	950	890	840	800
	1.0	950	900	850	800	760
	1.1	900	850	800	760	720
	1.2	850	800	760	720	690
	1.3	800	760	720	690	650

Source: Company, JM Financial

Exhibit 42. Sensitivity to Terminal growth and WACC

	800	WACC				
		9.8%	10.8%	11.8%	12.8%	13.8%
Terminal Growth	2.0%	990	840	720	630	550
	3.0%	1,060	890	760	650	570
	4.0%	1,150	950	800	680	590
	5.0%	1,290	1,030	850	720	620
	6.0%	1,490	1,150	930	770	660

Source: Company, JM Financial

Exhibit 43. Peer Comp

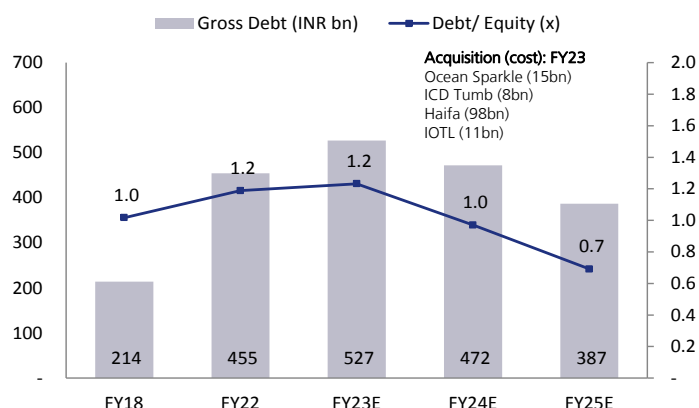
	Curr.	CMP	Mkt Cap (Lcl Crncy bn)	P/E(x)			EV/EBITDA(x)			FY23-25E CAGR			ROE(%)		
				FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	Sales	EBITDA	EPS	FY23E	FY24E	FY25E
Adani Ports and SEZ #	INR	562	1,214.0	17.0	16.5	13.3	14.9	10.5	8.5	18%	15%	13%	14%	16%	17%
Container Corporation #	INR	590	359.6	32.7	27.5	22.8	18.2	15.3	12.9	18%	17%	20%	10%	11%	13%
Gateway Distriparks #	INR	59	29.5	13.5	13.9	10.5	8.7	7.5	5.9	13%	19%	14%	13%	12%	15%
Gujarat Pipavav #	INR	103	50.0	17.7	15.5	15.2	8.6	7.6	7.5	3%	5%	8%	14%	16%	16%
Delhivery Ltd.	INR	345	251.5	NA	NA	NA	NA	1,184.3	51.4	23%	NA	-46%	-14%	-8%	-5%
Bluedart Express	INR	6,291	149.3	36.7	28.0	22.6	18.3	14.9	12.5	13%	21%	28%	35%	36%	36%
Allcargo Logistics	INR	365	89.7	12.5	12.5	10.1	7.7	7.7	6.4	1%	9%	11%	20%	18%	18%
TCI Ltd	INR	642	49.8	14.7	13.6	12.1	11.5	10.3	8.9	12%	14%	10%	20%	18%	36%
TCI Express Ltd	INR	1,573	60.3	41.4	32.8	26.8	29.7	23.9	19.1	18%	25%	24%	24%	25%	25%
Mahindra Logistics	INR	374	26.9	67.5	34.6	21.6	11.4	8.6	6.6	18%	31%	77%	7%	12%	17%
VRL Logistics	INR	543	48.0	22.5	19.2	17.7	12.7	10.9	9.7	12%	15%	13%	32%	22%	24%
Median				22.5	19.2	17.7	11.5	10.6	9.3	13%	17%	13%	17%	17%	18%
Global															
Intl Container Terminal	USD	4	406.1	13.3	12.6	11.9	8.0	7.5	7.2	5%	5%	6%	40%	50%	47%
China Merchants	HKD	11	44.5	5.0	5.6	5.3	14.8	19.2	17.9	4%	-9%	-2%	8%	7%	7%
Cosco Pacific	USD	1	17.9	6.0	5.8	5.6	12.6	12.8	12.0	4%	2%	4%	6%	6%	6%
Shenzhen International	HKD	7	16.4	6.5	4.5	4.1	10.0	7.8	7.6	8%	14%	26%	7%	9%	9%
Westports Holdings	MYR	4	12.2	17.4	17.1	16.1	10.5	10.5	9.9	2%	3%	4%	22%	21%	21%
Port of Tauranga	NZD	6	4.3	34.7	32.6	29.8	22.5	21.0	19.2	6%	8%	8%	6%	6%	7%
Vopak	EUR	30	3.8	-22.5	10.8	10.3	27.0	7.8	7.5	3%	90%	NA	-5%	11%	11%
Hutchinson Port Trust	HKD	1	1.6	11.7	13.1	12.5	6.8	7.1	7.0	0%	-1%	-3%	4%	4%	4%
Global				9.1	11.7	11.1	11.5	9.2	8.8	4%	4%	4%	6%	8%	8%

Source: Company, Bloomberg, JM Financial

Leverage - Large in absolute terms but reasonable on coverage ratios

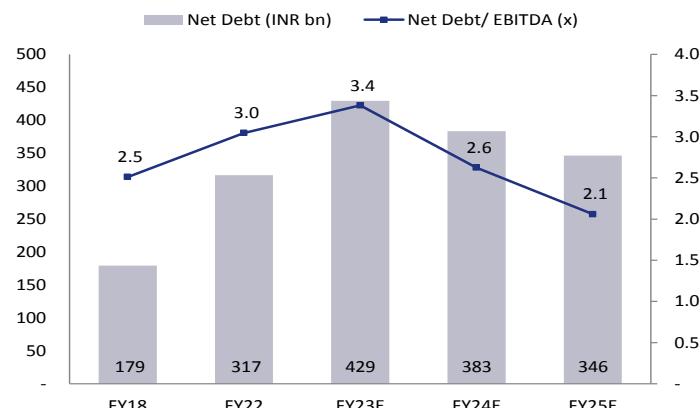
- String of acquisitions bloat absolute debt:** In absolute terms, both gross debt and net debt have increased from INR 218bn/ INR 204bn in 2016 to INR 455bn/ INR 393bn as on 31 Dec'22. This can be attributed to the string of acquisitions/partnerships APSEZ has executed, especially over the past 24-36 months. Over FY18-22, APSEZ acquired the following: Krishnapatnam port, Gangavaram Port, Sarguja Rail while in FY23 it has already announced acquisition of Ocean Sparkle, ICD Tumb, Haifa port and IOTL. During this period, gross debt/net debt increased from INR 295bn/ INR 221bn in FY20 to INR 455bn/ INR 393bn as on 31 Dec'22. Average maturity of debt has increased from 4 years in FY17 to 6 years as on 31 Dec'22.
- Improving ratio profile:** Although absolute debt has gone up (for funding acquisitions), return profile has also improved, highlighting the company's strong execution capabilities. Net Debt/EBITDA has been fairly stable at 3-3.3x while FFO (Fund from Operations) ratios have improved. FFO/Gross debt has improved from 17% in FY17 to 22% as on 9MFY23 while FFO/Net debt has improved from 19% to 22% in the same period. FFO interest coverage has also improved.

Exhibit 44. Debt reduction on the cards



Source: Company, JM Financial

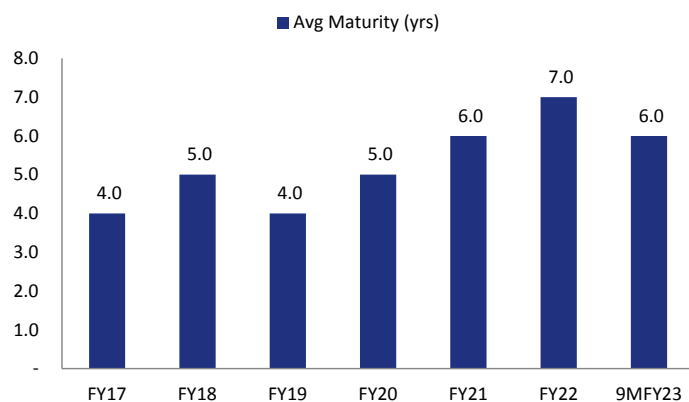
Exhibit 45. Net Debt/EBITDA ratio under control



Source: Company, JM Financial

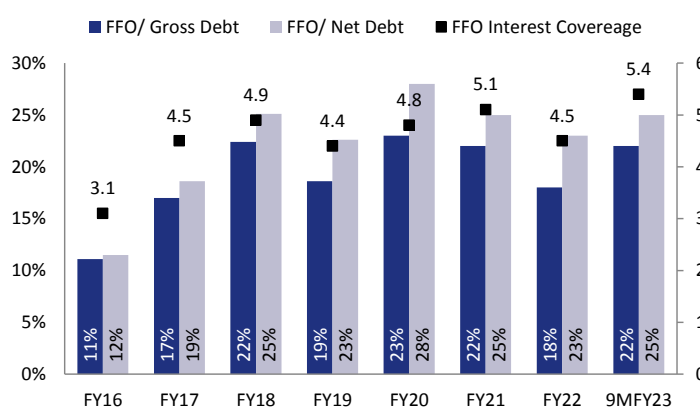
- Increasing FX maturity coverage:** With FX revenue growing steadily over the years to USD 770mn (FY23e), FX maturity coverage has also improved from 0.7x in FY16 to 3.2x expectation in FY23.

Exhibit 46. Average maturity of debt has increased



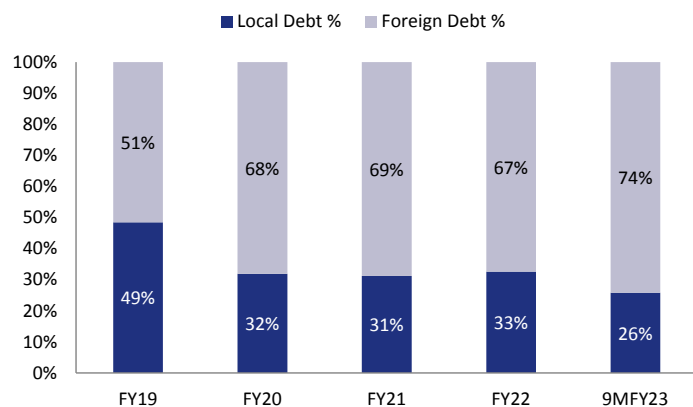
Source: Company, JM Financial *FFO – Fund from operations (EBITDA-int & tax paid + int received)

Exhibit 47. Improving FFO



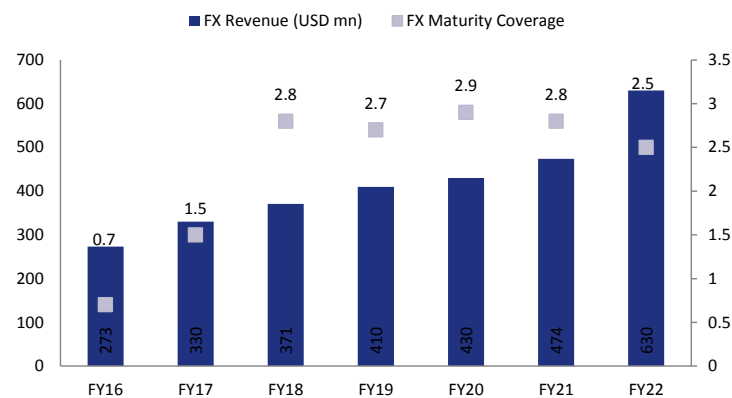
Source: Company, JM Financial *FFO – Fund from operations (EBITDA-int & tax paid + int received)

Exhibit 48. Rising share of foreign debt mix in overall borrowings



Source: Company, JM Financial

Exhibit 49. Increasing FX maturity coverage



Source: Company, JM Financial *FX Maturity Coverage = FX Revenue/ Annual FX debt maturity

Exhibit 50. Bond issuance details- Fixed coupon provides cushion against volatility

Issue date	Due in	USD mn	Coupon rate	Interest payment frequency	spread
19.1.2017	2022	500	3.95%	semi-annual (Jan/July)	
30.6.2017	2027	500	4.00%	semi-annual (Jan/July)	195
3.7.2019	2029	750	4.38%	semi-annual (Jan/July)	238
24.7.2019	2024	650	3.38%	semi-annual (Jan/July)	150
28.7.2020	2027	750	4.20%	semi-annual (Jan/July)	376
26.1.2021	2031	500	3.10%	semi-annual (Jan/July)	206
Jul-21	2032	300	3.83%	semi-annual (Jan/July)	
Jul-21	2041	450	5.00%	semi-annual (Jan/July)	255
Total		4,400	3.99%		

Source: Company, JM Financial

Exhibit 51. Debt maturity profile- c.IN110bn is payable in FY24-25 against FCF of INR150bn

Year	Rupee Debt (INR mn)	Foreign Debt (INR mn)	Total Debt (INR mn)	Foreign Debt Repayment details
FY23	1,910	-	1,910	
FY24	19,460	2,930	22,390	EUR 5 mn
FY25	21,900	59,160	81,060	USD 650 mn bond in Jun-24; EUR 5 mn
FY26	13,410	5,070	18,480	EUR 5 mn
FY27	16,610	850	17,460	EUR 5 mn
FY28	5,630	104,260	109,890	USD 1,250 mn bond between Jun 27 and Jul-27; EUR 5 mn
FY30	-	62,040	62,040	USD 750 mn bond in Jun-29
FY31	15,000	41,360	56,360	USD 500 mn bond in Jan-31
FY32	-	24,820	24,820	
FY42	-	37,230	37,230	
Total	93,920	337,720	431,640	

Source: Company, JM Financial

Adani Logistics – On the move

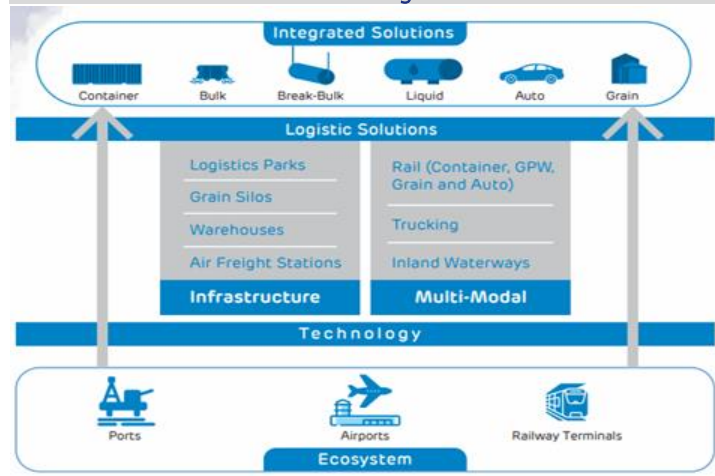
Integrated multimodal logistics player:

- Adani Logistics (ALL), a wholly-owned subsidiary of APSEZ, is one of India’s most diversified end-to-end logistics service providers with a presence across all major markets. ALL has experience in handling varied customers across segments such as Retail, Industrial, Containerised, Bulk, Break-Bulk Liquids, Auto and Grain handling, leveraging its infrastructure (MMLPs, grain silos, warehouses, air freight stations) and multi-modal capabilities (rail, trucking, inland waterways). ALL provides customised logistics solutions to help customers improve efficiency and flexibility, and optimise cost.

Adani Logistics: Key Business segment:

- ✓ Train Operations (Container and bulk)
- ✓ Multi-Modal Logistics Parks
- ✓ Grain Silos
- ✓ Warehousing

Exhibit 52. End-to-end service offerings...



Source: Company, JM Financial

Exhibit 53. ...ensuring maximum synergies



Source: Company, JM Financial

Exhibit 54. Capacity enhancement to ensure long runway for growth

Assets	Trains	MMLPs	Grain Silos	Ware-housing	Rail Tracks
FY20	58 Trains	5 MMLP	0.88 MMT	0.4 mn Sq. ft.	540 KMs
9M FY23	87 Trains (76 more getting added) 2.5X	9 MMLP 1.7X	1.1 MMT 2.5X	1.5 mn Sq. ft. 40X	620 KMs 3X
FY26	200+Trains (Largest Private Player)	15 MMLP (Covering all key market)	2.5+ MMT (market leader with 40% of Capacity)	60 mn Sq. ft. (15% of mkt capacity)	2000+ KMs (Largest Private rail network)

Integrated logistics allows for a single window service for the customer

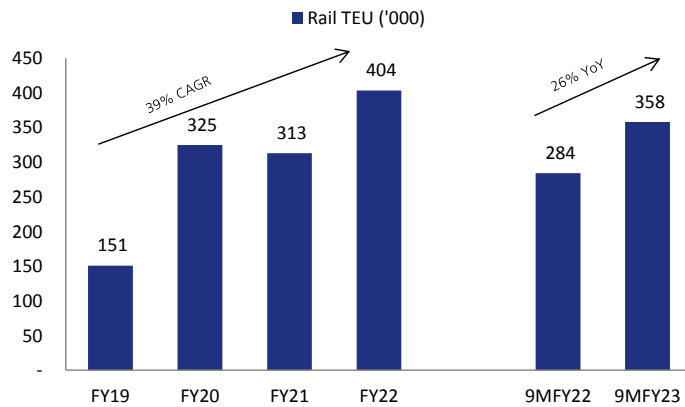
Source: Company, JM Financial

Multi-Modal Logistic Parks (MMLP) – target of 15 MMLPs by FY26

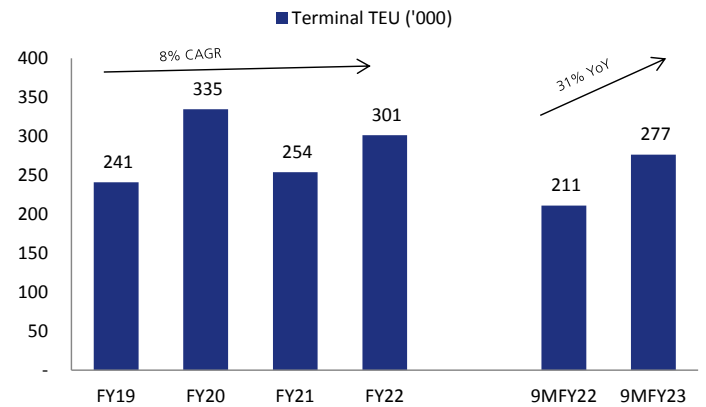
- With a fleet of 87 rakes under operations as of 31 Dec'22, ALL is India's largest private container train operator (CTO) with a category 1 licence from Indian Railways, and it provides container train services between western ports and India's hinterland for EXIM cargo and domestic cargo. With another c.100 rakes under order, ALL is looking to scale up its rake capacity to 200+ by FY26.
- As on 31 Dec'22, ALL operates nine logistics parks at Patli in Haryana, Kilaraipur and Kanech in Punjab, Kishangarh in Rajasthan, Nagpur and Taloja in Maharashtra, Malur in Karnataka, and ICD Tumb in Gujarat. The company seeks to organically expand its ICD network to 15 by FY26. Construction is in full swing in two other locations (Virochannagar and Panipat).
- APSEZ has commenced building a 'hinterland port' comprising 1,450 acres in Sanand (40km from Ahmedabad). This multimodal logistics facility will be India's largest logistics and industrial park that will provide multimodal solutions - a complement of rail, road, port and air linkages - from any point in the world to any point in the world. Adani Logistics is developing a large logistics park in Kalyan (Maharashtra) as a warehousing and logistics hub addressing Mumbai demand. ALL has also been shortlisted as H1 bidder for the Loni ICD in UP.
- In Aug'22, ALL acquired ICD Tumb (Vapi) from Navkar Corporation for an EV of INR 8.35bn, providing it with an operational ICD with a capacity to handle 0.5mn TEUs and 129 acres of land available for future expansion. ICD Tumb is strategically located in the middle of one of the busiest industrial zones and is connected to the DFC, thereby allowing it to serve the vast hinterland with access to two of the busiest ports on both sides.
- On the back of capacity additions, APSEZ saw its rail volume grow by 39% over FY19-22.

Train operations – target to run 200+ trains by FY26

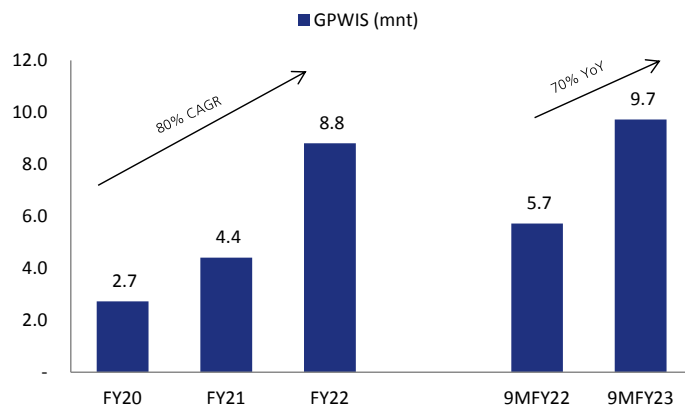
- ALL participated in the Indian Railways General-Purpose Wagon Investment Scheme (GPWIS) in FY19-20, which provided an opportunity to serve bulk customers not just from ports but also from mines. Under GPWIS, ALL's customers include steel plants, coking plants and pellet plants in the Dhamra port hinterland, for which imported coking/non coking coal was transported from port to the plants. ALL is also handling movement of domestic iron ore from the mines to plant and export of iron ore from mines to port. ALL is targeting to move from east-centric operations to a pan-India presence, servicing multiple plants across the country. ALL believes the GPWIS business model is very robust, as over and above the rebate provided by the railways ALL charges a premium in lieu of assured services, which helps customers through lower inventory costs and increased service levels.
- GPWIS volume grew 80% over FY20-22. With the addition of new rakes and circuits (GPWIS), both rail and GPWIS volume are likely to continue their growth trajectory.

Exhibit 55. Rail TEUs grew 39% over FY19-22

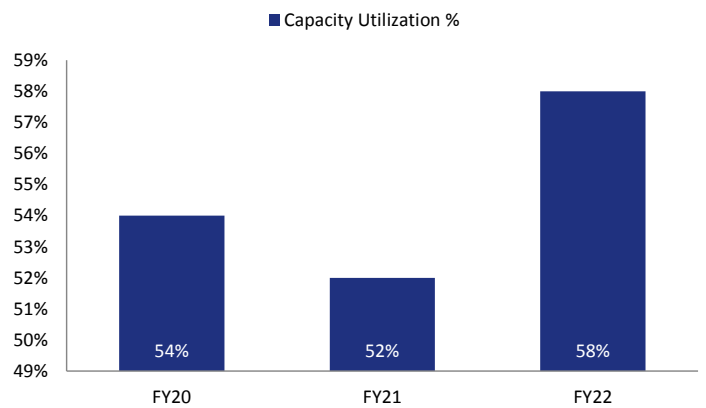
Source: Company, JM Financial

Exhibit 56. Terminal TEUs grew 8% over FY19-22

Source: Company, JM Financial

Exhibit 57. GPWIS volume growing at a fast clip

Source: Company, JM Financial

Exhibit 58. Enough spare capacity to support future growth

Source: Company, JM Financial

Grain silos – increase capacity to 2.5+mt by FY26

- Under a concession from Food Corporation of India (FCI) and various state government agri-commodity warehousing departments, ALL owns, operates, and is in the process of developing more silo bases for the storage of food grain and facilitating its transportation. It has connected major food grain producing states (Punjab, Haryana and Madhya Pradesh) with consumption centres in Karnataka, Tamil Nadu, Maharashtra, West Bengal and Gujarat through a pan-India network of procurement and distribution silos.
- As on 31 Dec'23, ALL has a grain silo capacity under operation of 1.1mt and has targeted 2.5+ mt capacities by FY26. ALL has already received LOA from FCI to build silos across four locations in UP and Bihar with a total capacity of 0.35mt.

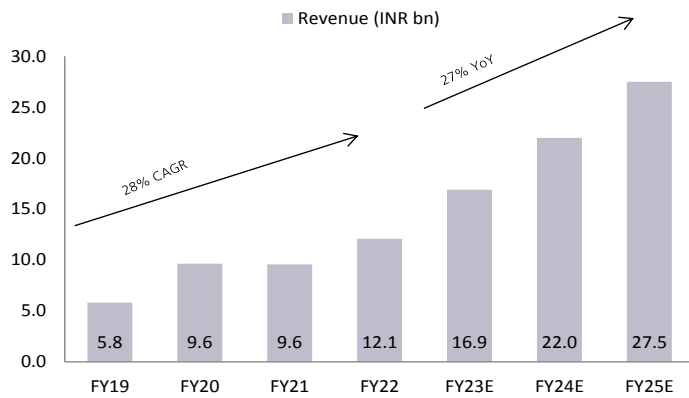
Warehousing – target to develop 60mn sqft by FY26

- As on 31 Dec'22, ALL has 1.5mn sqft of warehousing space and intends to expand that to 60+mn sq ft by FY26– a 40x proposed expansion. Construction has been initiated on 10mn sqft of warehousing capacity across six different locations in Mundra, Nagpur, Moraiya in Ahmedabad, Ranoli in Baroda, Mumbai and Palwal.
- ALL aspires to cater to the increased demand of Grade A warehousing in India, including built-to-suit warehousing. A strategic partnership with an e-commerce major will help develop 'built to suit' warehousing. Grade A warehousing demand has grown in the last few years. Reverse logistics has also taken an important role following the e-commerce boom; the space required is adding to demand.

Revenue and outlook:

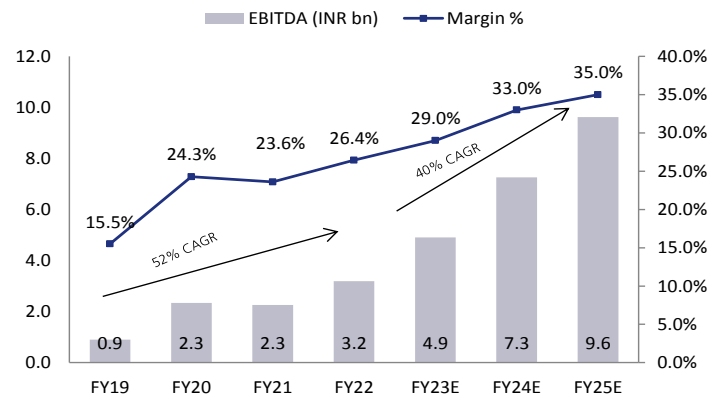
- ALL's revenue has grown at a CAGR of 28% over FY19-22 led by sustained capacity addition across verticals (CTO, MMLP, grain silos, and warehousing). On the other hand, margin has expanded from 15.5% in FY19 to 26.4% in FY22, led by a) all round efforts to diversify into bulk cargo, b) elimination of loss-making routes, and c) efficiency improvement across the board. ALL believes margin can go up further as utilisation rises.
- Going ahead, ALL does not expect major capex on container ICDs as it will first look to sweat those assets that have come/or are scheduled to come online recently. As and when utilisation of these capacities increases, the management will look to enhance capacities. However, ALL is likely to continue to spend on development of warehousing facilities and grain silos.
- As per the management, RoCE will first improve in the bulk trade segment, followed by agri warehousing (silo projects) and then warehousing. In the next 2-3 years, one should expect these ratios to move towards the targeted 16%.

Exhibit 59. Revenue to grow at a CAGR of 27% over FY23-25E



Source: Company, JM Financial

Exhibit 60. Improvement in margin on operating leverage and mix



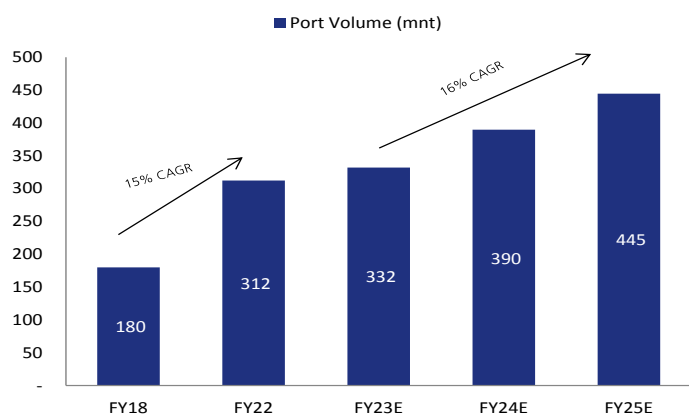
Source: Company, JM Financial

Financial Analysis

- Port volume to grow at 16% CAGR over FY23-25:** APSEZ's port volume grew at 15% CAGR over FY18-22 as it embarked on an acquisition spree, having added Krishnapatnam port and Gangavaram port during this period. Ex of these acquisitions, volume grew by 8% over FY18-22. In addition to volume scale-up at these ports, more capacity (Haifa, Vizhimjam and Colombo) is set to come online in the next 2-3 years. As a result, we bake in 16% volume CAGR over FY23-25, reaching 445mt by FY25 (management guidance of 500mt for FY25E). With the addition of these capacities, the concentration of Mundra port to overall volume has gone down from 68% in FY18 to 48% in FY22, and it is set to reduce further to 41% by FY25.

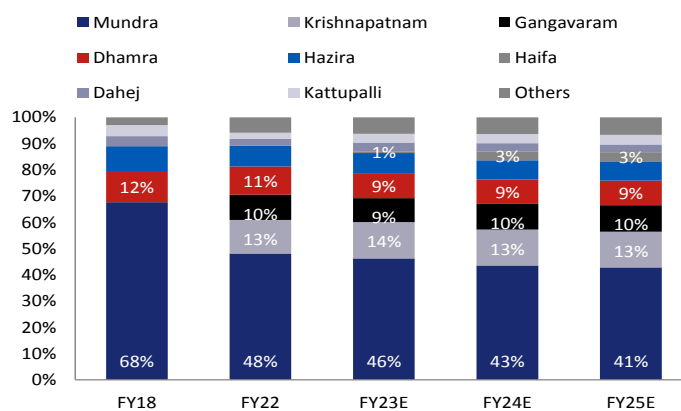
Port realisation has grown at a CAGR of 3% over FY18-22 and is estimated to grow at 2% CAGR in FY23-25, largely led by product mix (HAIFA realisation at around INR1200/t vs INR520/t company average) and modest price increase assumption (1-1.5%, including INR depreciation against USD)

Exhibit 61. Port volume to grow at 16% CAGR over FY23-25



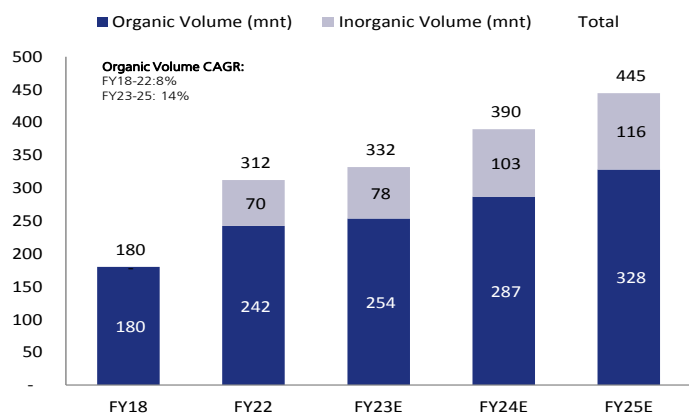
Source: Company, JM Financial

Exhibit 62. Reducing Mundra concentration



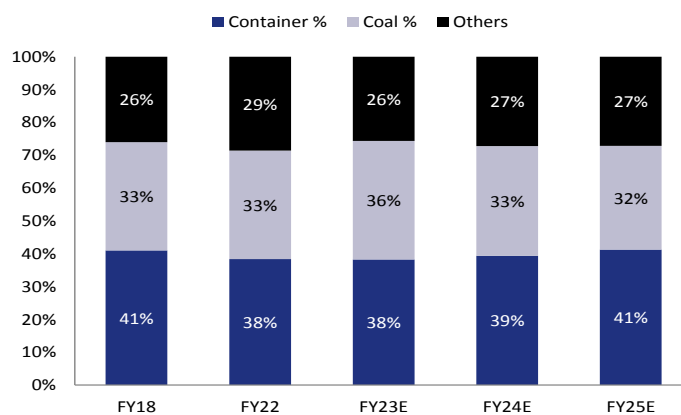
Source: Company, JM Financial

Exhibit 63. Organic volume grew 8% CAGR over FY18-22



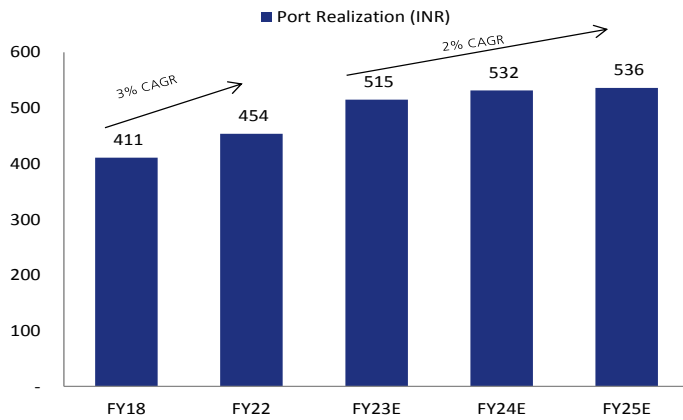
Source: Company, JM Financial *Organic – All ports excluding Krishnapatnam, Gangavaram and Haifa

Exhibit 64. Diverse cargo mix



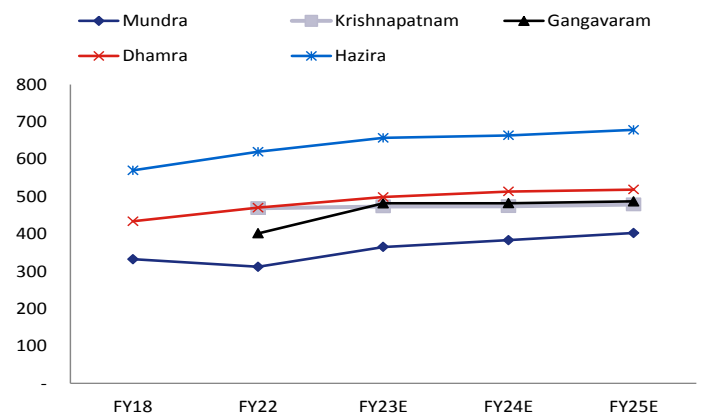
Source: Company, JM Financial

Exhibit 65. Port realisation to grow at 2% CAGR over FY23-25



Source: Company, JM Financial

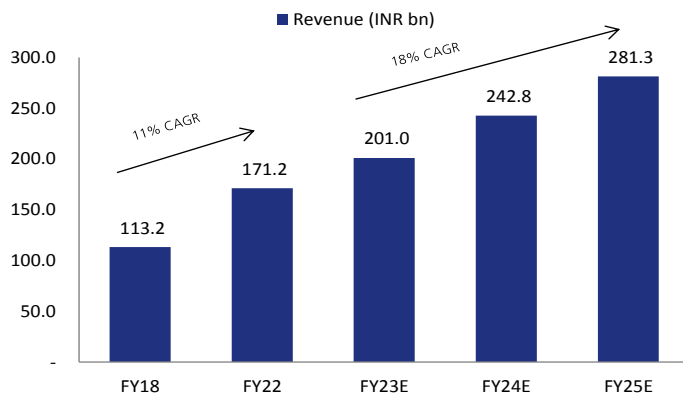
Exhibit 66. Key port realisation trend



Source: Company, JM Financial

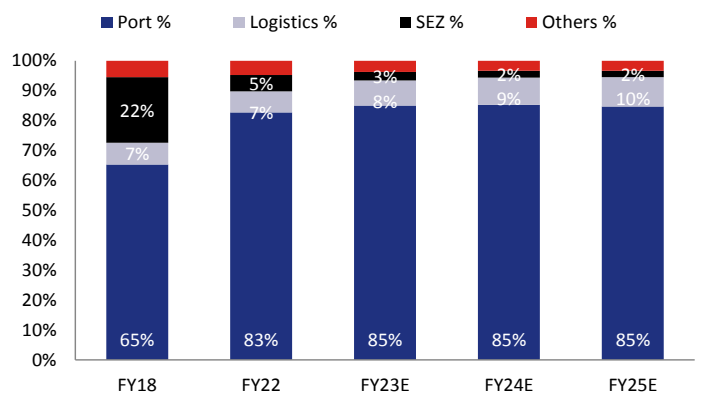
- Revenue to grow at 18% CAGR over FY23-25:** APSEZ's revenue grew at 11% CAGR over FY18-22 led by Ports (+18% CAGR; within this, Organic port revenue grew at 11% CAGR), while Logistics (+10% CAGR) witnessed slow growth on account of management change. We expect revenue to grow at 18% CAGR over FY23-25 with Port/ Logistics/ SEZ/Other revenue growing by 18%/ 27%/ 5%/ 11% respectively. Port growth will be led by a) organic growth in existing ports b) scale-up in volumes of acquired assets, and c) commissioning of new projects. Logistics growth will be supported by a) rake additions, b) commissioning of new MMLPs, c) increase in grain silos capacity, and d) development of grade A warehousing.

Exhibit 67. APSEZ revenue to grow 18% CAGR over FY23-25



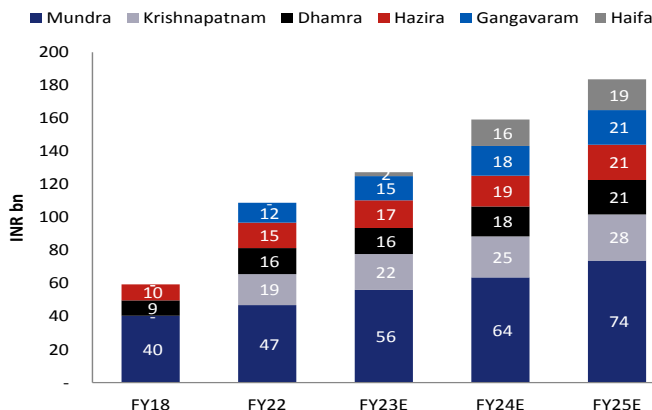
Source: Company, JM Financial

Exhibit 68. Port volume continues to dominate revenue



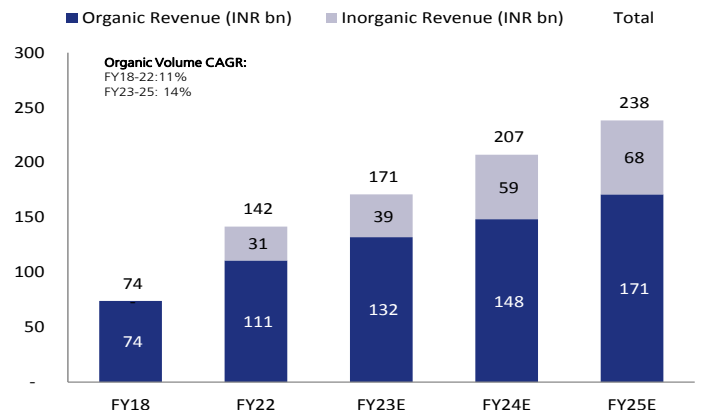
Source: Company, JM Financial

Exhibit 69. Revenue break-up of key ports



Source: Company, JM Financial

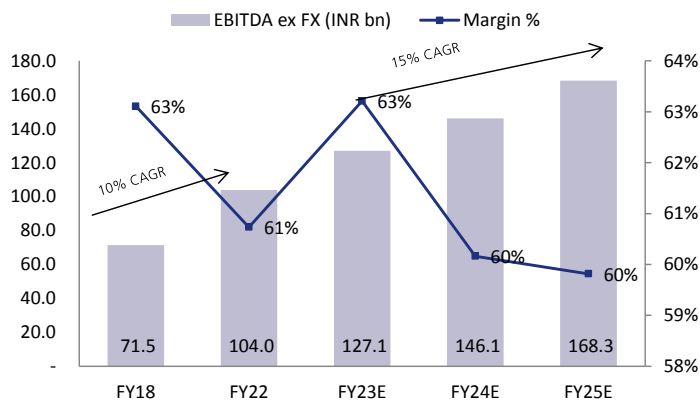
Exhibit 70. Organic port revenue grew 11% over FY18-22



Source: Company, JM Financial *Organic – All ports excluding Krishnapatnam, Gangavaram and Haifa

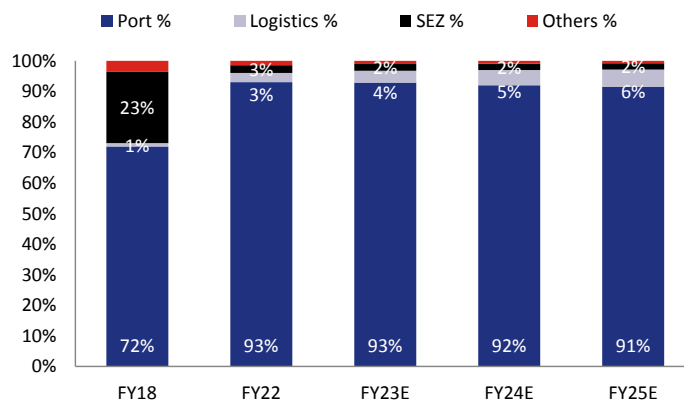
- **Adj EBITDA to grow at 15% CAGR over FY23-25:** APSEZ's EBITDA grew at 10% CAGR over FY18-22 led by Ports (+18% CAGR; organic growth of 11%) and Logistics (+43% CAGR). In FY22, margin compressed by 260bps YoY as APSEZ paid a one-time incentive to employees for volume crossing the 300mt mark. We expect EBITDA to grow at 15% CAGR over FY23-25 with ports seeing 440bps compression due to port mix [higher contribution from Haifa (28-29% margin), Kattupalli (59-60%)], while logistics margin set to further improve by 600bps to 35% by FY25.

Exhibit 71. EBITDA (excl forex) to grow 15% CAGR over FY23-25



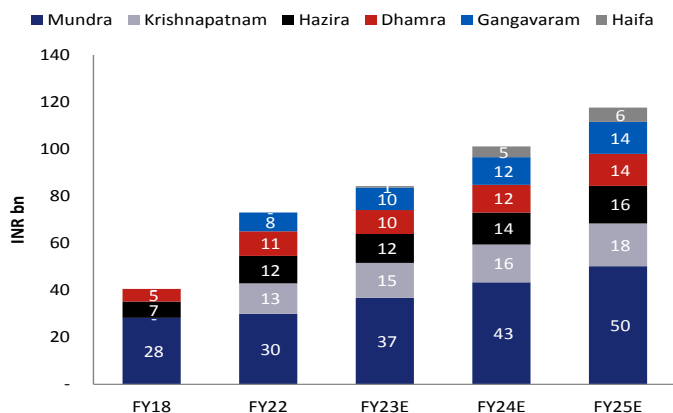
Source: Company, JM Financial

Exhibit 72. Ports contribute lion's share of EBITDA



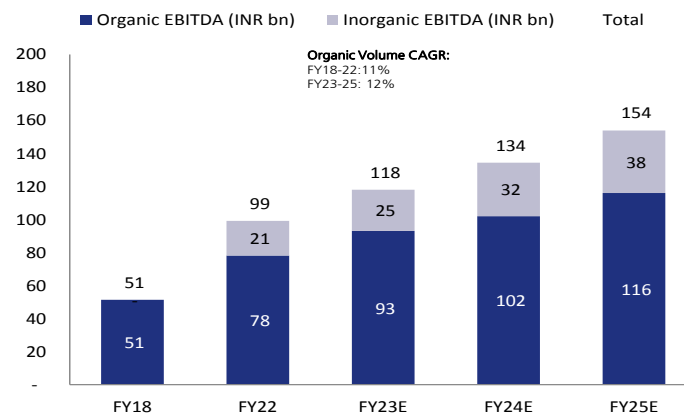
Source: Company, JM Financial

Exhibit 73. EBITDA break-up of key ports



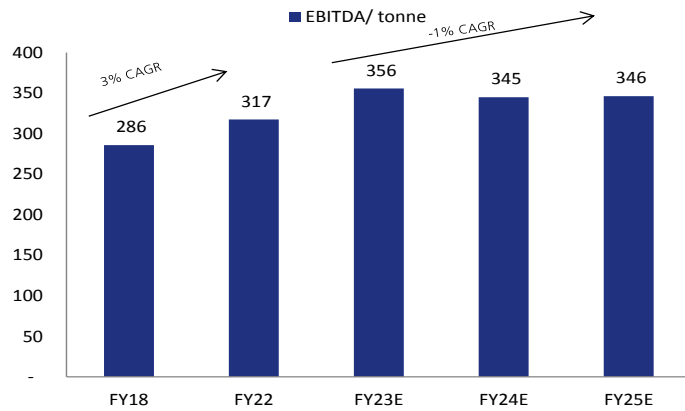
Source: Company, JM Financial

Exhibit 74. Organic EBITDA grew by 11% over FY18-22



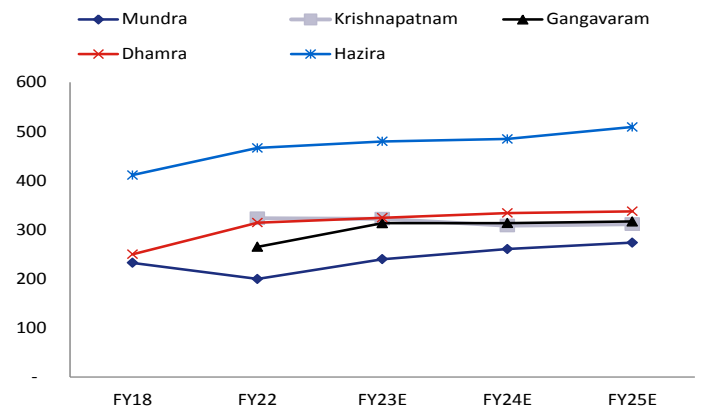
Source: Company, JM Financial *Organic – All ports excluding Krishnapatnam, Gangavaram and Haifa

Exhibit 75. EBITDA/tn to remain steady



Source: Company, JM Financial

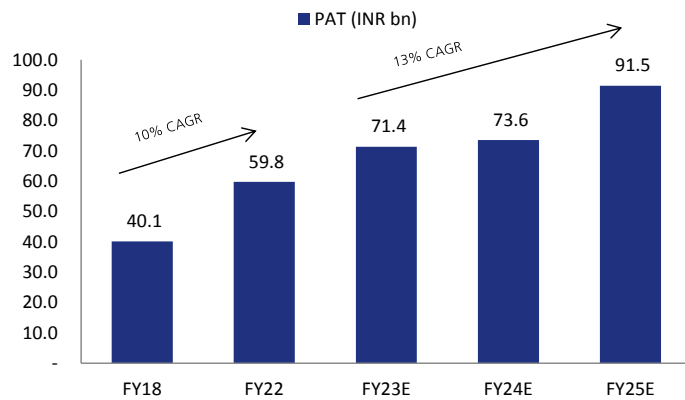
Exhibit 76. EBITDA/tn across key ports



Source: Company, JM Financial

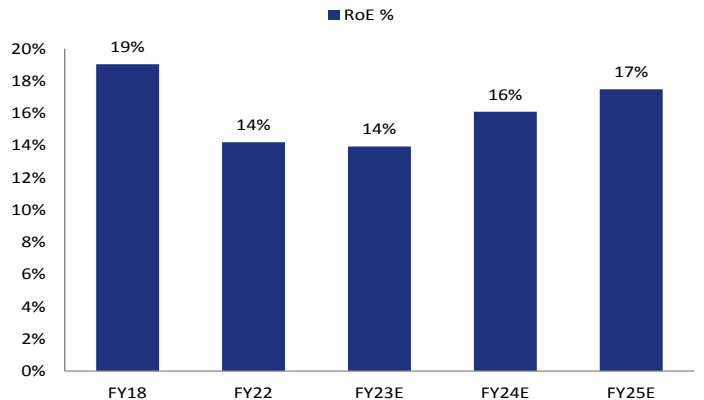
- Adj PAT to grow at 13% CAGR over FY23-25:** APSEZ's Adj PAT grew at 10% CAGR over FY18-22. We expect PAT to grow at 13% CAGR over FY23-25 on the back of increased efficiency as APSEZ is able to sweat recently acquired/commissioned assets better. We estimate APSEZ to post 13% CAGR in FY23-25E, resulting into improved RoE profile from 14% to 17% by FY25E.

Exhibit 77. Adj. PAT to grow at 13% CAGR over FY23-25



Source: Company, JM Financial

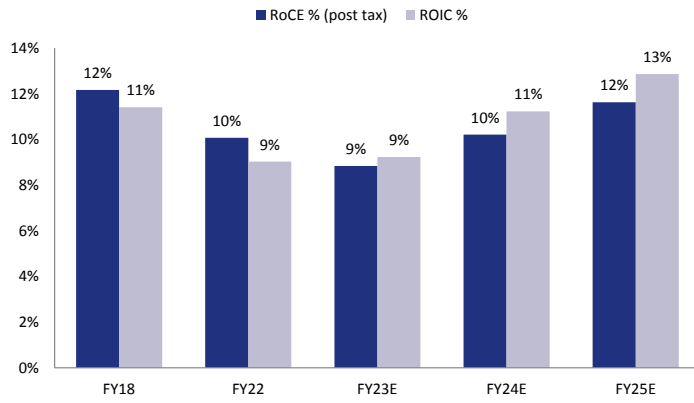
Exhibit 78. RoE to recover



Source: Company, JM Financial

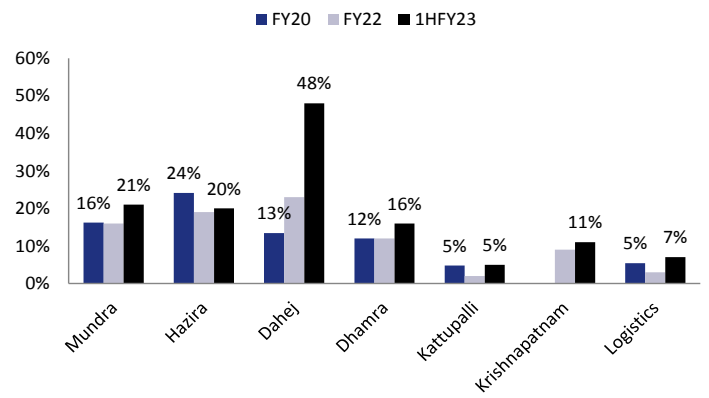
- Strong cash flow generation; improving return ratios:** We expect APSEZ to continue generating robust cash flows from operations and expect it to generate INR 342bn over FY23-25. With improving asset utilisation, we also expect return profile to improve from present levels.

Exhibit 79. Improving return profiles



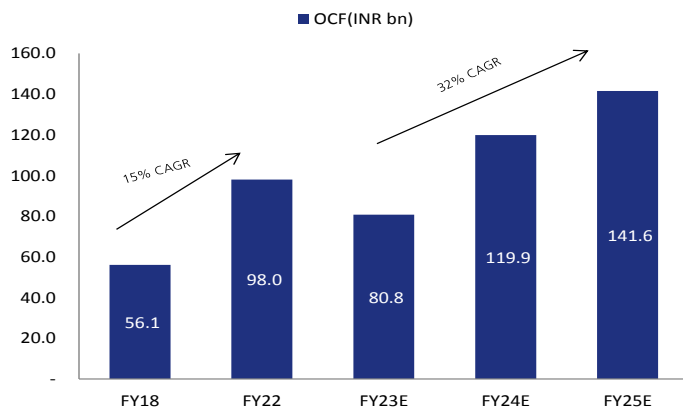
Source: JM Financial

Exhibit 80. RoCE trend across key ports/ logistics



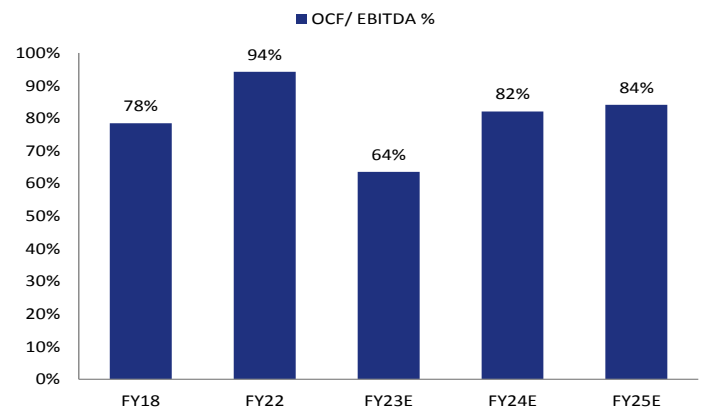
Source: Company

Exhibit 81. Sustained improvement in OCF



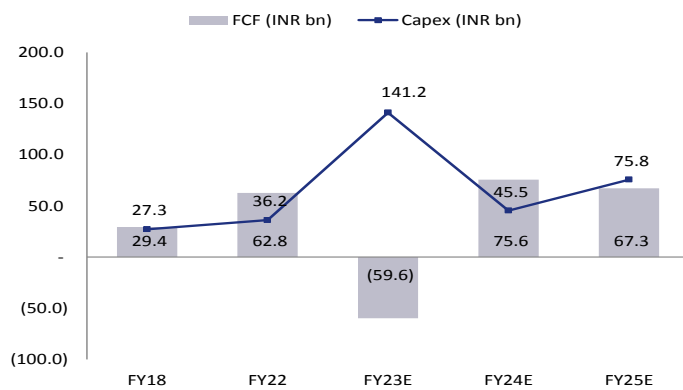
Source: Company, JM Financial

Exhibit 82. Strong OCF/ EBITDA conversion



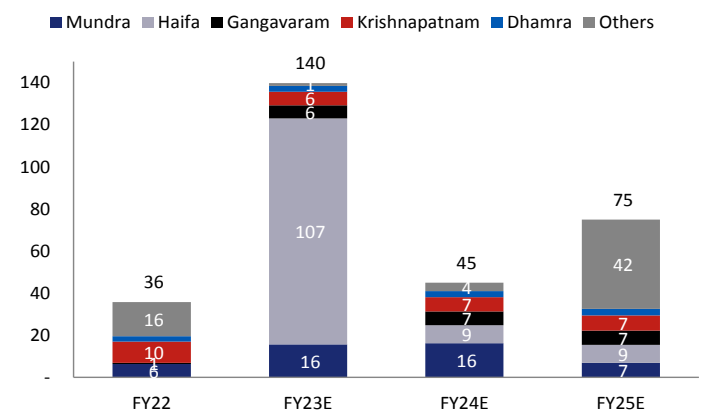
Source: Company, JM Financial

Exhibit 83. Capex intensity to come down in FY24 but resume in FY25E



Source: Company, JM Financial

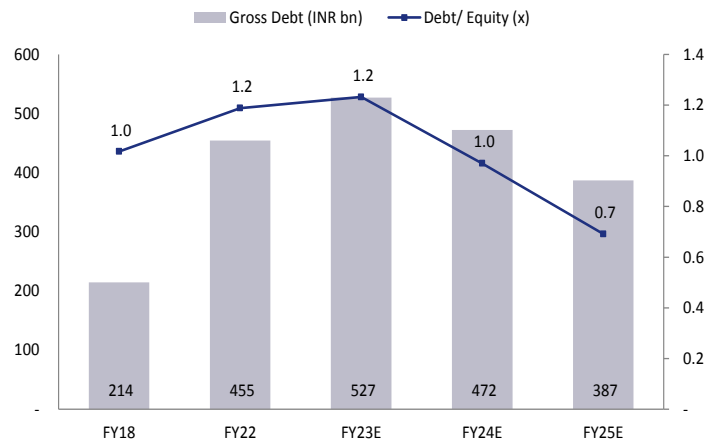
Exhibit 84. Capex mix



Source: Company, JM Financial *Haifa acquisition consummated in FY23 (INR 98.4bn)

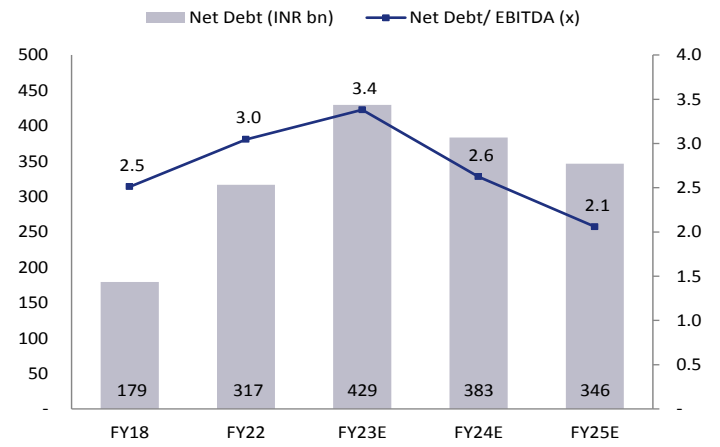
- Improving leverage profile:** Over the years, although gross debt has increased as APSEZ undertook a series of acquisitions/partnerships over the past 24-36 months, D/E and Net/EBITDA ratios have been fairly stable. With sustained cash flow generation and moderation in capex intensity, we expect these ratios to further improve over FY23-25.

Exhibit 85. Reducing leverage to improve D/E ratio



Source: Company, JM Financial

Exhibit 86. Net Debt/ EBITDA to improve



Source: Company, JM Financial

Recent Financial Performance

3QFY23

- Revenue grew by 18% YoY to INR 47.8bn with Port/ Logistics/SEZ revenue growing by 15%/ 64%/ 36% YoY respectively. Cargo volume grew by 1% YoY while realisation grew by 13% YoY. Volume was weak due to overall slowdown in export volume, and increase in duties on export of certain commodities (iron ore, steel, fertiliser, sugar, wheat and rice). Realisation improved on the back of currency depreciation and higher share of high-paying customers in the overall portfolio, and higher non-JV volume.
- EBITDA grew by 4% YoY to INR 26.9bn with margin contracting by 750bps YoY to 56.33%. Port EBITDA margin fell 120bps YoY to 69.5% while logistics margin grew 260bps YoY to 31.8%. Adj. PAT fell 16% YoY to INR 13.1bn.

9MFY23

- Revenue grew by 16% YoY to INR 150.5bn with Port/ Logistics/SEZ revenue growing by 22%/ 43% respectively. Cargo volume grew by 8% YoY while realisation grew by 13% YoY.
- EBITDA grew by 3% YoY to INR 76.7bn with margin contracting by 650bps YoY to 51%. Port EBITDA margin fell 110bps YoY to 69.5% while logistics margin grew 550bps YoY to 27.2%. Adj. PAT grew 31% YoY to INR 45.3bn.

Exhibit 87. 3QFY23 and 9MFY23 volume summary

(INR mn)	3Q22A	3Q23A	YoY	2Q23A	QoQ	9MFY22	9MFY23	YoY
Volume (mnt)	74.4	75.4	1%	86.6	-13%	234.3	252.9	8%
Container	30.0	31.3	4%	31.7	-1%	90.2	94.5	5%
Coal	22.7	24.8	9%	34.6	-28%	77.6	95.3	23%
Others	21.7	19.4	-11%	20.3	-5%	66.5	63.1	-5%
Volume Mix %								
Container	40%	41%	120 bps	37%	490 bps	39%	37%	-110 bps
Coal	30%	33%	240 bps	40%	-710 bps	33%	38%	460 bps
Others	29%	26%	-350 bps	23%	220 bps	28%	25%	-340 bps
Port Volume (mnt)	74.4	75.4	1%	86.6	-13%	234.3	252.9	8%
Mundra	37.1	35.6	-4%	38.8	-8%	113.0	117.0	4%
Hazira	6.1	6.2	0%	6.2	-1%	19.0	19.1	0%
Dahej	1.9	2.1	14%	3.6	-42%	6.0	9.0	50%
Dhamra	8.2	7.0	-14%	8.4	-17%	25.0	24.1	-3%
Krishnapatnam	8.6	10.3	20%	12.7	-19%	31.0	35.4	14%
Kattupalli	1.7	2.9	72%	3.0	-3%	5.0	8.6	71%
Gangavaram	6.5	6.5	1%	8.2	-21%	22.0	23.8	8%
Others	4.4	4.8	9%	5.6	-13%	13.3	16.0	20%
Port Volume Mix %								
Mundra	50%	47%	-270 bps	45%	240 bps	48%	46%	-200 bps
Hazira	8%	8%	-10 bps	7%	100 bps	8%	8%	-60 bps
Dahej	2%	3%	30 bps	4%	-140 bps	3%	4%	100 bps
Dhamra	11%	9%	-170 bps	10%	-40 bps	11%	10%	-110 bps
Krishnapatnam	12%	14%	210 bps	15%	-110 bps	13%	14%	80 bps
Kattupalli	2%	4%	160 bps	3%	40 bps	2%	3%	120 bps
Gangavaram	9%	9%	-10 bps	9%	-80 bps	9%	9%	0 bps
Others	6%	6%	50 bps	6%	0 bps	6%	6%	60 bps

Source: Company, JM Financial

Exhibit 88. 3QFY23 and 9MFY23 financial summary

(INR mn)	3Q22A	3Q23A	YoY	2Q23A	QoQ	9MFY22	9MFY23	YoY
Revenue from Operations	40,720	47,862	18%	52,108	-8%	129,780	150,551	16%
Port Revenue	34,310	39,360	15%	44,630	-12%	105,950	129,030	22%
Volume (mnt)	74	75	1%	87	-13%	234	253	8%
Realisation (INR/t)	461	522	13%	515	1%	452	510	13%
Non Port Revenue	6,410	8,502	33%	7,478	14%	23,830	21,521	-10%
Logistics	2,990	4,900	64%	3,605	36%	8,450	12,110	43%
SEZ and Port Development	1,240	1,690	36%	1,940	-13%	8,900	3,790	-57%
Others	2,180	1,912	-12%	1,933	-1%	6,480	5,621	-13%
Operating Expenses	10,648	12,764	20%	14,147	-10%	37,444	39,489	5%
% of sales	26.1%	26.7%	50 bps	27.1%	-50 bps	28.9%	26.2%	-260 bps
Employee Costs	1,870	2,274	22%	2,331	-2%	5,815	7,260	25%
% of sales	4.6%	4.8%	20 bps	4.5%	30 bps	4.5%	4.8%	30 bps
Other Expenses	2,083	2,710	30%	3,028	-10%	8,366	8,180	-2%
% of sales	5.1%	5.7%	50 bps	5.8%	-10 bps	6.4%	5.4%	-100 bps
Forex Loss/-Gain	128	3,149	NM	3,697	NM	3,482	18,857	NM
Total Expenditure	14,728	20,897	42%	23,202	-10%	55,107	73,786	34%
EBITDA	25,992	26,965	4%	28,906	-7%	74,674	76,765	3%
Margin %	63.8%	56.3%	-750 bps	55.5%	90 bps	57.5%	51.0%	-650 bps
Port EBITDA (Excl forex)	24,270	27,370	13%	30,630	-11%	74,730	89,650	20%
Margin %	70.7%	69.5%	-120 bps	68.6%	90 bps	70.5%	69.5%	-110 bps
Port EBITDA/ tonne	326	363	11%	354	3%	319	354	11%
Non- Port EBITDA (Excl forex)	1,840	2,700	47%	1,990	36%	5,170	5,850	13%
% margin	28.7%	31.8%	310 bps	26.6%	510 bps	21.7%	27.2%	550 bps
Logistics EBITDA	790	1,420	80%	1,160	22%	2,140	3,540	65%
Margin %	26.4%	29.0%	260 bps	32.2%	-320 bps	25.3%	29.2%	390 bps
SEZ and Port Development EBITDA	900	1,080	20%	660	64%	2,610	1,800	-31%
Margin %	72.6%	63.9%	-870 bps	34.0%	2990 bps	29.3%	47.5%	1820 bps
Others EBITDA	150	200	33%	170	18%	420	510	21%
Margin %	6.9%	10.5%	360 bps	8.8%	170 bps	6.5%	9.1%	260 bps
Depreciation	7,838	8,836	13%	8,543	3%	23,350	25,784	10%
Other Income	6,414	2,650	-59%	4,381	-40%	16,254	11,712	-28%
EBIT	24,568	20,779	-15%	24,744	-16%	67,578	62,693	-7%
Finance Costs	6,603	5,448	-17%	6,345	-14%	18,917	18,306	-3%
Derivatives Loss/-Gain	74	-110	NM	-574	NM	27	-905	NM
PBT	17,891	15,440	-14%	18,974	-19%	48,634	45,292	-7%
Tax Expense	2,688	2,274	NM	1,626	40%	6,238	3,179	-49%
Tax Rate %	15.0%	14.7%	-30 bps	8.6%	620 bps	12.8%	7.0%	580 bps
Share of profit in Associate/ JV	150	199	NM	30	559%	72	404	460%
Minority Interest	-317	210	NM	603	NM	581	1,005	NM
Extraordinary exp/-inc	0	0		0		4,052	0	NM
Reported Net Profit	15,670	13,155	-16%	16,775	-22%	37,834	41,513	10%
Reported EPS	7.67	6.09	-21%	7.94	-23%	18.53	19.51	5%
Adjusted Net Profit	15,841	15,747	-1%	19,629	-20%	44,425	58,205	31%
Adjusted EPS	7.76	7.29	-6%	9.29	-22%	21.76	28.02	29%

Source: Company, JM Financial

Company Description

Adani Ports and Special Economic Zone Ltd (APSEZ), a part of the globally diversified Adani Group, has evolved from a port company to an integrated transport utility providing an end-to-end solution from the port gate to customer gate. It is the largest port developer and operator in India with 13 strategically located ports and terminals on the west coast and east coast of India, representing 24% of the country's total port capacity, thus providing capabilities to handle vast amounts of cargo from both coastal areas and the hinterland. The company is also developing two transshipment ports at Vizhinjam, Kerala, and Colombo, Sri Lanka, and has entered the Israeli market through a majority stake purchase in Haifa Port Company.

APSEZ's Ports to Logistics Platform comprising port facilities, integrated logistics capabilities including multimodal logistics parks, Grade A warehouses, and industrial economic zones, puts it in an advantageous position as India stands to benefit from an impending overhaul in global supply chains. APSEZ's vision is to be the largest ports and logistics platform in the world in the next decade.

Exhibit 89. Timeline

Year	Event
1994	Set up of Captive Jetty (Approved by Gujarat Maritime Board)
1998	Gujarat Adani Port was incorporated in 1998 with two berths.
2001	Mundra Port Concession Agreement signed with Gujarat Maritime Board (GMB). Trial rail operations commenced.
2002	Agreements signed with HMEL, IOC to set up Single Point Mooring (SPM). The private Mundra-Adipur railway line was integrated with the Indian Railways.
2005	Adani Port Ltd and Gujarat Adani Port Ltd were merged.
2006	Received approval from ministry of commerce for development, operations, and maintenance of a multi-product SEZ in Mundra. Two new berths became operational at Mundra Terminal II to handle bulk cargo. A double stack train started operations.
2007	Operations started at Terminal II and, by August, operations started at container terminal II (CT-2) at Mundra Port. Dahej Port concession agreement signed for a period of 30 years.
2008	Equity shares of MPSEZ were listed on exchanges. Service agreement was signed with Maruti Suzuki India Ltd. to handle exports of automobiles.
2009	Adani Auto Terminal commenced Terminal Operation. Hazira & Mormugao Ports concession agreement signed for a period of 30 years.
2010	The world's largest automated import Coal Terminal was operationalized, having a 60MMT capacity at Mundra.
2011	Acquisition of Abbot Point Coal Terminal was completed. Vizag Port concession agreement signed for a period of 30 years.
2012	The company changed its name from "Mundra Port and Special Economic Zone Ltd." to "Adani Ports and Special Economic Zone Ltd." APSEZ bagged INR 120bn bulk terminal project at Kandla Port and signed a concession agreement for a period of 30 years.
2013	Adani Ports & SEZ and MSC Mediterranean Shipping JV to operate a new container terminal (CT-3) in Mundra.
2014	Adani Ports acquired Dhamra Port.
2015	APSEZ commissioned a bulk terminal at Tuna Tekra, Kandla Port. APSEZ and Larsen & Turbo (L&T) signed a pact to oversee operations of Kattupalli Port in Tamil Nadu.
2016	APSEZ signed a JV pact with French shipping giant CMA CGM to operate a new container terminal (CT-4) at Mundra Port.
2018	Started commercial operations of extension of CT-3 and CT-4 terminals at Mundra. Andhra Pradesh government approved APSEZ as developer of Bhavanapadu Port project. Inaugurates phase II expansion at Dhamra Port
2019	Completed Kattupalli acquisition, Adani Logistics Ltd. Acquires Adani Agri Logistics Ltd.
2020	Construction of 1st International container terminal at Myanmar- in Jan'21.
2021	APSEZ acquired 15% of existing capacity, completed 75% acquisition of Krishnapatnam port and entered into a definitive agreement for the acquisition of the balance 25%. Completed its Dighi port acquisition in FY21.
2022	Company completed 41.9% acquisition of Gangavaram port APSEZ wholly owned subsidiary - Adani Harbour Services, acquired 100% stake of Savijana Sea Foods pvt. Ltd, and 97.2% stake of Ocean Sparkle Ltd. Signed a BOT agreement with Sri Lanka Port Authority to develop a container terminal in Colombo Port. Acquisition of Haifa Port Company, Israel in July 2022 Acquisition of Oiltanking India GmbH's 49.38% stake in Indian Oiltanking Ltd. (IOTL)

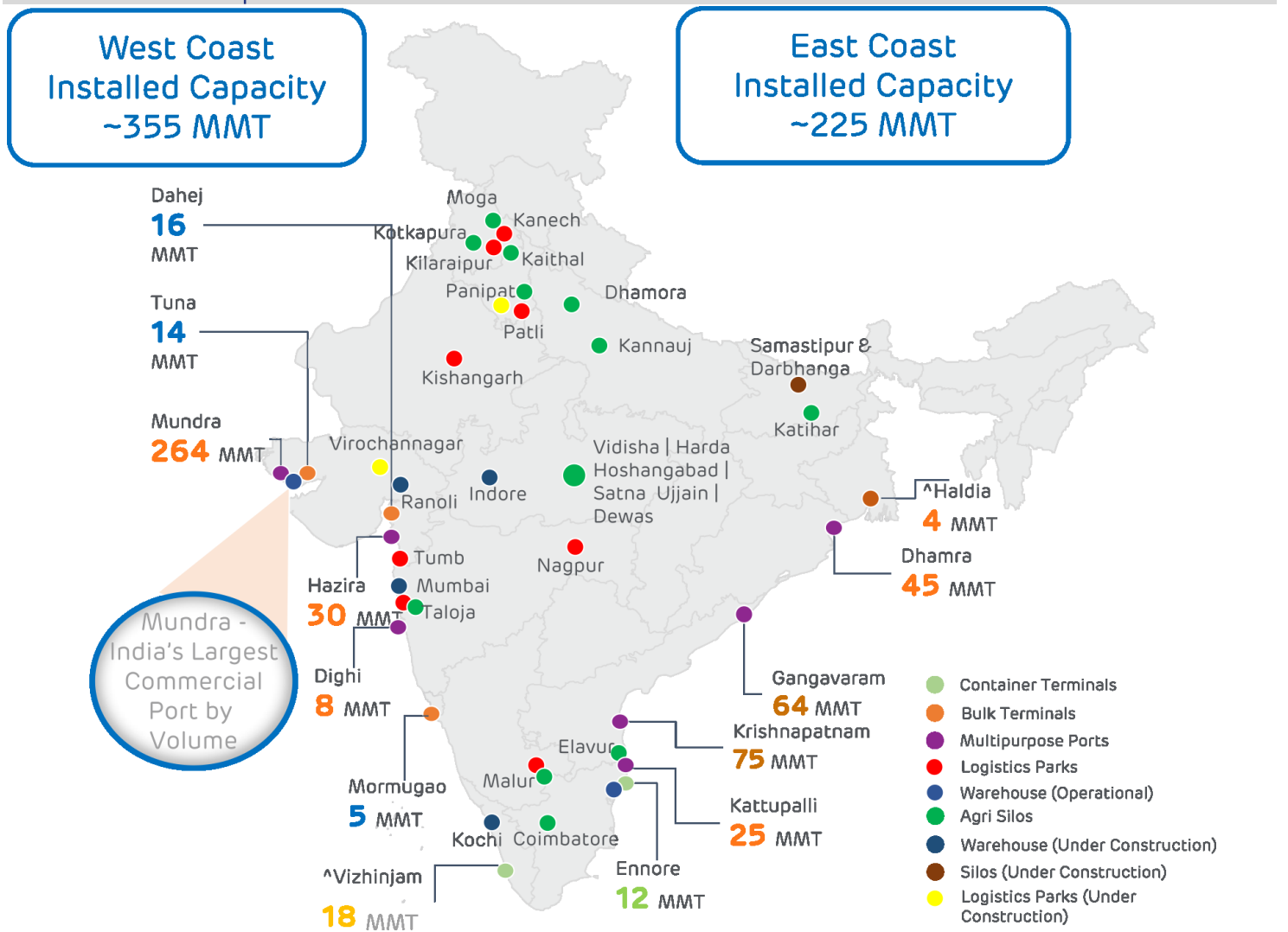
Source: Company, JM Financial

Exhibit 90. APSEZ's ports spread across West and East

Asset	Coast	Installed capacity (mnt)	Cargos handled	Key comments
Mundhra Port	West	264	Dry bulk, break bulk, Project cargo, Liquid, LNG, LPG, Containers, automobiles and crude oil	1) World's largest coal import terminal 2) Deep water, all weather, berthing-on-arrival port. 3) Five Terminals with total capacity of 8.6mn TEUs
Krishnapatnam Port	East	75	Dry, liquid and container cargo	1) All weather, deep water port
Gangavaram Port	East	64	Bulk and break bulk cargo groups including coal, iron ore, fertilisers, limestone, bauxite, raw sugar, project cargo, alumina, steel products, etc.	1) All weather, multipurpose port 2) Gateway port for 8 states spread across - East, West, South and Centre
Dhamra Port	East	45	Dry bulk, break bulk, project cargo	1) Deep-water, all-weather multiuser, multi-cargo port 2) Gateway port for Nepal, Bangladesh and inland waterways
Hazira Port	West	30	Dry bulk, break bulk, project cargo, liquid containers and automobiles	1) Deep- water port 2) Trade gateway to Europe, Africa
Katupalli Port	East	25	Break bulk, Liquid bulk and project cargo	1) Equipped with direct port delivery warehouse within the container yard. 2) Off-dock CFS with 45,000 sq ft of closed warehouse.
Vizhinjam Port	West	18	Container	1) Deep Draft, all weather under construction port in South Kerala 2) Phase I capacity - 18 mnt
Dahej Port	West	16	Dry bulk, break bulk cargo, coal, fertilizers, agri products, steel cargo and minerals	1) Located to serve a large hinterland- Rajasthan, Maharashtra, MP and Gujarat.
Kandla Port	West	14	Dry bulk, break bulk, coal, fertilisers, agri products, steel, cargo, and minerals	1) All weather, berthing on arrival port 2) Equipped with high capacity Liebherr cranes, hoppers, and a fully integrated high speed conveyor system.
Ennore Terminal	East	12	Container	1) Seamless connectivity to national highways 2) On dock rail connectivity enhancing access to deeper hinterlands
Dighi Port	West	8	Bulk, break bulk and liquid cargo	1) Well positioned to service - Maharashtra, North Karnataka, MP.
Mormugao Terminal	West	5	Coal	1) One berth terminal 2) Adequate infrastructure to handle Panamax and Capesize vessels
Haifa Port	Overseas	30	Containers, bulk, general, chemicals, fuels and cars	1) 10 terminals serve a vast hinterland, particularly the two major cities of Israel i.e Haifa and Tel Aviv. 2) Good rail and road connectivity,
Total capacity		608		

Source: Company, JM Financial

Exhibit 91. APSEZ – India presence



Source: Company, JM Financial

Exhibit 92. Board of Directors profile

Name	Designation	Profile
Gautam Adani	Chairman and MD	<p>Mr. Gautam Adani, the Chairman and Founder of the Adani Group, has more than 33 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.</p> <p>Mr. Adani's success is extraordinary in many ways. His journey has 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 creation of a robust business model which is contributing towards building sound infrastructure in India.</p>
Rajesh Adani	Non-Independent and Non-Executive Director	<p>Mr Rajesh Adani has been associated with Adani Group since its inception. He is in charge of the operations of the Group and has been responsible for developing its business relationships. His proactive, personalized approach to the business and competitive spirit has helped towards the growth of the Group and its various businesses.</p>
Karan Adani	Whole Time Director	<p>Mr. Karan Adani holds a degree in economics from Purdue University, USA. He started his career by learning the intricacies of the port operations at Mundra. Having accumulated experience throughout all levels of our operations since 2009, he is responsible for the strategic development of the Adani Group and overlooks 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 macro-economic issues, coupled with his growing experience.</p>
Malay Mahadevia	Non-Independent and Non-Executive Director	<p>Dr. Malay Mahadevia holds a master's degree in dental surgery from Nair Hospital Dental College. He was conferred with a doctorate of philosophy in coastal ecology around Mundra area, Kutch District, Gujarat by the Gujarat University in 2008. He has been working with the Company since 1992 and has worked on the development of the Mundra Port since its conceptualisation. He is vice president of Ahmedabad Management Association.</p>
Ranjitsinh B. Barad, IAS Non-Executive, Non-Independent Director		<p>Mr. Ranjitsinh B. Barad, an IAS officer of the 2006 batch is Vice Chairman & CEO of Gujarat Maritime Board. He has done his Bachelor of Commerce, Masters in Labour Welfare and Bachelor of Laws. He started his career in civil services as an Additional District Magistrate, Surat in Gujarat. He has served as Chief Executive officer - VUDA, Dy. Municipal Commissioner - Ahmedabad, Municipal Commissioner - Jamnagar and Collector - Mahisagar. At present, he is Chairman of Gujarat Pollution Control Board and holding additional charge of Vice Chairman & Chief Executive Officer, Gujarat Maritime Board.</p>
Ganesan Raghuram	Independent and Non-Executive Director	<p>Prof. Ganesan Raghuram holds a bachelor's degree in technology from the Indian Institute of Technology, Madras and a post graduate diploma in management from the Indian Institute of Management (IIM), Ahmedabad and a doctorate in philosophy from Northwestern University. He is currently a Director of Indian Institute of Management, Bangalore.</p> <p>He specialises in infrastructure and transport systems, logistics and supply chain management. He is a Fellow of the Operational Research Society of India and Chartered Institute of Logistics and Transport.</p>
P. S. Jayakumar	Independent and Non-Executive Director	<p>Mr P S Jayakumar, 58 years, is a Chartered Accountant and holds post graduate diploma in business management from XLRI Jamshedpur. Mr. P S Jayakumar has a deep experience in the banking sector and financial sector with 23 years of work experience with Citibank in their India and Singapore office. Mr P S Jayakumar last assignment in Citibank was being the Country Head for the Consumer Banking Group. In his 23 years of working in Citibank, Mr. P S Jayakumar has been involved in innovation and development of retail financial service industry. On leaving Citibank in 2008, Mr P S Jayakumar worked as an entrepreneur and was a cofounder of Value Budget Housing Company, a leader in housing for low and moderate income household.</p>
Gopal Krishna Pillai	Independent and Non-Executive Director	<p>Mr. G. K. Pillai retired from the IAS as Union Home Secretary in 2011. He is a distinguished alumni of IIT Madras. He worked for the State Government of Kerala, holding various positions including that of District Collector, Quilon, Special Secretary Industries, Secretary Health and Principal Secretary to the Chief Minister. In the Government of India, he has worked in the Ministries of Defence, Surface Transport, Home and Commerce. He was chairman of Board of Approvals for SEZ, chief negotiator for India at the WTO and Secretary Commerce, Government of India.</p>
Bharat Sheth	Independent and Non-Executive Director	<p>Mr. Bharat K Sheth is Deputy Chairman & Managing Director of The Great Eastern Shipping Company Limited, India's premier shipping company. Born in 1958, in India's first family of shipping entrepreneurs, Mr. Bharat Sheth formally joined the industry in 1981, just after obtaining his Bachelor of Science (Economics) with honours from St Andrews University, Scotland. In the initial years of his career he worked in The Great Eastern Shipping Company gaining hands on experience of the business aspects of shipping. He was inducted onto the Company's Board as an Executive Director in 1989 and became Managing Director of the Company in 1999. In August 2005, he was appointed Deputy Chairman & Managing Director.</p>
Nirupama Rao	Independent and Non-Executive Director	<p>Mrs. Nirupama Rao was Foreign Secretary in the Government of India (2009-2011) and earlier served as Spokesperson of the Ministry of External Affairs, High Commissioner of India in Sri Lanka and Ambassador to the People's Republic of China. She was Ambassador of India to the United States from 2011 to 2013. On retirement, Rao was a Fellow at Brown University and also taught there from 2015-16. She was George Ball Adjunct Professor at Columbia University in Fall, 2018. In 2019 she was a Pacific Leadership Fellow at UC San Diego. She is a Global Fellow of The Woodrow Wilson Center, Washington DC, a Member of the Board of Governors of IIM, Bangalore, ICRIER, New Delhi and the Board of the U.S India Business Council. In 2012, she was named to the list of Foreign Policy's 100 most influential women on Twitter, the social media platform where she has a following of 1.3 million.</p>

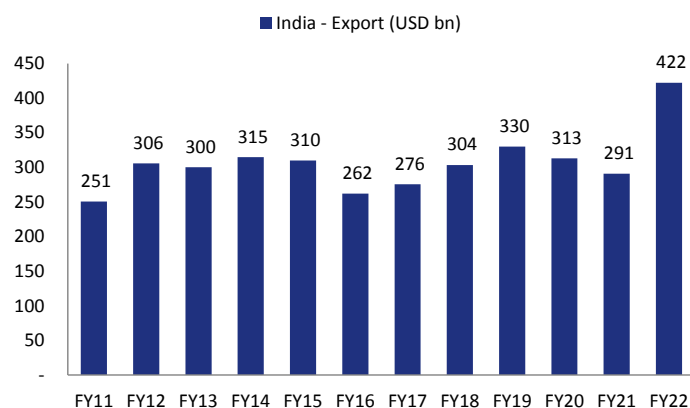
Source: Company, JM Financial

Indian Port Industry

The port sector plays an important role in the overall economic development of the country. As per the Ministry of Shipping, approximately 95% of India's trade by volume and 68% by value is moved through maritime transport.

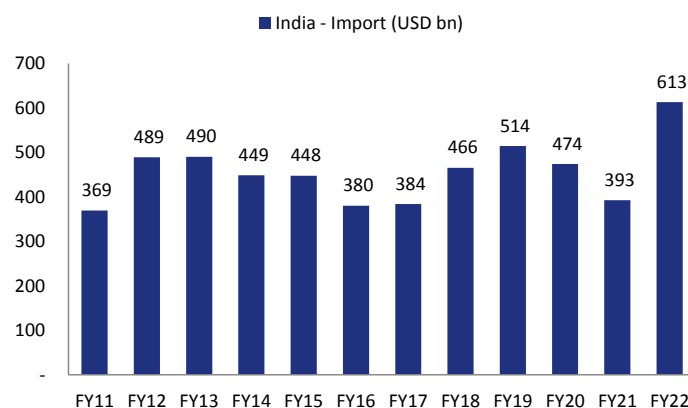
India's merchandise exports have risen to USD 422bn in FY22 and grown at a CAGR of 8% over FY16-22 (+5% over FY11-22). This growth was led by POL (+14%), Engineering goods (+11%), Chemicals (+10%) and Electronic Goods (+16%). India's merchandise imports have gone up to USD 613bn in FY22 and grown at a CAGR of 8% over FY16-22 (+5% over FY11-22). This growth was led by POL (+12%), Chemicals (+11%) and Electronic Goods (+10%) and Readymade Garments (+14%)

Exhibit 93. India's export trend



Source: CMIE, JM Financial

Exhibit 94. India's import trend



Source: CMIE, JM Financial

Exhibit 95. Top export categories - India

Exports (USD bn)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY16	FY17	FY18	FY19	FY20	FY21	FY22
POL	30	32	37	47	41	26	68	12%	11%	12%	14%	13%	9%	16%
Manufactured goods	193	205	222	238	229	214	295	74%	74%	73%	72%	73%	73%	70%
Engineering goods	57	64	75	79	74	72	106	22%	23%	25%	24%	24%	25%	25%
Chemicals & related products	33	33	38	45	46	49	57	12%	12%	13%	13%	15%	17%	14%
Gems & jewellery	39	43	42	40	36	26	39	15%	16%	14%	12%	11%	9%	9%
Textiles (excl.rmg)	17	16	17	18	17	16	24	6%	6%	6%	6%	5%	5%	6%
Electronic goods	7	7	8	10	13	12	17	3%	3%	2%	3%	4%	4%	4%
Readymade garments	17	17	17	16	15	12	16	6%	6%	6%	5%	5%	4%	4%
Leather & leather manufactures	6	5	5	5	5	3	5	2%	2%	2%	2%	2%	1%	1%
Other manufactured goods	18	18	21	24	23	23	31	7%	7%	7%	7%	7%	8%	7%
Agricultural & allied products	32	33	38	39	35	41	50	12%	12%	13%	12%	11%	14%	12%
Ores & minerals	2	3	3	4	5	7	6	1%	1%	1%	1%	1%	2%	1%
Other commodities	4	3	3	3	3	3	4	2%	1%	1%	1%	1%	1%	1%
Total	262	276	304	330	313	291	422	100%	100%	100%	100%	100%	100%	100%

Source: CMIE, JM Financial

Exhibit 96. Top import categories - India

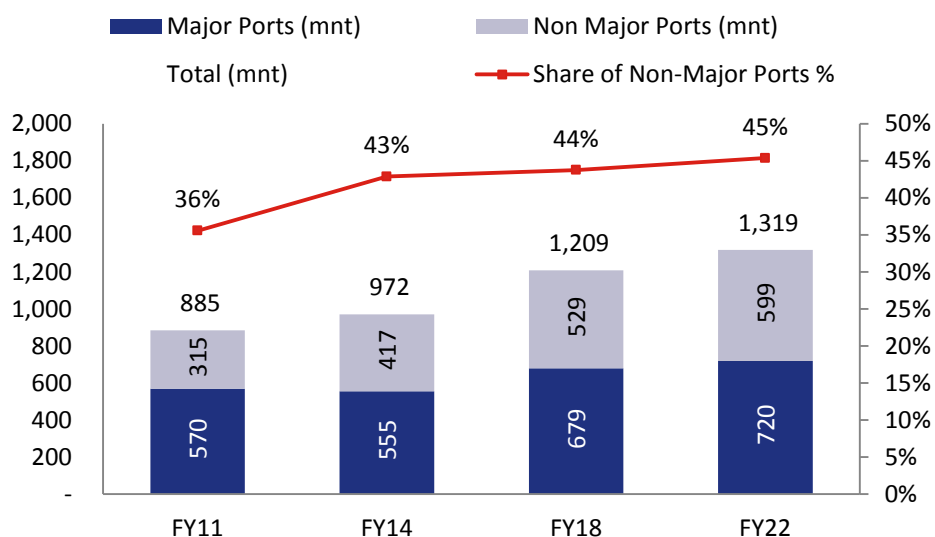
Imports (USD bn)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY16	FY17	FY18	FY19	FY20	FY21	FY22
POL	83	87	109	141	131	82	162	22%	23%	23%	27%	28%	21%	26%
Manufactured goods	244	239	295	314	290	264	372	64%	62%	63%	61%	61%	67%	61%
Engineering goods	76	75	87	101	97	76	101	20%	20%	19%	20%	20%	19%	16%
Gems & jewellery	56	54	75	65	54	55	82	15%	14%	16%	13%	11%	14%	13%
Electronic goods	43	46	56	60	57	57	77	11%	12%	12%	12%	12%	14%	13%
Chemicals and related	37	34	41	48	45	45	68	10%	9%	9%	9%	9%	12%	11%
Textiles (excl.rmg)	4	3	4	5	5	4	5	1%	1%	1%	1%	1%	1%	1%
Leather and leather	1	1	1	1	1	1	1	0%	0%	0%	0%	0%	0%	0%
Readymade garments	1	1	1	1	1	1	1	0%	0%	0%	0%	0%	0%	0%
Other manufactured goods	25	25	31	33	30	26	37	7%	7%	7%	6%	6%	7%	6%
Ores and minerals	21	22	32	34	27	21	41	5%	6%	7%	7%	6%	5%	7%
Agricultural and allied products	23	26	25	21	22	22	32	6%	7%	5%	4%	5%	5%	5%
Other commodities	11	11	5	5	5	4	6	3%	3%	1%	1%	1%	1%	1%
Total	380	384	466	514	474	393	613	100%	100%	100%	100%	100%	100%	100%

Source: CMIE, JM Financial

India boasts of 12 major and 200+ non-major ports

- In India, there are a total of 12 government owned major ports and c.200 minor and intermediate ports covering the vast coastline of 7,500+km, spread on the western and eastern shelves of the mainland and also along the islands. Approximately 95% of India's trade by volume and 68% by value is moved through maritime transport. The major ports come under the jurisdiction of the Central government and are governed by the Major Port Trust Act, 1963, while the non-major ones are under the jurisdiction of the respective states governments' Maritime Boards (also called GMBs). Out of the 200+ non-major ports, only some are well-developed and provide all-weather berthing facilities for cargo handling. Favourable government policies, increase in EXIM trade, and improvement in the investment environment have led to increased private sector participation in port development.
- In FY22, all India ports (major + non-major) handled 1,319mt of cargo of which major ports handled 720mt while non-major ports handled 599mt. Over the past decade, with increased investments from private players like APSEZ, the share of non-major ports has increased from 36% in FY11 to 45% in FY22.

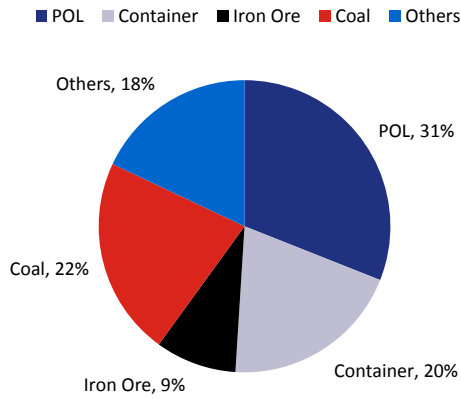
Exhibit 97. Cargo handled at all India ports



Source: Company, IPA, Ministry of Shipping, JM Financial

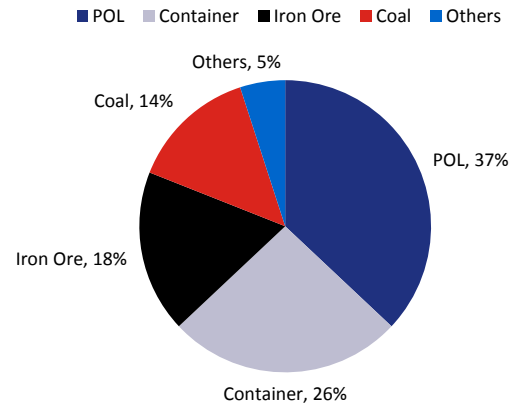
- At the all India port level, commodity composition has changed marginally over the past decade with POL and its product continuing to be the single largest commodity handled by ports in FY21. Container contribution increased by 6ppt to 26%.
- At the Major port level, commodity composition has become more diversified with a major shift witnessed from POL to other commodities. POL, Coal & Containers continued to play a crucial role.
- At the Non-major port level too, the commodity composition has become more diversified with a significant shift witnessed from POL to other commodities. Coal and containers have become a growth commodity at non-major ports in recent times.

Exhibit 98. Cargo mix – all India ports (FY10)



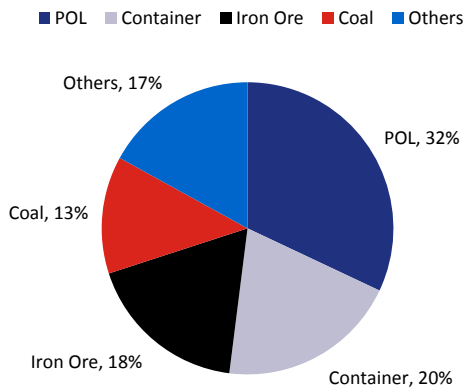
Source: Company, JM Financial

Exhibit 99. Cargo mix – all India ports (FY21)



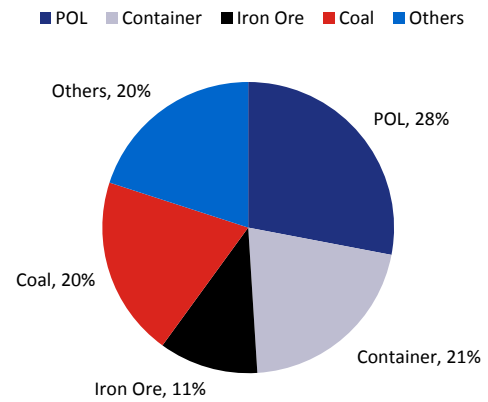
Source: Company, JM Financial

Exhibit 100. Cargo mix – major ports (FY10)



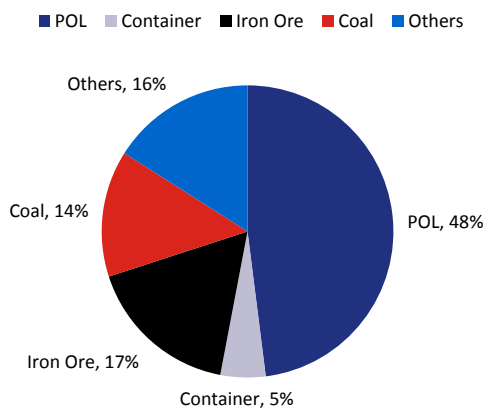
Source: Company, JM Financial

Exhibit 101. Cargo mix – major ports (FY21)



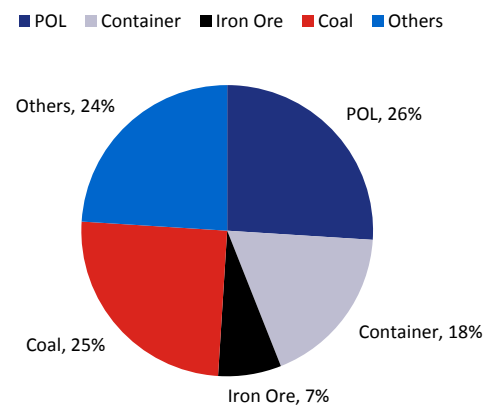
Source: Company, JM Financial

Exhibit 102. Cargo mix – non-major ports (FY10)



Source: Company, JM Financial

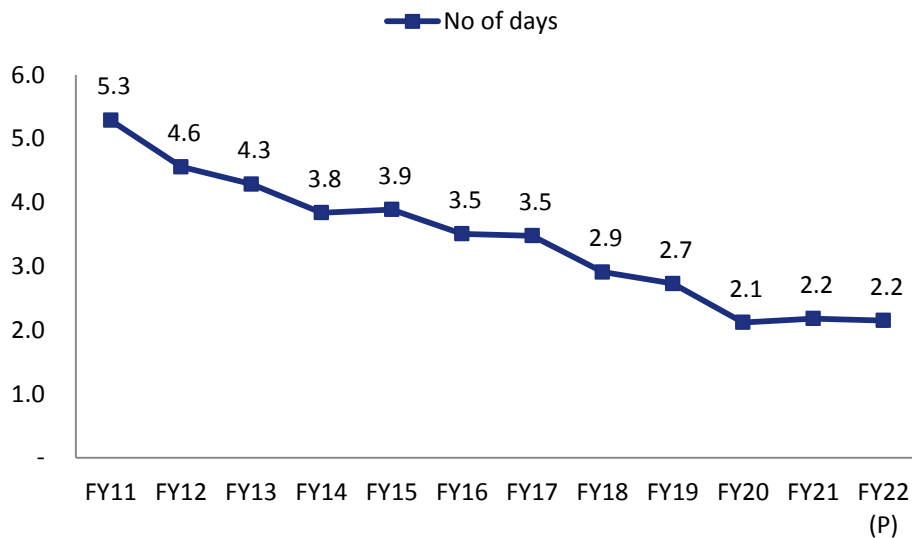
Exhibit 103. Cargo mix – non-major ports (FY21)



Source: Company, JM Financial

- Improvement in turnaround time:** Over the past few years, port infrastructure within India has grown significantly due to the influx of additional investments. Capacity additions through established private port operators such as CMA CGM (Mundra), PSA (J.N.P.T) and Terminal Investment Limited (Mundra) have paved the way for bigger ports with more efficient services. This has led to an improvement in average turnaround time at major ports (declined consistently from 5.3 days in FY11 to 2.2 in FY22).

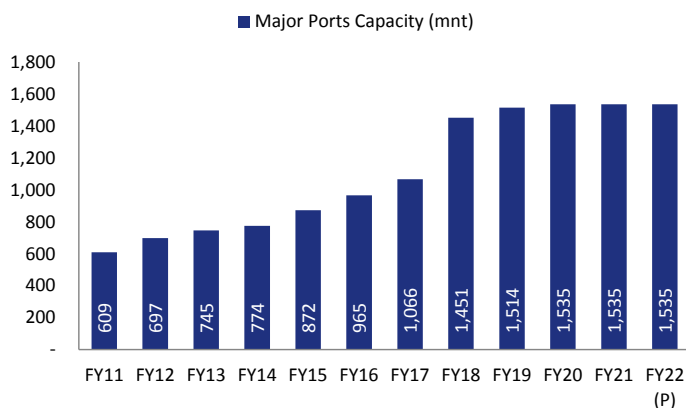
Exhibit 104. Major ports – average turnaround time



Source: Company, JM Financial

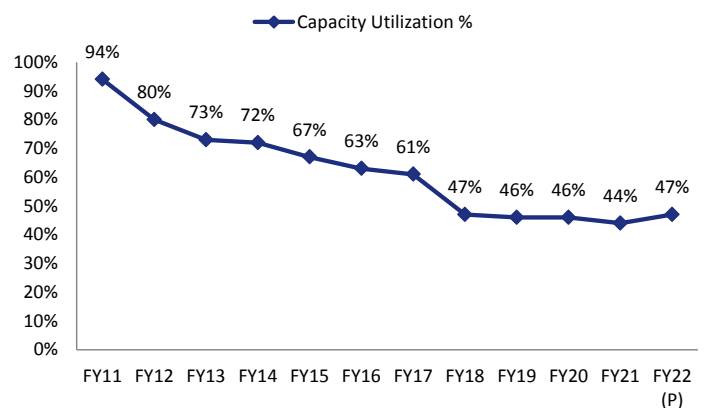
- Capacity and utilisation:** Over the years, cargo handling capacity of major ports has steadily increased on the back of various government initiatives in order to cater to the growing volume of internal and external trade. However, despite capacity additions, major ports still suffer from inadequate evaluation infrastructure and are unable to make full use of the additional capacity, leading to lower utilisation rates. For example, railways lacked the necessary equipment and structure to ensure a steady flow of container traffic, concentrating instead primarily on bulk cargo. Inadequate road linkage also impeded the flow of cargo to major ports, resulting in instances of new ports with modern facilities being under-utilised due to connectivity bottlenecks.

Exhibit 105. Major ports capacity (mt)



Source: Ministry of Shipping, JM Financial

Exhibit 106. Major ports capacity utilisation



Source: Ministry of Shipping, JM Financial

- Sagarmala Initiative:** Launched in Mar'15, the Sagarmala project is the flagship programme of the Government of India to promote port-led development in India and provide infrastructure to transport goods to and from ports quickly, efficiently and cost-effectively. As part of the programme, a National Perspective Plan (NPP) has been prepared for comprehensive development of India's 7,500km coastline, 14,500km of potentially navigable waterways, and the maritime sector. The Sagarmala initiative will focus on four main strategies: a) Reducing cost of transporting domestic cargo by optimising the modal mix, b) lower logistics costs of bulk commodities by locating future industrial capacity near the coast, c) optimising time/cost of EXIM container movement, and d) improving export competitiveness by developing port-proximate discrete manufacturing clusters.

Exhibit 107. Status of projects under Sagarmala initiative

Project Pillar/Theme	Total		Completed		Under Implementation	
	#	Project cost (INR bn)	#	Project cost (INR bn)	#	Project cost (INR bn)
Port Modernization & New Port Development	237	2506	82	296	56	374
Port Connectivity Enhancement	213	1385	57	210	71	841
Port Led Industrialization	33	1198	9	459	21	727
Coastal Community Development	77	101	18	14	19	24
Coastal Shipping & IWT	242	294	28	12	51	160
Total	802	5485	194	990	218	2125

Source: Company, JM Financial

Annexure

Group Debt Profile

Exhibit 108. Adani group's key financial metrics and ratios as on Sept'22 TTM

Particulars (INR bn)	AEL	AGEL	APSEZ	APL	ATGL	ATL	Cement	Total
EBITDA	68.4	41.9	118.3	198.0	8.4	53.9	44.3	533.3
Run Rate EBITDA	80.2	73.8	139.0	160.0	8.7	59.9	90.0	611.6
Cash Balances	41.1	45.4	69.3	21.5	4.0	31.2	85.1	297.5
Gross Assets	635.8	546.4	844.8	873.5	39.2	440.3	332.5	3,712.5
Gross Debt	335.2	454.4	427.5	360.3	11.6	311.1	360.3	2,260.3
Net Debt	294.1	408.9	358.2	338.9	7.6	279.9	275.2	1,962.8
Net Debt / RR EBITDA (X)	3.66	5.54	2.58	2.12	0.88	4.67	3.06	3.21
Gross Assets/ Net Debt (X)	2.16	1.34	2.36	2.58	5.13	1.57	1.21	1.89

Source: Company data ([link to credit note](#));

Note: AEL: Adani Enterprises Limited, AGEL: Adani Green Energy Limited, APSEZ: Adani Ports and Special Economic Zone; Limited, APL: Adani Power Limited, ATGL: Adani Total Gas Limited, ATL: Adani Transmission Limited, Cement: includes Ambuja Cements which consolidates ACC Ltd.

Exhibit 109. Adani group's recent debt disclosure (Feb'23)

Particulars (INR bn)	FY19	FY20	FY21	FY22	FY23 RRE
EBITDA	243	268	323	484	612
Gross Assets	1,584	1,840	2,228	3,485	3,907
Gross Debt	1,109	1,262	1,362	1,883	2,215
Cash	112	173	149	403	316
Net Debt	998	1,090	1,212	1,480	1,898
Net Debt /EBITDA	4.1	4.1	3.8	3.1	3.1
Gross Assets / Net Debt	1.6	1.7	1.8	2.4	2.1

Source: Company, JM Financial; RRE: Run rate estimates

Exhibit 110. Adani group companies – International credit ratings

Company	Rating
Adani Ports and Special Economic Zone Limited (APSEZ)	
-APSEZ	BBB- (S&P, Fitch) / Baa3 (Moody's)
- Adani International Container Terminal Pvt. Ltd	BBB- (S&P, Fitch) / Baa3 (Moody's)
Adani Transmission Limited (ATL)	
- ATL USPP	BBB- (Fitch) / Baa3 (Moody's)
- Adani Electricity Mumbai Limited (AEML)	BBB- (S&P, Fitch) / Baa3
- Adani Transmission Step One Limited (ATSOL) – Obligor Group	BBB- (Fitch) / Baa3 (Moody's)
Adani Green Energy Limited (AGEL)	
- AGEL List Co	Ba3 (Moody's)
- AGEL RG2	BBB- (Fitch) / Ba1 (Moody's)/ BB+
- AGEL RG1	BB+ (Fitch)/ Ba2 (Moody's)/ BB- (S&P)
Adani Airport Holdings Limited (AAHL)	
- Mumbai International Airport Limited (MIAL)	BB+ (Fitch)

Source: Company PPT

Exhibit 111. Domestic credit ratings

Listed Entities	Rating Agencies	INR Ratings
Ambuja / ACC	CRISIL	AAA
APSEZ	India Ratings, ICRA	AA+
ATL	India Ratings	AA+
ATGL	ICRA	AA-
AWL	CARE	AA-
AEL	CARE, India Ratings	A+
AGEL	India Ratings	A+
APL	CRISIL, India Ratings	A, A

Source: Company PPT

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E	
Net Sales	125,496	171,188	201,000	242,778	281,336	
Sales Growth	5.7%	36.4%	17.4%	20.8%	15.9%	
Other Operating Income	0	0	0	0	0	
Total Revenue	125,496	171,188	201,000	242,778	281,336	
Cost of Goods Sold/Op. Exp	32,595	48,420	52,646	71,730	85,573	
Personnel Cost	6,151	7,794	9,743	11,691	12,861	
Other Expenses	-236	19,729	30,415	13,292	14,622	
EBITDA	86,987	95,244	108,195	146,064	168,281	
EBITDA Margin	69.3%	55.6%	53.8%	60.2%	59.8%	
EBITDA Growth	46.5%	9.5%	13.6%	35.0%	15.2%	
Depn. & Amort.	21,073	30,993	35,642	39,919	42,913	
EBIT	65,913	64,251	72,553	106,145	125,368	
Other Income	19,702	22,237	14,454	11,563	8,094	
Finance Cost	21,292	25,596	25,852	28,437	22,750	
PBT before Excep. & Forex	64,324	60,893	61,155	89,271	110,713	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	64,324	60,893	61,155	89,271	110,713	
Taxes	12,433	7,640	5,585	15,176	18,821	
Extraordinary Inc./Loss(-)	-1,261	-3,895	905	0	0	
Assoc. Profit/Min. Int.(-)	687	498	10	521	439	
Reported Net Profit	49,943	48,860	56,465	73,575	91,453	
Adjusted Net Profit	45,213	59,772	71,365	73,575	91,453	
Net Margin	36.0%	34.9%	35.5%	30.3%	32.5%	
Diluted Share Cap. (mn)	2,031.8	2,112.4	2,160.2	2,160.2	2,160.2	
Diluted EPS (INR)	22.3	28.3	33.0	34.1	42.3	
Diluted EPS Growth	-12.1%	27.2%	16.8%	3.1%	24.3%	
Total Dividend + Tax	12,486	10,560	11,293	14,715	18,291	
Dividend Per Share (INR)	6.1	5.0	5.2	6.8	8.5	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E	
Profit before Tax	62,920	55,412	62,060	89,271	110,713	
Depn. & Amort.	21,073	27,396	35,642	39,919	42,913	
Net Interest Exp. / Inc. (-)	3,710	6,758	11,398	16,874	14,655	
Inc (-) / Dec in WCcap.	4,084	6,735	-24,572	-11,922	-8,975	
Others	-7,951	10,186	1,836	893	1,107	
Taxes Paid	-8,278	-8,484	-5,585	-15,176	-18,821	
Operating Cash Flow	75,558	98,002	80,779	119,859	141,592	
Capex	-19,497	-35,815	-139,821	-45,000	-75,000	
Free Cash Flow	56,061	62,188	-59,042	74,859	66,592	
Inc (-) / Dec in Investments	-142,176	-24,750	-19,522	0	0	
Others	20,246	-11,552	14,454	11,563	8,094	
Investing Cash Flow	-141,427	-72,116	-144,889	-33,437	-66,906	
Inc / Dec (-) in Capital	0	9,093	96	0	0	
Dividend + Tax thereon	-2	-10,267	-11,293	-14,715	-18,291	
Inc / Dec (-) in Loans	54,909	49,777	72,601	-55,000	-85,000	
Others	-19,768	-28,187	-25,852	-28,437	-22,750	
Financing Cash Flow	35,139	20,415	35,551	-98,152	-126,040	
Inc / Dec (-) in Cash	-30,730	46,301	-28,559	-11,730	-51,354	
Opening Cash Balance	73,139	47,902	124,466	97,676	88,843	
Closing Cash Balance	42,408	94,203	95,907	85,945	37,489	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E	
Shareholders' Fund	306,055	382,472	427,739	486,599	559,762	
Share Capital	4,064	4,225	4,320	4,320	4,320	
Reserves & Surplus	301,991	378,247	423,419	482,279	555,441	
Preference Share Capital	28	28	28	28	28	
Minority Interest	14,649	3,928	4,538	5,778	7,081	
Total Loans	344,010	454,530	527,131	472,131	387,131	
Def. Tax Liab. / Assets (-)	3,214	12,130	13,061	13,953	15,060	
Total - Equity & Liab.	667,956	853,088	972,497	978,490	969,062	
Net Fixed Assets	519,881	607,968	712,147	717,228	749,315	
Gross Fixed Assets	530,225	620,566	720,424	783,424	843,424	
Intangible Assets	40,471	59,179	91,000	91,000	91,000	
Less: Depn. & Amort.	87,786	111,635	147,277	187,196	230,108	
Capital WIP	36,971	39,858	48,000	30,000	45,000	
Investments	22,362	59,611	79,133	79,133	79,133	
Current Assets	203,577	271,255	266,671	280,276	254,454	
Inventories	9,919	3,812	4,405	5,321	6,166	
Sundry Debtors	29,257	24,697	33,041	36,583	42,393	
Cash & Bank Balances	47,902	124,466	97,676	88,843	40,639	
Loans & Advances	116,499	118,280	131,549	149,529	165,255	
Other Current Assets	0	0	0	0	0	
Current Liab. & Prov.	77,863	85,746	85,454	98,147	113,840	
Current Liabilities	47,239	54,261	57,314	62,353	67,280	
Provisions & Others	30,624	31,485	28,140	35,794	46,560	
Net Current Assets	125,714	185,509	181,217	182,129	140,614	
Total - Assets	667,956	853,088	972,497	978,490	969,062	

Source: Company, JM Financial

Dupont Analysis		FY21A	FY22A	FY23E	FY24E	FY25E
Net Margin		36.0%	34.9%	35.5%	30.3%	32.5%
Asset Turnover (x)		0.2	0.2	0.2	0.2	0.3
Leverage Factor (x)		2.3	2.3	2.4	2.2	2.0
RoE		16.1%	17.4%	17.6%	16.1%	17.5%

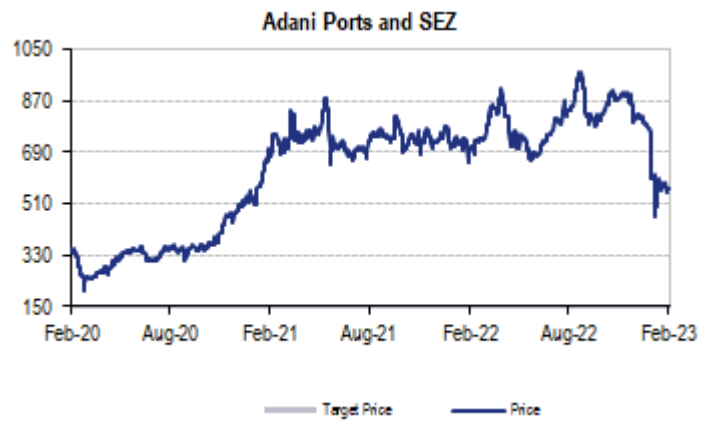
Key Ratios		FY21A	FY22A	FY23E	FY24E	FY25E
BV/Share (INR)		150.6	181.1	198.0	225.3	259.1
ROIC		10.0%	9.0%	9.2%	11.2%	12.8%
ROE		16.1%	17.4%	17.6%	16.1%	17.5%
Net Debt/Equity (x)		1.0	0.9	1.0	0.8	0.6
P/E (x)		25.1	19.8	16.9	16.4	13.2
P/B (x)		3.7	3.1	2.8	2.5	2.2
EV/EBITDA (x)		17.5	16.2	15.2	10.9	9.3
EV/Sales (x)		12.1	9.0	8.2	6.6	5.5
Debtor days		85	53	60	55	55
Inventory days		29	8	8	8	8
Creditor days		147	61	54	63	62

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
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Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

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Rating	Meaning
Buy	Total expected returns of more than 10% for large-cap stocks* and REITs and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for large-cap* stocks and REITs and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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* Large-cap stocks refer to securities with market capitalisation in excess of INR200bn. REIT refers to Real Estate Investment Trusts.

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