

October 26, 2012

ADANI PORTS AND SEZ LTD.

BSE Code: 532921 NSE Code: ADANIPTS Reuters Code: APSE.NS Bloomberg Code: ADSEZ.IN

Adani Ports And Special Economic Zone Limited (ADANIPTS), formerly Mundra Port and Special Economic Zone Limited, is engaged in the business of developing, operating and maintaining the Mundra Port and Port based related infrastructure facilities, including Multi product Special Economic Zone. The company had handled 2,577 vessels during the fiscal year ended March 31, 2012 (fiscal 2012). During fiscal 2012, the Company handled 8,414 rakes; 28.46 million tons of dry cargo, and 1.52 million TEUs. During fiscal 2012, ADANIPTS had focused on development of infrastructure for supporting the industrial development within the Special Economic Zone (SEZ).

Investor's Rationale

Higher interest and depreciation cost coupled with lower segmental performance, hit the net profit by 3.8% YoY – Despite of the higher growth in other income by 77.3% to ₹0.4bn, ADANIPTS witnessed a decline in its consolidated net profit (after calculating the minority interest) by 3.8% YoY to ₹2.7bn on the back of a massive decline in interest and depreciation cost by 144.4% and 72.3% to ₹2.4bn and ₹1.8bn respectively. The bottom-line was again impacted by the bleak segment performance and posted a decline in its other business by 102.3% to ₹0.01bn. Besides, tax charges fell by 15.1% to ₹0.3bn. Thus, NPM contracted by 653bps to 25.2% as against 31.7%.

Impressive segmental performance has pushed the top-line by 18.9% YoY – India largest multi-port operator, ADANIPTS has reported a growth in its top-line by 18.9% to 10.2bn as compared to ₹8.6bn, driven by strong revenue growth from ports & SEZ business by 19.1% and other business by 41.4% to ₹9.9bn and ₹0.6bn respectively. Further, the accomplishment of ports at Hazira and its container terminal in Mundra During the quarter will help garner higher revenue in near future.

OPM expanded by 894bps YoY on strong forex gain – The EBITDA of the company grew by 38.3% YoY to ₹6.9bn, consequently, OPM swelled by 894bps to 65.8% as against 56.9%, largely on account of positive impact of forex gain of ₹0.2bn against the loss of ₹0.4bn during the same quarter last year.

ADANIPTS signed an agreement – ADANIPTS subsidiary Adani Kandla Bulk Terminal Pvt. Ltd. under its plan of setting up of a world class port infrastructure with a huge investment of approximately ₹12.0bn, has signed a concession agreement with the Kandla Port Trust in order to establish a dry bulk terminal at the Kandla Port on build, operate and transfer basis.

Market Data

CMP (₹)	126.7	
Target Price	165	
Stop Loss	117	
Duration	Short-term	
52-week High-Low (₹)	170/105	
Rise from 52WL (%)	20.7	
Correction from 52WH (%)	25.5	
Beta	0.7	
1 year Average Volume (mn)	1.3	
	3M-	8.6
Stock Return (%)	6M-	(0.9)
	9M-	(13.6)
Market Cap (₹bn)	253.4	
Enterprise Value (₹bn)	299.1	

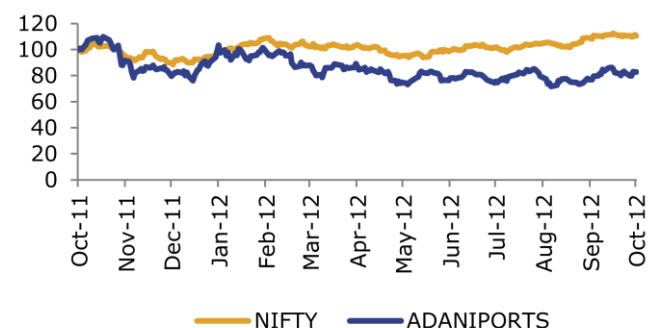
Shareholding Pattern

	Sep'12	Jun'12	Chg
Promoters (%)	77.5	77.5	-
FII (%)	9.9	10.6	(0.6)
DII (%)	5.2	4.8	0.3
Public & Others (%)	7.4	7.1	0.3

Quarterly Performance

(₹bn)	Q2 FY'13	Q2 FY'12	Q1 FY'13	YoY Change(%)	QoQ Change(%)
Revenue	10.2	8.6	10.3	18.9	(0.9)
Op. exp	3.6	3.8	2.7	(5.3)	32.52
EBITDA	6.9	4.9	7.6	38.3	(9.4)
OPM (%)	65.8	56.9	73.8	894bps	(798bps)
Net profit	2.7	2.8	2.7	(3.8)	(0.2)
NPM (%)	25.2	31.7	26.1	(653bps)	(95bps)
EPS (₹)	1.4	1.4	1.4	(0.0)	(0.0)

One Year Price Chart





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