

ADANI PORTS AND SPECIAL ECONOMIC ZONE LTD.

About The Company; The company was incorporated in 1998 and is based in Ahmedabad Gujarat- India. It was earlier known as Gujarat Adani Port Ltd, Later named as Mundra Port and Special economic Zones Ltd. In January 2013 the company was renamed as Adani Port and Special Economic Zones Ltd. It is a subsidiary of Adani Enterprises Ltd From 1st Sep 2010. The company engaged in development, operations and maintenance of multi product special economic zones and related infrastructure in India. The company though its Mundra Port located in Gulf of Kutch, India provides cargo handling and other value added port related services. It Operates port infrastructure facilities of bulk cargo at Dahej, Gujarat, handles bulk, liquid and containerised cargo, single point mooring, storage and transportation of cargo by road, rail and pipeline. APSEZL is near completion of setting up coal cargo terminal at Murmugao port, Goa. The company is also developing a non LNG- multiuser, multi cargo port facilities at Hazaria under the subconcession route. The company also operates container trains on specific railway routes; and provides multi model cargo storage and logistics services through the development of inland container depots at various locations. It operates a fleet approximately 2517 vessels. In addition, APSEZL Provides non scheduled (Passenger) services through its aircrafts. Adani port and SEZ Ltd is compared with Essar Port & Gujarat Pipav locally & Globally with Meiko Trans Co. Ltd & Azuma Shipping Co Ltd of Japan; Rizhao Port Co Ltd; Shenzhen Chiwan wharf Holding Ltd.

Result Analysis 3QFY13:

During the quarter, net sales of the company rose by over 52% to Rs 1,340.21 crore vis-a-vis Rs 881.09 crore of the October-December quarter of FY12.

Total expenditure also increased by over 49% to Rs 639.94 crore, while its interest outgo jumped over three times to Rs 312.06 crore in the quarter.

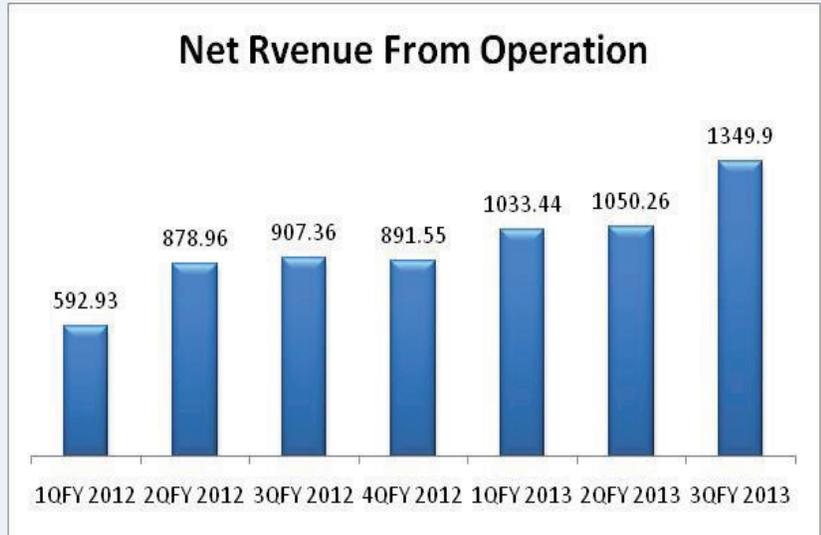
Q3 net up 12% to Rs 361 cr: Company reported a 12.52% growth in consolidated net profit at Rs 361.09 crore for the third quarter ended December 31, 2012. The company had reported a net profit of Rs 320.90 crore in the same quarter of the previous fiscal.

The company handled 28.32 million tonnes of cargo, a growth of 32%, at its various ports. This includes 21.38 million tonnes cargo at APSEZ's main project, the Mundra Port.

Management Speak:

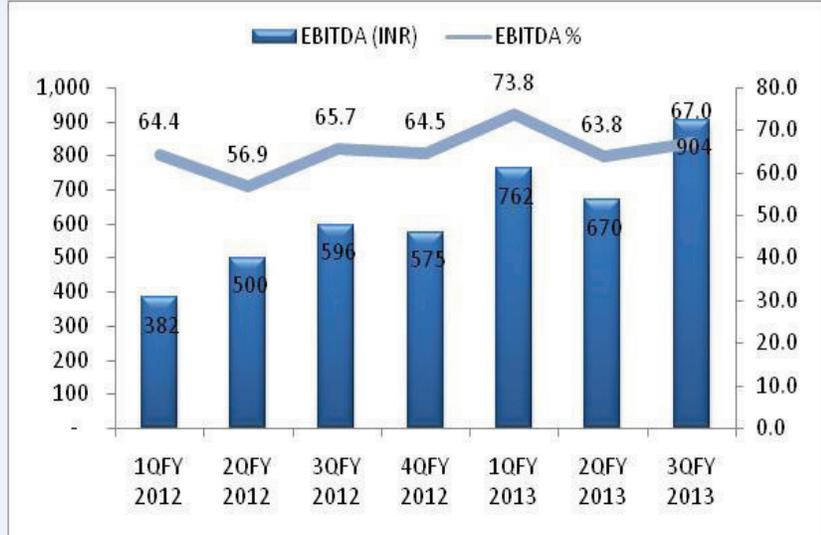
"It is indeed a matter of pride and deep sense of satisfaction that the company has been outperforming the other ports in terms of cargo volumes and growth, efficiencies and profitability, thereby contributing to nation building," company Chairman Gautam Adani, said

"All the other ports in Dahej, Hazira, Mundra and Abbot point are operating well and ports at Goa, Vizag, Tuna Tekra are on schedule," the company said.



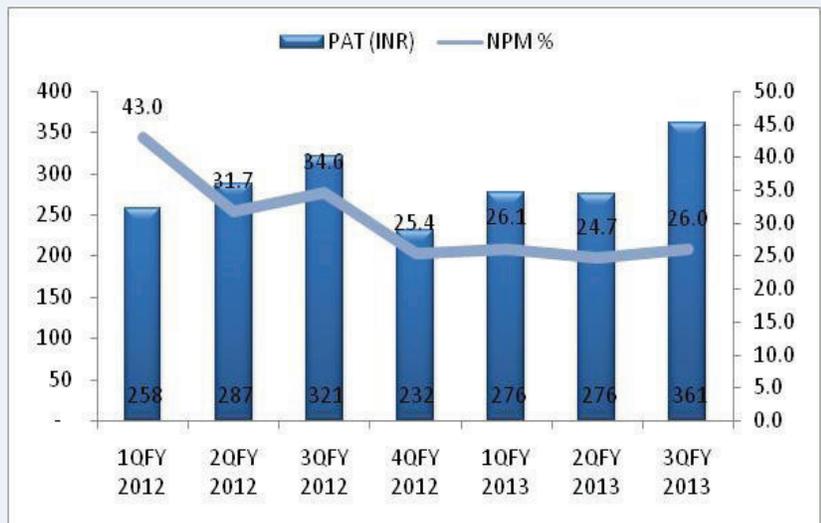
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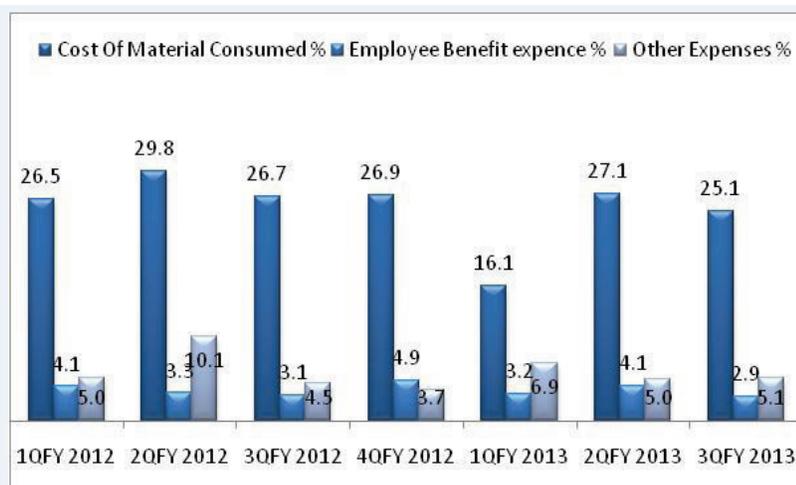
Adani Ports to divest significant stake in Abbot Point Coal Terminal in Australia; The board of directors of the company has in principle decided to divest the company's significant stake in entities controlling the Abbot Point Coal Terminal in Queensland, Australia to the Adani family, subject to requisite approvals, formalities and clearances, at a valuation determined by an independent valuer. This divestment will further enhance the financial strength of APSEZ in order to pursue its plans to acquire/set up new ports and logistics assets in India, the company said in a statement. APSEZ will focus on high growth Indian ports and logistics sector and maintain its leadership position in India, the company said while providing the logic for its decision to divest its stake in entities controlling the Abbot Point Coal Terminal, Australia.

According to the company, it is developing ports at Hazira, Mormugao, Visakhapatnam and Kandla in India and Dudgeon Point in Australia. By 2020, APSEZ is aiming to increase its annual cargo handling capacity to 200 million tonnes by 2020 from its present capacity of 78 million tonnes.

Outlook:

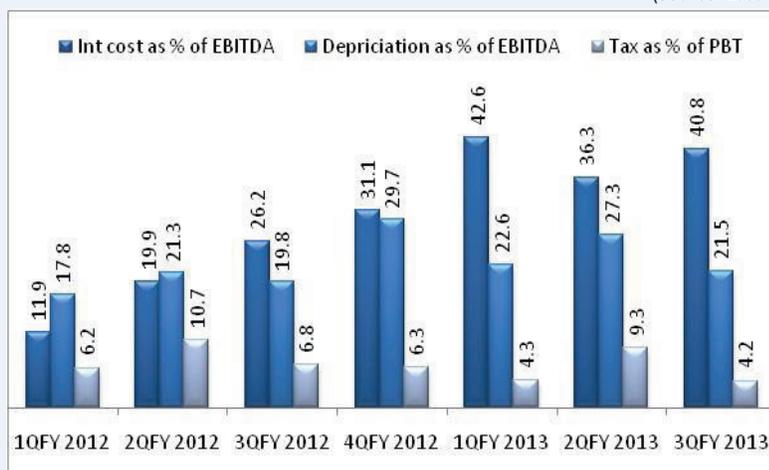
ADANI PORT is among the largest beneficiaries of an increasing demand and supply mismatch in India's port capacity. APSEZ's competitive advantage and attractive location plus connectivity provides a strong visibility of traffic for APSEZ.

It should be noted that 90% of estimated APSEZ traffic comprise of coal, crude oil and containers. Of this, coal and crude oil are not likely to see any impact from global macro concerns, while container traffic should continue to benefit from the shortage on capacity on India's west coast. Mundra Port, given its strategic positioning & diversified mix of cargo and is expected to deliver strong volume growth. The company having delivered a strong track record of maintaining superior realisation and margins has emerged as the preferred port due to superior infrastructure which facilitates faster transit of cargo, thereby reducing the overall cost of handlings for logistics company and end users. Amongst other projects, Dahej are already operational and gaining traction. Despite being in a capital intensive business, the debt situation for APSEZ is very comfortable level. **The stable cash flows assured cargo and minimum working capital investment would be very important for the company to make more capex in the future for growth. At the current market price of Rs 136 the stock is trading at a PE of 29.6x FY13E and 18.41x FY14E respectively. The company can post EPS of Rs 5.48 in FY13E and Rs 7.30 in FY14E. One can buy Adani Port and Special Economic Zone Ltd. With a medium term target of Rs. 145 & Long Term target price of Rs. 165.00.**



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KEY Financials	FY11	FY12	FY13E	FY14E
Sales (Crore)	2000.01	3270.80	4200.80	5231.30
Net Profit (Crore)	943.50	1094.80	1100.00	1464.50
EPS (Rs)	4.70	5.45	5.48	7.30
PE (x)	200.74	200.74	200.74	200.74
P/BV (x)	5.90	5.10	4.50	3.70
EV/ EBITDA (x)	21.10	20.00	16.60	12.90
ROE %	24.70	24.30	23.00	24.10
ROCE %	14.70	10.60	10.55	9.20

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(Source: Eastwind)