# Adani Ports & Special Economic Zone Ltd — Nov 2022 Quarterly Analysis

## 1. VERDICT & BUSINESS QUALITY SNAPSHOT

*The punchline. Read this first — it frames everything below.*

**Result:** Inline on Strategy / Miss on Near-term Volume **One-line:** While thermal coal remains a tactical drag, APSEZ is aggressively deepening its "Transport Utility" moat by scaling high-margin liquid storage and hinterland terminal assets (IOTL integration).

| Dimension | This Quarter | Signal / Evidence | Sentiment |
|---|---|---|---|
| Beat/Miss vs Guidance / Prior Quarter | Weak Miss | Q3 volumes hit by 9 MMT coal drop; revenue guidance revised downward (from prior context). | □ |
| Earnings Quality | High (Core driven) | Focus shifting to long-term liquid storage and integrated logistics. | □ |
| Guidance Confidence | Neutral | Volume guidance for bulk cargo remains volatile; focus on FY25 500 MMT target. | □ |
| Management Credibility | Strong | Transparent about coal headwinds; executing fast on diversification (IOTL assets). | □ |
| Business Quality Signal | Improving | Pivot to liquid terminals (2 Mn+ KL capacity) creates stickier, "utility-like" revenue. | □ |
| Key Q&A Exchange | N/A — no concall | PPT focuses on liquid storage terminal specifications and connectivity. | □ |
| The Street's Primary Anxiety | Thermal Coal Drag | Management pivot to Gas/Liquid/Containers is the structural response. | □ |
| Capital Cycle Stage | Investment / Consolidation | Integrating major liquid terminals (Paradip, Navghar, Raipur, Goa). | □ |
| Margin / Return Ratio Trajectory | Stable | Liquid storage typically commands higher margins than bulk cargo handling. | □ |
| Pricing Power | Stable | Strategic locations (Paradip/Mundra) provide significant bargaining power with OMCs/IPPs. | □ |
| FCF Conversion & Quality | Distorted | Impacted by heavy M&A and "war chest" maintenance for Concor. | □ |
| Competitive Moat Signals | Widening | PAN-India liquid storage footprint added to existing port dominance. | □ |
| Balance Sheet Strength | Adequate | Strategically utilizing leasehold land and BOOT models (Paradip). | □ |
| Working Capital Efficiency | Stable | Pipeline connectivity at terminals reduces evacuation bottlenecks. | □ |
| Mgmt Guidance Track Record | Mixed | Accurate on strategy and M&A; near-term volume forecasting currently challenged. | □ |
| Key Vulnerability / Red Flag | Asset Concentration | Paradip terminal accounts for ~73% of the newly detailed liquid capacity. | □ |
| Management Tone | Confident | PPT emphasizes infrastructure depth and multi-modal connectivity. | □ |

Sentiment: □Positive (Long-term Strategy) | □Neutral (Short-term Volatility)

**Key Takeaways (Positives & Negatives):** * **Positives:** The integration of the IOTL terminal portfolio (Navghar, Raipur, Goa, Paradip) adds ~2.05 Mn KL of liquid storage capacity, significantly diversifying the revenue mix away from thermal coal. The Raipur terminal (2.11 Lakh KL) establishes a critical inland footprint with 75.69 acres of land, enhancing the "Port-to-Hinterland" logistics play. * **Negatives:** Near-term earnings remain sensitive to imported coal volatility (9 MMT loss in Q3 per prior context). The Paradip terminal operates on a BOOT (Build-Own-Operate-Transfer) basis on IOCL land, meaning APSEZ does not own the underlying land, introducing long-term renewal/concession risk. * **The Street's Concern:** Investors are worried about the "growth gap" left by declining thermal coal. Management's response is a massive scale-up in liquid terminals and logistics rakes to over-compensate. * **Watchpoint:** Execution on the ~100,000 KL capacity expansion at Navghar (JNPT) will be a key indicator of brownfield growth efficiency.

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## 2. BUSINESS PERFORMANCE

### 2A. KEY METRICS

DATA SOURCE: Concall not available — Mgmt Commentary absent. (Financials sourced from Prior Context; Terminal specs from PPT).

| Metric | Current Qtr (9M/Q3) | YoY Change (9M) | QoQ Change | Trend | Mgmt Commentary |
|---|---|---|---|---|---|
| Volume (MMT) | 212 MMT (9M) | ↑ 22% | ↓ 11% (Q3) | ↓ | Q3 hit by 9 MMT drop in coal imports by Adani/Tata Power. |
| Liquid Storage Capacity (KL) | 2,055,112 KL | New Metric | New Metric | ↑ | Expansion of ~100k KL planned at Navghar terminal. |
| Total Income (□Cr) | □12,089 Cr (9M) | ↑ 35% | Not in doc | ↑ | Driven by 27% port growth and 22% logistics growth. |
| EBITDA (□Cr) | □7,428 Cr (9M) | ↑ 29% | Not in doc | ↑ | Integrated model maintaining high port margins (71%). |
| EBITDA Margin % (Port) | 71.0% | → Stable | Not in doc | → | Integration of acquisitions (KPCL) maintaining efficiency. |
| PAT (□Cr) | □3,762 Cr (9M) | Not in doc | Not in doc | → | PBT for 9M stood at □4,776 Cr. |
| Net Debt / EBITDA | Not stated | Not in doc | Not in doc | → | Debt held for strategic acquisitions like Concor. |
| Order Inflows (Rakes) | 71 Rakes (9M) | ↑ 18% | Not in doc | ↑ | Scaling GPWIS rakes for bulk cargo diversification. |
| Terminal Tanks (Count) | 45+ Tanks | New Metric | New Metric | ↑ | Aggregated across Navghar, Raipur, Goa, and Paradip. |
| Land Bank (Terminals) | 100.69+ Acres | New Metric | New Metric | ↑ | Excludes Paradip (IOCL land) and Navghar (Leasehold). |

### 2B. SEGMENT BREAKDOWN

| Segment | Revenue (Cr) | YoY Growth (9M) | Margin (EBITDA) | Trend | vs Co. Avg | Key Development |
|---|---|---|---|---|---|---|
| Ports | 9,706 Cr | 27% | 71% | → | Higher | Consolidation of Sarguja Rail; Haldia terminal bid win. |
| Logistics | 845 Cr | 22% | 25% | ↑ | Lower | Nagpur MMLP commissioned; 86% growth in bulk (GPWIS). |
| Liquid Terminals | Not stated | New Segment | High (Est) | ↑ | Higher | Addition of 1.5 Mn KL Paradip terminal (IOCL-linked). |

## 3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

| Dimension | Category | Management Target / Claim | Required Run-Rate / Mathematical Feasibility | Historical Delivery | Risk Flag |
|---|---|---|---|---|---|
| Guidance | Cargo Volume | 500 MMT by FY25 | Needs ~18% CAGR from current ~315 MMT run-rate. | On track (9M @ 22%) | Medium (Coal drag) |
| Guidance | Capacity Exp. | +100,000 KL at Navghar | Brownfield expansion; feasible within 12-18 months. | First entry | Low |
| Guidance | Warehousing | 60m sqft by FY26 | Massive scale-up required from current levels. | First entry | Medium (Execution) |
| Strategy | Multi-modal | Rail/Pipeline integration | Navghar has 3 pipelines (JNPT/ ONGC); Raipur has 19 tanks with rail-in/truck-out. | On track | Low |
| Balance | Asset Model | BOOT/Leasehold mix | Paradip (BOOT) vs Goa (Lease till 2040). | On track | Low |

*(PPT_ONLY mode: populate from presentation targets. Linked Q# column — N/A — no concall.)*

## 4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

## 5. WHAT CHANGED vs PRIOR QUARTER

*Comparison between current PPT-driven terminal data and prior Q3 FY22 results narrative.*

| What Changed | Prior Quarter | This Quarter | Direction |
|---|---|---|---|
| **Asset Focus** | Port Volume & Coal Volatility | Liquid Storage Infrastructure (IOTL) | □Strategic Deepening |
| **Capacity Detail** | Focused on MMT (Cargo) | Detailed KL (Liquid) capacity: 2.05 Mn KL | □Diversification |
| **Connectivity Moat** | Rail-Port linkage | Added Pipeline-Terminal integration (Paradip/ Navghar) | □Moat Widening |
| **Land Portfolio** | SEZ focus at Mundra | Hinterland terminal land (Raipur/Goa: 100+ acres) | □Logistics Pivot |
| **Revenue Visibility** | Volatile (Bulk/Coal) | Sticky/Contractual (Crude/Product storage) | □Risk Mitigation |

- **Financial Divergence:** 9M CFO vs PAT comparison (per prior context) remains a watchpoint due to M&A cash outflows.
- **Working Capital:** Pipeline connectivity at the new terminals (Navghar/Paradip) is expected to significantly improve inventory turnover for oil major clients, reducing receivables risk.
- **Thesis Change:** None. This quarter's data reinforces the "Transport Utility" thesis by proving management is building infrastructure that is hard to replicate, specifically in liquid midstream. STOP HERE.