

Week Gone

- ⇒ In the week ended on Friday, 14 January 2022, the Sensex jumped 1478.38 points or 2.47% to settle at 61,255.75. The Nifty 50 index advanced 443.05 points or 2.49% to settle at 18,255.75.
- ⇒ The BSE Mid-Cap index spurted 612.41 or 2.40% to settle at 26,085.24.
- ⇒ The BSE Small-Cap index rallied 919.14 points or 3.06% to settle at 30,951.28.

Week Ahead

- ⇒ Trend in global stock markets, the movement of rupee against the dollar crude oil prices will dictate trend on the bourses in the near term.
- ⇒ Investment by foreign portfolio investors (FPIs) and domestic institutional investors (DIIs) will also be monitored.
- ⇒ Build up to the upcoming budget session would be another key event that the market would be looking for in January 2022.

Technical Overview

Index closed with a gain of 2.49% at 18256. Index opened the week on a positive note and remained strong throughout the week ending near weekly highs. Index continue to form higher higher and lows for the fourth consecutive week in a row. Index has surpassed resistance zone of 18150-18200, till index stays above the mentioned zone index likely to scale higher towards 18400-18600-18900. While support past 18150 comes at 18000-17700-17500.



Source: Falcon, BP Equities Research

Weekly Wealth

DOMESTIC INDICES

Index	14-Jan-22	07-Jan-22	Weekly % Chg
Nifty 50	18,255.8	17,812.7	2.5
Nifty Next 50	43,551.8	42,826.4	1.7
Nifty 100	18,485.7	18,054.0	2.4
Nifty 500	15,730.4	15,348.6	2.5
NIFTY MIDCAP 100	31,989.7	31,111.6	2.8
S&P BSE SENSEX	61,223.0	59,744.7	2.5
S&P BSE 100	18,541.2	18,092.3	2.5
S&P BSE 200	7,910.3	7,721.5	2.4
S&P BSE 500	24,984.7	24,374.9	2.5
S&P BSE MidCap	26,085.2	25,472.8	2.4
S&P BSE SmallCap	30,951.3	30,032.1	3.1

WORLD INDICES

Index	14-Jan-22	07-Jan-22	Weekly % Chg
Nikkei Index	28,124.3	28,478.5	-1.2
Hang Seng Index	24,383.3	23,493.3	3.8
Kospi Index	2,921.9	2,954.8	-1.1
Shanghai SE Composite	3,521.3	3,579.5	-1.6
Strait Times Index	3,282.0	3,205.3	2.4
Dow Jones	35,782.4	36,236.4	-1.3
NASDAQ	14,778.2	15,080.9	-2.0
FTSE	7,543.0	7,460.1	1.1

FOREX

Currency	14-Jan-22	07-Jan-22	Weekly % Chg
US\$ (Rs.)	74.0	74.4	-0.6
GBP (Rs.)	101.5	100.7	0.8
Euro (Rs.)	84.8	84.1	0.8
Yen (Rs.) 100 Units	64.8	64.2	1.0

NIFTY TOP GAINERS (WEEKLY)

Scrip	14-Jan-22	07-Jan-22	Weekly % Chg
Larsen & Toubro	2044.8	1904.9	7.3%
Infosys	1,929.4	1,814.3	6.3%
Mahindra & Mahindra	881.2	829.0	6.3%
Adani Ports & Special	780.1	736.1	6.0%
Coal India	164.8	157.0	5.0%

FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
14-Jan-22	6,144.0	7,742.2	-1,598.2
13-Jan-22	7,418.4	8,809.2	-1,390.9
12-Jan-22	6,981.3	7,982.8	-1,001.6
11-Jan-22	7,759.5	7,647.6	111.9
10-Jan-22	7,981.6	8,105.8	-124.2
MTD	36,284.7	40,287.6	-4,002.9

NIFTY TOP LOSERS (WEEKLY)

Scrip	14-Jan-22	07-Jan-22	Weekly % Chg
Wipro	639.8	711.5	-10.1%
Asian Paints	3364.4	3576.3	-5.9%
Hindustan Unilever	2363.7	2416.2	-2.2%
Axis Bank	721.7	730.6	-1.2%
Britannia Inds	3712.1	3737.4	-0.7%

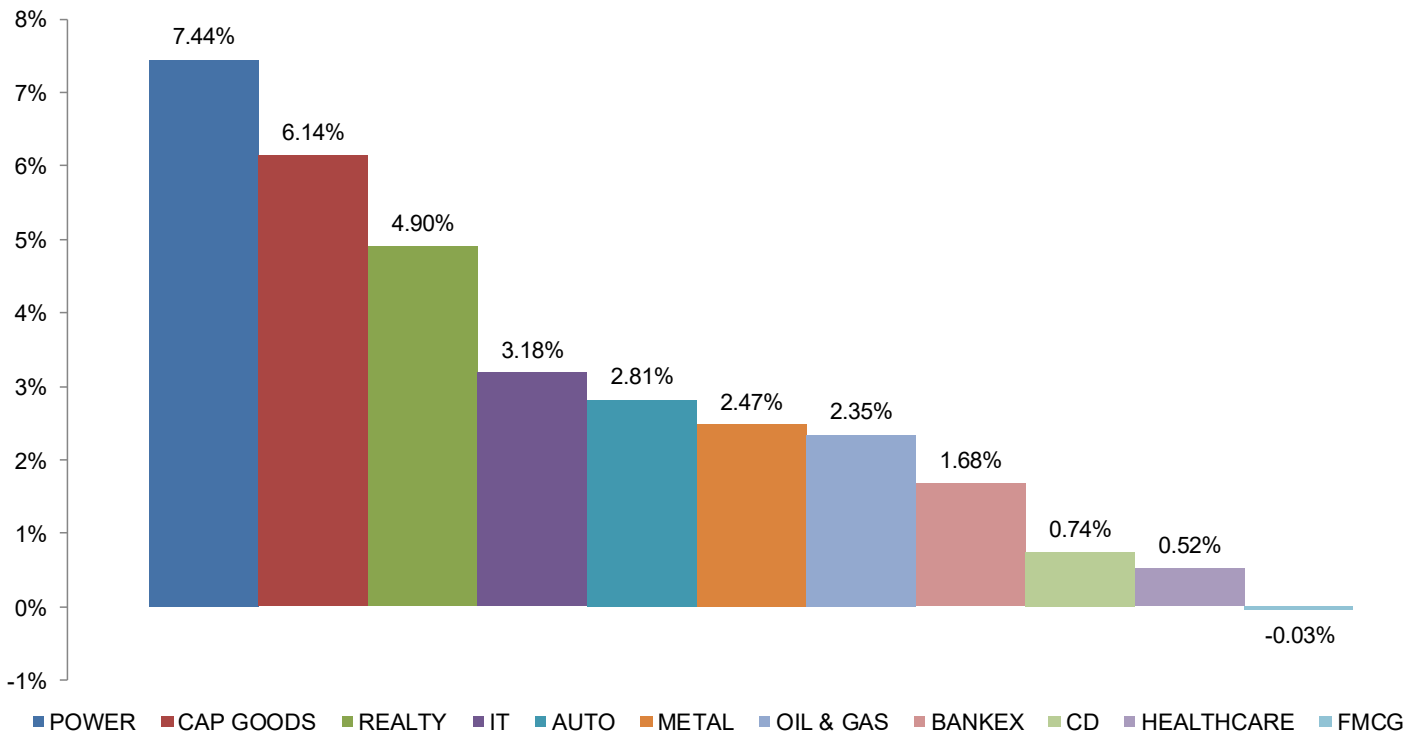
DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
14-Jan-22	5,560.5	5,189.1	371.4
13-Jan-22	7,051.0	5,985.7	1,065.3
12-Jan-22	7,458.3	6,126.2	1,332.0
11-Jan-22	5,790.4	5,411.6	378.7
10-Jan-22	6,150.8	5,669.2	481.6
MTD	32,011.0	28,381.9	3,629.0

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	Share Price (Rs.)		Weekly % Chg	Open Interest		Weekly % Chg
	07/01/22	14/01/22		07/01/22	14/01/22	
RAIN	245.7	252.5	2.8	3600000	5857500	62.7
GSPL	316.25	314.35	-0.6	1351500	2191300	62.1
IPCALAB	2203.2	1063	-51.8	1100925	1730700	57.2
ATUL	9351.5	10505.85	12.3	58350	90900	55.8
POLYCAB	2483.85	2700.45	8.7	556200	852900	53.3

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	Share Price (Rs.)		Weekly % Chg	Open Interest		Weekly % Chg
	07/01/22	14/01/22		07/01/22	14/01/22	
DELTACORP	278.15	297.15	6.8	19950200	14648700	-26.6
RBLBANK	135.55	157	15.8	41052400	32192900	-21.6
AUBANK	1223.85	1267.85	3.6	3976500	3135000	-21.2
GMRINFRA	45.85	45.5	-0.8	83250000	66420000	-20.2
AARTIIND	1034.85	1102.95	6.6	2354500	1882750	-20.0

Company Background

Adani Ports and Special Economic Zone Limited is an India-based port infrastructure company. The Company is engaged in the business of developing, operating and maintaining the Port and Port-based related infrastructure facilities, including Multi-Product Special Economic Zone (SEZ). Its segments include Port and SEZ Activities, and Others. Apart from this, its other segment includes Aircraft operating Income and Services. It also provides logistics and infrastructure that moves goods from the port to customers. Its port services include marine, handling intra-port transport, storage, other value-added, and evacuation services for a range of customer's other port users. Currently, the company operates approximately 10 ports/terminals spread across over five states of India, including Gujarat, Goa, Andhra Pradesh, Tamil Nadu, and Odisha.

Investment Rationale

Well-positioned in port operations and infrastructure business

Adani Ports has a strong capability to execute port and associated infrastructure projects in a timely manner. Over the years, the company has witnessed significant growth in its scale of operations and is now carrying out profitable port operations at several private as well as major port locations, along the western as well as eastern coasts. Moreover, it has significant flexibility in tariff determination with non-major ports such as Mundra (Gujarat), Hazira (Gujarat), Dhamra (Orissa), Kattupalli (Tamil Nadu), Krishnapatnam (Andhra Pradesh) and Dahej (Gujarat) and at the Ennore Port terminal, which is a major port. The company has been generating healthy cash flows through the construction and monetization of port infrastructure assets at the Mundra Port. Therefore, such acquisitions of scaling up of operations and monetization of assets will aid its topline growth

Focus on the logistics business to benefit the port business as well

The company has diversified its presence from being a port service provider to a more integrated logistics player. The company is improving its capabilities by joining its ports, logistics, and industrial park capabilities. These interconnections of businesses will enable them to leverage their potential for the long term. Additionally, its Adani Logistics Limited (ALL) which has now become an end-to-end logistics business that has acquired a 100% stake in Adani Agri Logistics Limited (AALL) for B2B logistics. On the other hand, it enjoys some natural benefits of its port such as hinterland connectivity to the customers through an integrated logistics. Therefore, going ahead, this integration will enable them to boost their alliances with leading Indian businesses ultimately make the company a market leader in the ports and logistics sector.

Valuation and Outlook

Adani Ports and Special Economic Zone Ltd (APSEZL) has made a significant mark in the industry due to its unique operating virtues, geographically diversified presence, diversified cargo mix and long-term customer tie-ups. The company's operating margins remained strong in FY21, and net leveraging improved to 3.3 times in H1FY22. Going ahead, its healthy profitability metrics, large cash accruals and delivering integrated services provides surplus headroom for overall growth. On the valuation front, we value the company based on 26x of its FY23e earnings and arrive at a target price of INR 987 (26% upside from CMP) with a 12 months' investment horizon.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (INR)	780
Target Price (INR)	987
NSE Symbol	ADANI PORTS
BSE Code	532921
Bloomberg	ADSEZ IN
Reuters	APSE.BO

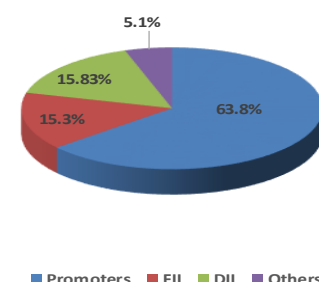
Key Data

Nifty	18,255
52WeekH/L(INR)	901/500
O/s Shares (Mn)	2,041
Market Cap (INR bn)	1,592
Face Value (INR)	2

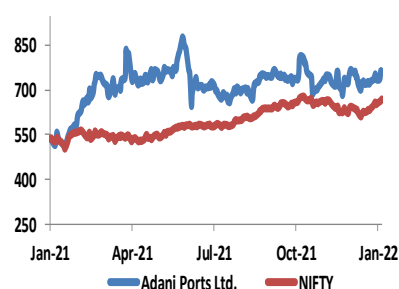
Average volume

3 months	5,151,980
6 months	6,527,380
1 year	12,940,810

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

YE March (Rs. millions)	FY19	FY20	FY21	FY22E	FY23E
Revenue	1,09,254	1,14,388	1,25,496	1,66,031	2,06,543
<i>Revenue Growth (Y-o-Y)</i>	<i>(3.5%)</i>	<i>4.7%</i>	<i>9.7%</i>	<i>32.3%</i>	<i>24.4%</i>
EBIDTA	65,916	55,047	79,834	1,09,415	1,36,731
<i>EBIDTA Growth (Y-o-Y)</i>	<i>(3.4%)</i>	<i>(16.5%)</i>	<i>45.0%</i>	<i>37.1%</i>	<i>25.0%</i>
Net Profit	39,902	37,631	49,943	63,590	77,454
<i>Net Profit Growth (Y-o-Y)</i>	<i>8.6%</i>	<i>(5.7%)</i>	<i>32.7%</i>	<i>27.3%</i>	<i>21.8%</i>
Diluted EPS	19.6	18.4	24.5	31.2	37.9
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>8.6%</i>	<i>(5.7%)</i>	<i>32.7%</i>	<i>27.3%</i>	<i>21.8%</i>

Key Ratios

EBIDTA margin (%)	60.3%	48.1%	63.6%	65.9%	66.2%
NPM (%)	36.5%	32.9%	39.8%	38.3%	37.5%
RoE (%)	16.3%	14.7%	16.3%	19.9%	22.4%
RoCE (%)	17.6%	15.4%	19.3%	25.7%	30.2%

Valuation Ratios

P/E (x)	39.9x	42.3x	31.9x	25.0x	20.6x
EV/EBITDA	25.2x	29.4x	20.7x	15.1x	12.1x
P/BV (x)	6.5x	6.2x	5.2x	5.0x	4.6x
Market Cap. / Sales (x)	14.6x	13.9x	12.7x	9.6x	7.7x

Source: Company, BP Equities Research



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