

APSEZ acquires Gopalpur Port in Odisha for INR 3,080 crore

Ahmedabad, 26 March, 2024: Adani Ports and Special Economic Zone Ltd (APSEZ), India's largest ports and logistics company, has entered into a definitive agreement to purchase the 56% stake of the SP Group and 39% of Orissa Stevedores Limited (OSL) in Gopalpur Port Limited (GPL). The acquisition is made at an enterprise value of INR 3,080 crore#, and the transaction is subject to statutory approvals and fulfilment of other conditions precedents.

Gopalpur port is located on the east coast of India and has the capacity to handle 20 MMTPA. The Government of Odisha awarded a 30-year concession to GPL in 2006, with the provision of two extensions of 10 years each.

As a deep draft, multi-cargo port, Gopalpur handles a diverse mix of dry bulk cargo, including iron ore, coal, limestone, ilmenite, and alumina. The port plays an important role in supporting the growth of mineral-based industries in its hinterland, like iron & steel, alumina and others. The concessionaire has full flexibility to design and expand the port as per the market demand. GPL has received more than 500 acres of land on lease for development, with an option to receive additional land on lease to meet future capacity expansions.

The port is well connected with its hinterland through the national Highway NH16 and a dedicated railway line connects the port with the Chennai-Howrah main line. # In addition to the enterprise value stated above there is a contingent consideration of INR 270 crores estimated to be payable after 5.5 years, subject to fulfilment of certain conditions as agreed with the sellers.

Mr. Karan Adani, Managing Director of APSEZ, said, "The acquisition of Gopalpur Port will allow us to deliver more integrated and enhanced solutions to our customers. Its location will allow us unprecedented access to the mining hubs of Odisha and neighboring states and allow us to expand our hinterland logistics footprint. GPL will add to the Adani Group's pan-India port network, significantly enhance overall cargo volume, and strengthen APSEZ's integrated logistics approach."

In FY'24, GPL is estimated to handle about 11.3 MMT cargo (YoY growth - 52%) and earn a revenue of INR 520 cr (YoY growth - 39%) and achieve EBITDA of INR 232 cr (YoY growth - 65%). In our view, the Gopalpur Port is all set for strong growth and margin expansion in FY'25 with opportunities already identified for achieving higher operational efficiencies and infra debottlenecking, implying further value accretion for APSEZ shareholders.