

CMP: ₹ 1365

Target: ₹ 1670(22%)

Target Period: 12 months

BUY

August 7, 2025

Logistics & Marine drive performance; FY26 Guidance retained

About the stock: Adani Ports & SEZ Ltd (APSEZ) is the largest commercial port operator in the country, handling more than 27% of the total cargo volume as on FY25. It owns more than 15 Ports & Terminals, with a combined capacity of ~ 633 MTPA, across seven states. Its other businesses include logistics and marine.

Q1FY26 performance – Logistics & Marine drive performance: Adani Ports & SEZ reported 21% YoY growth in consolidated revenues at ₹ 9126 crore for Q1FY26, aided by Logistics (up 2x YoY) and Marine (up 2.9x YoY). Logistics and Marine aggregate revenue share increased to 21% from 10% in Q1FY25. Cargo volumes grew by 11% YoY (Domestic – up 6% YoY, International – up 245% YoY) to 120.6 MMT (Domestic – 112.9 MMT, International – 7.7 MMT). Consolidated EBITDA margins contracted 391 bps YoY to 60.2% owing to higher share of relatively lower-margins businesses viz. Trucking (4.8%), International Freight (8.9%), and Marine (55%). Consolidated PAT grew by 7% YoY to ₹3,311 crore owing to higher depreciation, higher interest expense and lower other income. APSEZ's all-India cargo market share increased to 27.8% (27.2% in Q1FY25) while container market share stood at 45.2% (45.9% in Q1FY25).

Investment Rationale

- **Focus stays on container volume growth & coal revival:** The management is hopeful of achieving its 505-515 MMT cargo volumes for FY26 expecting recovery in Mundra port volumes (down 6% YoY in Q1FY26) led by normalization of transshipment volumes (affected by war-like situation with neighboring country) and improvement in coal volumes (impacted by drop in energy demand). Further, newly added ports (Colombo, Vizhinjam, Gangavaram) are doing better than expectations. We estimate APSEZ's overall cargo volumes to grow at ~13% CAGR over FY25-FY27E.
- **FY26 guidance retained along with positive medium to long term growth outlook:** The company retained its Revenue/EBITDA/Capex guidance for FY26 at ₹ 36000-38000 crore/₹ 21000-22000 crore/₹ 11000-12000 crore respectively. It also reaffirmed its FY29 guidance of achieving 1 billion MT port volumes (Domestic – 850MMT, International – 150MMT). Over the longer term as India targets 10 billion MT cargo volumes in 2047, the company eyes 33% market share to achieve 3.5 billion MT.

Rating and Target Price

- We retain our earnings estimates for FY26-FY27 (Revenues/EBITDA/PAT to grow at ~16%/14%/19% CAGR over FY2025-FY2027E).
- We retain our BUY rating with Target Price of ₹ 1670/- i.e. 16x EV/EBITDA on FY27E.

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	2-Year CAGR (FY23-25)	FY26E	FY27E	2 year CAGR (FY25-27E)
Revenues	20,852	26,711	31,077	22.1%	36,364	41,760	15.9%
EBIDTA	12,833	15,864	19,023	21.8%	21,739	24,829	14.2%
EBIDTA Margins(%)	61.5	59.4	61.2		60%	59%	
Adjusted PAT	5,391	8,111	11,056	43.2%	13,659	15,636	18.9%
EPS (Rs.)	24.6	37.5	51.2		63.1	72.3	
EV to EBIDTA (x)	26.4	21.0	17.5		15.3	13.2	
RoNW (%)	11.6	15.3	17.7		18.5	17.8	
RoCE (%)	11.0	12.8	13.8		14.1	15.0	

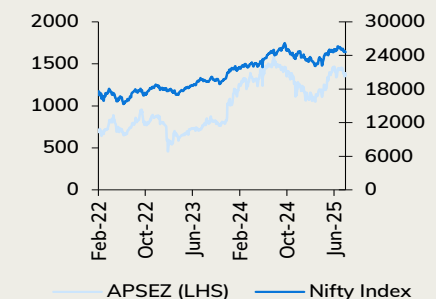
Source: Company, ICICI Direct Research

**Particulars**

Particular	Rs crore
Market Capitalisation	294859
Gross Debt (FY25)	45810
Cash (FY25)	6606
EV (Rs crore)	334063
52 week H/L	1608/994
Equity capital	432
Face value	Rs 2

Shareholding pattern

Particular	Sep-24	Dec-24	Mar-25	Jun-24
Promoters	65.9	65.9	65.9	65.9
FII's	15.2	13.9	13.4	13.5
DII's	12.5	14.2	14.7	15.2
Others	6.4	6.0	6.0	5.5

Price Chart**Key risks**

- (i) Lower than anticipated Cargo volume growth & slower economy growth
- (ii) Inability to scale up its logistics & marine businesses

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Recent earnings call highlights:

- **Financial & Operational Performance (Port Segment):**
 - Domestic ports revenue increased by 14% YoY to ₹6,137 Cr. Domestic ports EBITDA margin stood at 74.6% (vs. 72.5% in Q1 FY25).
 - International ports revenue increased 22% YoY to ₹973 Cr. EBITDA margin stood at 21% vs. 13% in Q1 FY25.
 - EBITDA increased 13% to ₹5,495 Cr (60% EBITDA margin in Q1 FY26 vs. 64% in Q1 FY25). (EBITDA margin down YoY due to increase in lower margin businesses)
 - Handled 121 MMT (+11% YoY) cargo volume in Q1 FY26, driven by containers (+19% YoY).
 - All-India cargo market share increased to 27.8% (27.2% in Q1 FY25). Container market share stood at 45.2% (45.9% in Q1 FY25)
 - Net debt to EBITDA maintained at 1.8x
- **Marine Segment:** Revenue surged 2.9x YoY to ₹541 crore. EBITDA margin improved from 40% in Q1FY25 to 55% in Q1FY26. Fleet expanded to 118 vessels. Focused on acquiring vessels with mid-to-long-term contracts.
- **Logistics Segment:**
 - Revenue doubled YoY to ₹1,169 crore. EBITDA margin improved from 27% to 29.6%. Growth driven by: Trucking and international freight forwarding. Integrated logistics model leveraging infrastructure and technology.
 - Handled 179,479 TEUs of container rail volume (+15% YoY) and 6.05 MMT GPWIS volume (+9% YoY)
 - Logistics Target ROCE: >16% and logistics margins expected to rise to 35–40% in 3–4 years.
- **Strategic Developments:**
 - Operations commenced at Colombo Port, New export berth at Dhamra in Q1FY26.
 - Construction underway on Phase 2 at Vizhinjam and Colombo and two new berths at Dhamra.
 - Board has approved the acquisition of NQXT Port, Australia. NQXT is a natural deep-water, multi-user export terminal with a capacity of 50 MTPA. The transaction is subject to regulatory approvals.
 - Increased the average debt maturity from 4.3 years to 5.2 years and reduced yield across all bond issuances by up to 116 bps.
- **Challenges & Recovery:** In Q1FY26 Mudra port volume impacted by Geopolitical disruption and blackout at port location, government restrictions on trade route adversely impacted transshipment container volume. Container volume in July saw 10% MoM growth indicating recovery in cargo volume.
- **Commodity Trends:** Iron ore volumes declined due to global conditions. Coal volumes affected by early monsoon and lower thermal power generation. Coastal coal gaining traction and new berths to support growth going forward.
- **Guidance & Outlook** FY26 cargo volume guidance remains intact 505-515 MMT despite Q1FY26 softness. Management has reaffirmed Revenue and EBITDA guidance of ₹36000-38000 crore and ₹21000-22000 crore respectively. Going forward financial performance of company will increasingly be decoupled from cargo volume due to diversified business mix.

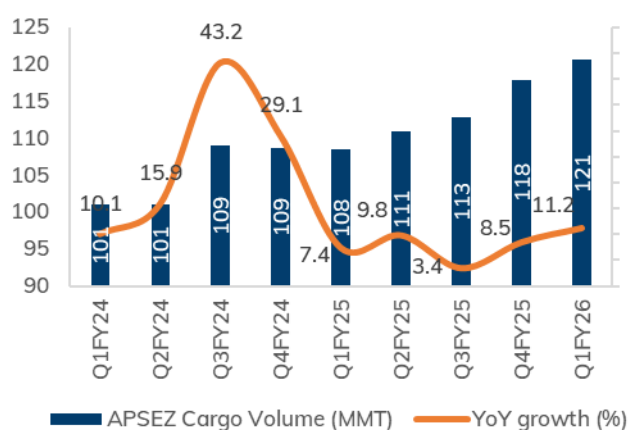
- **Long-Term Vision:** APSEZ target to achieve 1000 MMT of Cargo volume by 2030, International assets will add 150 MMT and domestic will add 850 MMT, Domestic growth will be driven by containerisation and coastal coal.
- **Governance Update:** Gautam Adani transitioned to Non-Executive Chairman to align with higher governance standards.

Exhibit 1: Quarterly Analysis

Particulars	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Comments
Revenue from Operations	9,126	7,560	20.7%	8,488	7.5%	Logistics & Marine business drive revenue growth. Port volumes grew by 11% YoY
Operating Expenses	2,526	1,867	35.3%	2,308	9.5%	
Employee Expenses	569	469	21.3%	530	7.4%	
Other Expenditure	535	376	42.4%	644	-16.9%	
Total Expense	3,631	2,712	33.9%	3,482	4.3%	
EBITDA	5,495	4,848	13.4%	5,006	9.8%	
EBITDA Margin (%)	60.2%	64.1%	-391bps	59.0%	124bps	EBITDA margins impacted due to higher revenue mix from lower margin businesses
Foreign Exchange (Gain)/Loss	63	(140)	-145.3%	40	60.5%	
Depreciation	1,255	1,012	24.0%	1,185	5.9%	
Interest	846	515	64.2%	715	18.4%	
Other Income	296	495	-40.1%	281	5.3%	
Less: Exceptional Items	-	(145)	-100.0%	(24)	-100.0%	
PBT	3,848	3,593	7.1%	3,532	8.9%	
Total Tax	537	485	10.6%	509	5.5%	
Reported PAT	3,311	3,107	6.5%	3,023	9.5%	

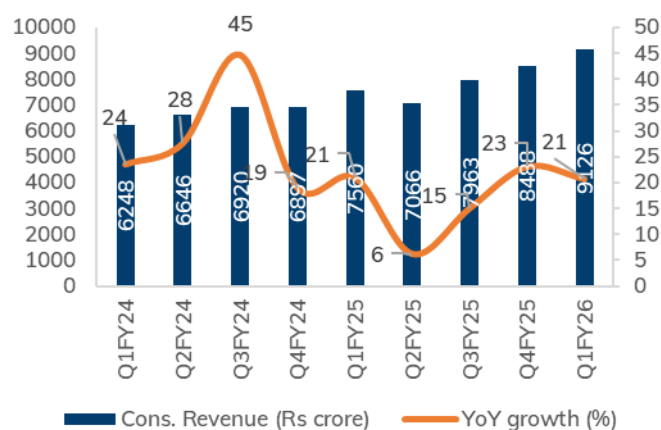
Source: Company, ICICI Direct Research

Exhibit 2: APSEZ Cargo Volume trend



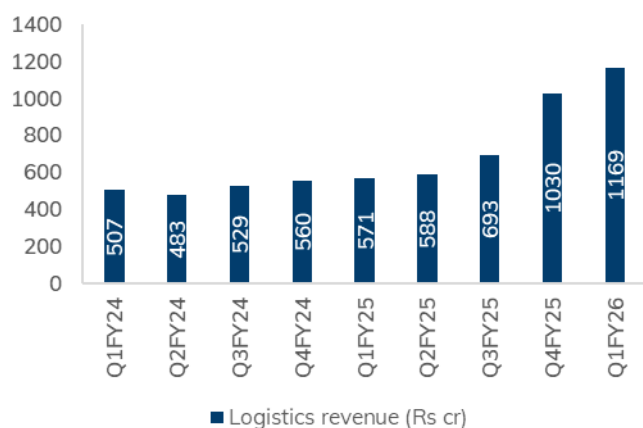
Source: Company, ICICI Direct Research

Exhibit 3: Consolidated revenues trend



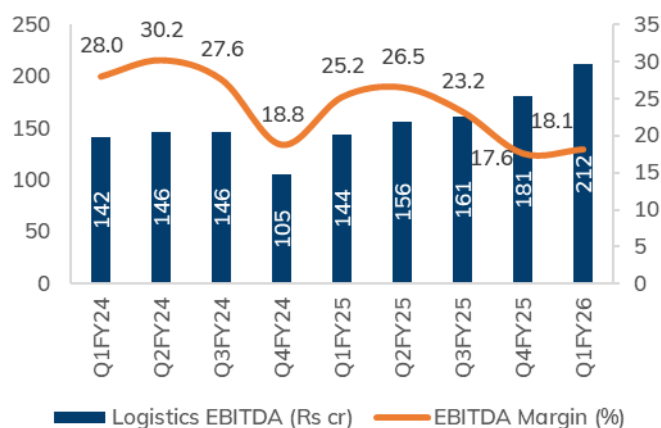
Source: Company, ICICI Direct Research

Exhibit 4: Logistics revenue trend



Source: Company, ICICI Direct Research

Exhibit 5: Logistics EBITDA trend



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 6: Profit and loss statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Total Operating Income	26710.2	31077.3	36363.9	41759.8
Growth (%)	25.8%	16.3%	17.0%	14.8%
Operating Expenses	7116.3	8069.8	9442.5	11275.1
Gross Profit	19593.9	23007.5	26921.4	30484.6
Gross Profit Margins (%)	73%	74%	73%	73%
Employee Expenses	1896.4	2008.7	2170.8	2660.4
Other Expenditure	1833.9	1975.6	1863.0	1932.5
Total Operating Expenditure	10846.6	12054.0	13476.3	15868.1
EBITDA	15863.6	19023.3	21738.8	24828.9
Growth (%)	20.0%	19.9%	14.3%	14.2%
Foreign Exchange Gain/(Loss)	112.8	280.9	0.0	0.0
Interest	2784.4	2778.0	2645.5	2417.2
Depreciation	3888.5	4424.9	4972.0	5519.1
Other Income	1499.4	1304.5	1526.4	1752.9
PBT before Exceptional item	10467.1	13277.8	15789.3	18787.1
Total tax	1989.7	1968.4	2405.8	3426.6
PAT before minority interest	8103.7	11059.9	13633.0	15609.9
Minority interest	-6.7	-26.2	-26.2	-26.2
Profit from associates	-161.7	141.6	141.6	141.6
PAT	8110.3	11055.6	13659.1	15636.1
Growth (%)	42.5%	36.3%	23.5%	14.5%
EPS (Adjusted)	37.5	51.2	63.1	72.3

Source: Company, ICICI Direct Research

Exhibit 8: Balance sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Equity Capital	432	432	432	432
Reserve and Surplus	52513	62003	73808	87322
Total Shareholders funds	52945	62435	74240	87754
Minority Interest	1598	2538	2564	2590
Total Debt	46279	45810	46022	38740
Deferred Tax Liability	4170	4653	4653	4653
Long-Term Provisions	1101	1149	1172	1196
Other Non Current Liabilities	2025	2350	2397	2445
Total Liabilities	108118	118936	131049	137378
Gross Block - Fixed Assets	80422	97061	109061	121061
Accumulated Depreciation	13527	14539	19511	25030
Net Block	66896	82523	89551	96032
Capital WIP	10936	11706	11706	11706
Fixed Assets	77832	94229	101257	107738
Goodwill & Other intangible asset	6907	7094	7094	7094
Investments	4972	4659	4659	4659
Other non-Current Assets	11921	11158	11311	11311
Inventory	438	522	596	684
Debtors	3667	4432	4992	5733
Other Current Assets	4618	6272	6586	6915
Loans & Advances	931	360	367	374
Cash	7632	6606	11088	10486
Total Current Assets	17286	18192	23629	24193
Creditors	2167	2721	2951	3388
Provisions	193	237	242	246
Other Current Liabilities	8439	13439	13708	13982
Total Current Liabilities	10800	16396	16900	17617
Net Current Assets	6486	1796	6729	6576
Application of Funds	108118	118936	131049	137378

Source: Company, ICICI Direct Research

Exhibit 7: Cash Flow Statement

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit/loss after taxation	8822	11565	13659	15636
Add: Depreciation & Amortization	3888	4379	4972	5519
Add: Interest Paid	2784	2778	2645	2417
Net Increase in current assets	-24	-1343	-954	-1166
Net Increase in current Liabilities	15	972	504	717
Others	-468	-1125	0	0
CF from operating activities	15018	17226	20826	23123
(Purchase)/Sale of Fixed Assets	-7390	-7998	-12000	-12000
Long term Loans & Advances	188	72	-152	0
Investments	3305	-71	0	0
Others	62	-3339	0	0
CF from Investing activities	-3834	-11337	-12056	-11902
(inc)/Dec in Loan	-4129	-2861	212	-7283
Dividend & Divident tax	-1080	-1336	-1854	-2123
Less: Interest Paid	-2809	-2579	-2645	-2417
Others	-18	-527	0	0
CF from Financing activities	-8035	-7302	-4287	-11823
Net Cash Flow	3383	-1026	4482	-602
Cash and Cash Equivalent	4249	7632	6606	11088
Cash	7632	6606	11088	10486

Source: Company, ICICI Direct Research

Exhibit 9: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
Per share data (₹)	37.5	51.2	63.1	72.3
Adjusted EPS	37.5	51.2	63.2	72.4
Cash EPS	31.5	44.2	54.6	62.6
BV per share	245.1	289.0	341.7	406.2
Cash per Share	35.3	30.6	51.3	48.5
Dividend per share	6.0	7.0	8.6	9.8
Operating Ratios (%)				
Gross Profit Margins	73.4	74.0	74.0	73.0
Operating EBITDA margins (%)	59.4	61.2	59.8	59.5
(Adjusted) PAT Margins	30.4	35.6	37.6	37.4
Cash Conversion Cycle	6	6	6	6
Fixed asset turnover (x)	0.25	0.27	0.28	0.30
Return Ratios (%)				
RoE	15.3	17.7	18.5	17.8
RoCE	12.8	13.8	14.1	15.0
RoIC	14.0	15.2	15.7	16.5
Valuation Ratios (x)				
P/E	36.4	26.7	21.6	18.9
EV / EBITDA	21.0	17.5	15.3	13.2
EV / Net Sales	12.5	10.7	9.1	7.9
Market Cap / Sales	11.0	9.5	8.1	7.1
Price to Book Value	5.6	4.7	4.0	3.4
Solvency Ratios				
Debt / EBITDA	2.9	2.4	2.3	1.8
Debt / Equity	0.9	0.7	0.7	0.5

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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