

CMP: ₹ 1567

Target: ₹ 1950(24%)

Target Period: 12 months

February 5, 2026

BUY

Strong Q3; FY26 guidance upped

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 653 MTPA, across seven states. Its other businesses include logistics and marine.

Q3FY26 performance: Adani Ports reported strong consolidated revenue growth of 22% YoY at ₹ 9705 crore for Q3FY26 aided by strong revenue growth across verticals viz. Ports/Logistics/Marine – Up 16%/62%/90% YoY at ₹ 7768/₹ 1121/₹ 773 crore respectively. Ports revenues were driven by overall cargo volume growth of 11% YoY (+8%/+80% YoY growth in Domestic/International volumes). It lost 60 bps YoY of All-India cargo share to 26.4% and gained 40 bps container market share YoY to 45.8% respectively. Consolidated EBITDA was up 20% YoY at ₹ 5786 crore (EBITDA margins declined by 68 bps YoY to 59.6%). Notable, ports EBITDA margins improved 67 bps YoY to 66% driven by International ports. Overall, its consolidated PAT grew by 21% YoY to ₹ 3054 crore.

Investment Rationale

- FY26 revenue/EBITDA guidance upped:** The management upwardly revised its FY26 consolidated revenue guidance to ₹ 38,000 crore (earlier ₹ 36,000-38,000 crore) and EBITDA to ₹ 22,800 (earlier ₹ 21000-22000 crore) owing to higher than expected growth and NQXT consolidation. Port cargo volume guidance stays at 505-515 MMT. Marine revenue guidance increased to 2.3x (earlier 2x) of FY25 revenue (₹ 1144 crore). Trucking revenue guidance maintained at 3x-4x of FY25 revenues (₹ 428 crore). Its long term vision of achieving 1 billion tonne throughput by 2030 remain intact led by ongoing expansions.
- Scaling up without incremental leverage:** APSEZ has been maintaining financial discipline during its investment phase (Capex of ~₹ 65000-75000 crore over FY25-FY29). It is estimated to generate cash flows of ~₹ 18,000 crore in FY26 (almost 80% of FY26E EBITDA), while as of December 2025 (including NQXT acquisition), its Net Debt/ TTM EBITDA stood at 1.9x (below its policy of upto 2.5x, FY21 – 3.3x), FFO/Gross Debt at 35% (FY21 – 22%) and FFO interest coverage at 6.6x (FY21 – 5.1x). We believe its strong OCF generation over the next five years leaves ample room to further leverage its balance sheet to achieve its targeted FY30 earnings across various businesses.

Rating and Target Price

- We increase our Revenues/EBITDA/PAT estimates for FY26/FY27/FY28 factoring higher growth and NQXT consolidation.
- We retain our BUY rating with revised Target Price of ₹ 1950/- i.e. 16x EV/EBITDA on FY28E (increasing EV/EBITDA multiple).

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	2-Year CAGR (FY23-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Revenues	20,852	26,711	31,078	22%	38,391	45,667	51,917	19%
EBIDTA	12,833	15,864	19,024	22%	22,790	26,940	30,379	17%
EBIDTA Margins(%)	61.5	59.4	61.2		59.4%	59.0%	58.5%	
Adjusted PAT	5,391	8,111	11,058	43%	14,518	17,335	20,253	22%
EPS (Rs.)	24.6	37.5	48.0		62.9	75.1	87.8	
EV to EBIDTA (x)	29.8	23.7	19.8		16.6	13.9	12.2	
RoNW (%)	11.6	15.3	17.7		19.5	19.3	18.8	
RoCE (%)	11.0	12.8	13.8		14.4	15.5	16.2	

Source: Company, ICICI Direct Research



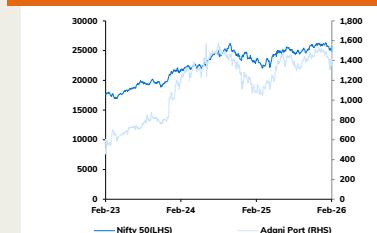
Particulars

Particular	Rs. in crore
Market Capitalisation	361053
Gross Debt (FY25)	45810
Cash (FY25)	6606
EV	400257
52 week H/L (Rs.)	1608/994
Equity capital	432
Face value (Rs.)	2.0

Shareholding pattern

%	Mar-25	Jun-25	Sep-25	Dec-25
Promoters	65.9	65.9	65.9	68.0
FII	13.4	13.5	13.6	13.1
DII	14.7	15.2	15.0	13.9
Others	6.0	5.4	5.5	5.0

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:

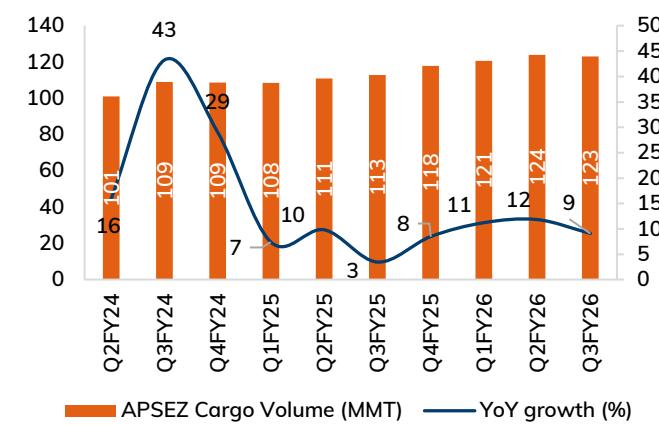
- **Guidance:** FY26 cargo volume guidance remains intact 505-515 MMT. It revised FY26 revenue guidance to ₹ 38,000 crore (earlier ₹ 36,000-38,000 crore) and EBITDA to ₹ 22,800 (earlier ₹ 21000-22000 crore). Marine revenue guidance increased to 2.3x (earlier 2x) of FY25 revenue (₹ 1144 crore). Trucking revenue guidance maintained at 3x-4x of FY25 revenues (₹ 428 crore).
- **Long-Term Vision:** Company remains confident to achieve 1000 MMT (domestic 850 MMT and International 150 MMT) by end of Cargo volume by 2030.
- **Financial & Operational Performance (Port Segment):**
 - Domestic Ports revenue increased by 15% YoY to ₹6701 crore driven by (+6% YoY growth in Domestic volumes) Domestic ports EBITDA margin stood at 72.8% (vs. 73.1% in Q3 FY25).
 - International Ports revenue increased 20% YoY to ₹1067 crore driven by Colombo operations that commenced in Q1FY26. International volumes were up 75% YoY. EBITDA margin increased to 22.1% vs. 13% in Q3FY25.
 - Handled 123.1 MMT (+9% YoY) cargo volume in Q3FY26 vs (112.5 MMT in Q3FY25).
 - All-India cargo market share declined to 26.4% from 28.1% in Q2FY26. All India Container market share remained stable at 45.8% versus 45.9% in Q2FY26.
 - Mundra Port: The company is witnessing improvement in container volumes from January (754,000 TEUs compared to ~2.2 million TEUs in Q3FY26). It has been affected by sluggish power demand domestically impacting imported coal volumes. The upcoming CT5 facility would help improvement in volumes at Mundra.
- **Marine Segment:**
 - Revenue reported strong 91% YoY growth in revenues to ₹773 crore, driven by vessel acquisitions.
 - Total vessel counts stands at 129 vs 127 in Q2FY26.
 - EBITDA grew 135% YoY to ₹ 428 crore (EBITDA margins increased to 55.3% from 44.9% in Q3FY25).
- **Logistics Segment:**
 - Revenue increased +62% YoY to ₹ 1121 crore. driven by the ramp-up of asset-light trucking and international freight network services (comprising 52% of logistics revenues versus 17% in Q3FY25).
 - Handled 170,466 TEUs of container rail volume (+4% YoY) and 5.2 MMT GPWIS volume (-6% YoY)
 - GPWIS volumes were affected by extended monsoons at East coast. Lower rail container volume growth was affected by EXIM imbalances.
- **Strategic Developments:**
 - NQXT Australia: It completed the acquisition of NQXT Australia (current capacity of 50 MTPA). It is expected to contribute less than ₹ 500 crore to the topline and ₹ 300 crore to the EBITDA (65% margin) during Q4FY26. The net debt as of December 2025 stands at ~₹ 4500 crore. The revenues and EBITDA is expected to get scaled up from current USD 350 million/ USD 250 million to USD 520 million/ USD 400 million respectively.
 - Vizhinjam phase 2: It commenced Phase 2 construction at Vizhinjam port, scheduled for completion by December 2028 at an estimated investment of ₹ 16,000 Cr. The construction will expand Vizhinjam port's capacity to 5.7m TEUs from the current 1.6m TEUs. Year-wise capex for the project for FY26/ FY27/ FY28/ FY29/ FY30 are USD 90 million/ USD 350 million/ USD 700 million/ USD 550 million/ USD 63 million.
- **Capex:** Company has five-year Capex plan of ₹65,000-75,000 crores for FY25-FY29, which includes Domestic ports capex of 45000-50000 crore, Logistics ₹15000-20000 crore and Technology and Decarbonization ₹5000 crore.

Exhibit 1: Quarterly Analysis

Particulars	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comments
Revenue from Operations	9,705	7,964	22%	9,167	5.9%	Strong revenue growth across segments
Operating Expenses	2,880	2,133	35%	2,496	15.4%	
Employee Expenses	563	503	12%	586	-3.8%	
Other Expenditure	475	526	-10%	535	-11.3%	
Total Expense	3,919	3,161	24%	3,617	8.3%	
EBITDA	5,786	4,802	20%	5,550	4.2%	
EBITDA Margin (%)	59.6%	60.3%	-68bps	60.5%	-92bps	EBITDA margins impacted due to higher revenue mix from low margin businesses
Foreign Exchange (Gain)/Loss	(82)	24	-434%	212	-138.5%	
Depreciation	1,384	1,106	25%	1,264	9.6%	
Interest	980	923	6%	1,223	-19.9%	
Other Income	234	223	5%	837	-72.0%	
Less: Exceptional Items	(146)	(28)	-	-	-	
PBT	3,611	3,020	20%	3,690	-2.2%	
Total Tax	568	501	13%	570	-0.4%	
Reported PAT	3,054	2,518	21%	3,120	-2.1%	

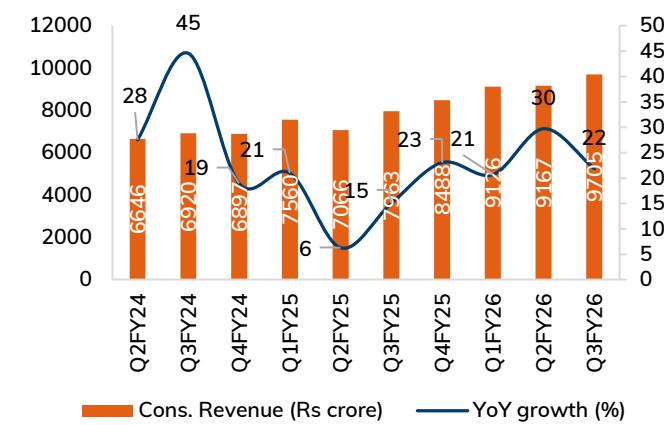
Source: Company, ICICI Direct Research

Exhibit 2: APSEZ Cargo Volume trend



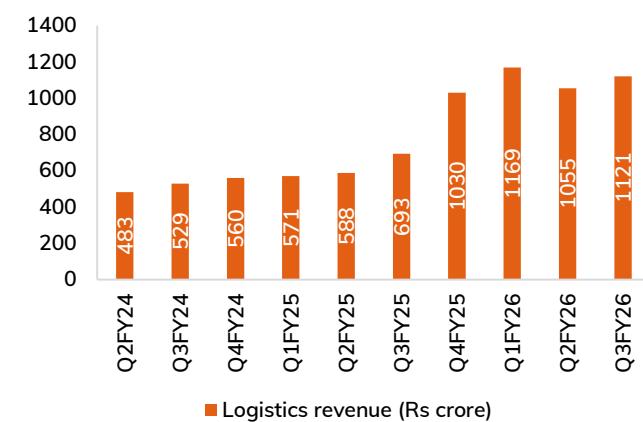
Source: Company, ICICI Direct Research

Exhibit 3: Consolidated revenues trend



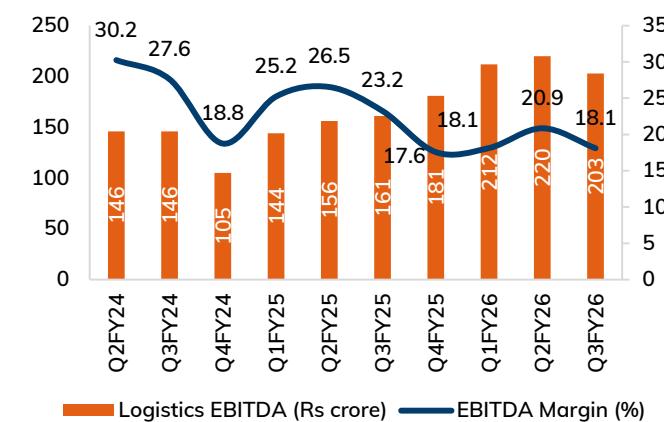
Source: Company, ICICI Direct Research

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				
(Year-end March)	FY25	FY26E	FY27E	₹ crore
Total Operating Income	31077.8	38391.2	45667.0	51917.4
<i>Growth (%)</i>	16.4%	23.5%	19.0%	13.7%
Operating Expenses	8069.8	9968.8	12330.1	14017.7
Gross Profit	23008.1	28422.5	33336.9	37899.7
Gross Profit Margins (%)	74.2%	73.0%	73.0%	73.0%
Total Operating Expenditure	12054.0	15601.0	18727.1	21538.5
EBITDA	19023.9	22790.2	26939.9	30378.9
<i>Growth (%)</i>	19.9%	19.8%	18.2%	12.8%
Foreign Exchange Gain/(Loss)	280.9	0.0	0.0	0.0
Interest	2778.0	2773.3	2622.6	2218.1
Depreciation	4424.9	4972.0	5519.1	6066.1
Other Income	1304.5	1611.5	1916.9	2179.2
PBT before Exceptional item	13278.3	16797.9	20856.6	24415.5
Total tax	1968.4	2557.1	3799.1	4439.7
PAT before minority interest	11060.5	14490.3	17307.0	20225.3
Minority interest	-28.0	-28.0	-28.0	-28.0
Profit from associates	141.6	141.6	141.6	141.6
PAT	11058.0	14518.3	17335.0	20253.3
Growth (%)	36.3%	31.3%	19.4%	16.8%
EPS (Adjusted)	48.0	62.9	75.1	87.8

Source: Company, ICICI Direct Research

Exhibit 7: Cash Flow Statement				
(Year-end March)	FY25	FY26E	FY27E	FY28E
Profit/loss after taxation	11565	14518	17335	20253
Add: Depreciation & Amortization	4379	4972	5519	6066
Add: Interest Paid	2778	2773	2623	2218
Net Increase in current assets	-1343	-1266	-1455	-1314
Net Increase in current Liabilities	972	668	869	792
Others	-1125	0	0	0
CF from operating activities	17226	21666	24891	28016
(Purchase)/Sale of Fixed Assets	-7998	-12000	-12000	-12000
Long term Loans & Advances	72	-152	0	0
Investments	-71	0	0	0
Others	-3339	0	0	0
CF from Investing activities	-11337	-12054	-11901	-11899
(inc)/Dec in Loan	-2861	2052	-6167	-9818
Divident & Divident tax	-1336	-1971	-2354	-2751
Less: Interest Paid	-2579	-2773	-2623	-2218
Others	-527	0	0	0
CF from Financing activities	-7302	-2692	-11143	-14787
Net Cash Flow	-1026	6948	1847	1330
Cash and Cash Equivalent	7632	6606	13554	15402
Cash	6606	13554	15402	16731

Source: Company, ICICI Direct Research

Exhibit 8: Balance sheet				
(Year-end March)	FY25	FY26E	FY27E	₹ crore
Equity Capital	432	461	461	461
Reserve and Surplus	62003	74551	89532	107035
Total Shareholders funds	62435	75012	89993	107496
Minority Interest	2538	2566	2594	2622
Total Debt	45810	47862	41695	31877
Deferred Tax Liability	4653	4653	4653	4653
Long-Term Provisions	1149	1172	1196	1220
Other Non Current Liabilities	2350	2397	2445	2494
Total Liabilities	118936	133663	142576	150362
Gross Block - Fixed Assets	97061	109061	121061	133061
Accumulated Depreciation	14539	19511	25030	31096
Net Block	82523	89551	96032	101966
Capital WIP	11706	11706	11706	11706
Fixed Assets	94229	101257	107738	113672
Goodwill & Other intangible asset	7094	7094	7094	7094
Investments	4659	4659	4659	4659
Other non-Current Assets	11158	11311	11311	11311
Inventory	522	629	748	850
Debtors	4432	5271	6269	7127
Other Current Assets	6272	6586	6915	7261
Loans & Advances	360	367	374	382
Cash	6606	13554	15402	16731
Total Current Assets	18192	26406	29708	32352
Creditors	2721	3115	3706	4213
Provisions	237	242	246	251
Other Current Liabilities	13439	13708	13982	14262
Total Current Liabilities	16396	17064	17934	18726
Net Current Assets	1796	9342	11775	13626
Application of Funds	118936	133663	142576	150362

Source: Company, ICICI Direct Research

Exhibit 9: Key ratios				
(Year-end March)	FY25	FY26E	FY27E	FY28E
Per share data (₹)	48.0	62.9	75.1	87.8
Adjusted EPS	48.0	63.0	75.2	87.9
Cash EPS	41.5	54.5	65.0	76.0
BV per share	271.0	323.6	390.6	466.6
Cash per Share	28.7	58.8	66.8	72.6
Dividend per share	6.5	8.6	10.2	11.9
Operating Ratios (%)				
Gross Profit Margins	74.0	74.0	73.0	73.0
Operating EBITDA margins (%)	61.2	59.4	59.0	58.5
(Adjusted) PAT Margins	35.6	37.8	38.0	39.0
Cash Conversion Cycle	6	6	6	6
Fixed asset turnover (x)	0.27	0.28	0.30	0.32
Return Ratios (%)				
RoE	17.7	19.5	19.3	18.8
RoCE	13.8	14.4	15.5	16.2
RoIC	15.2	16.3	17.5	18.1
Valuation Ratios (x)				
P/E	32.6	24.9	20.9	17.9
EV / EBITDA	19.8	16.6	13.9	12.2
EV / Net Sales	12.1	9.8	8.2	7.1
Market Cap / Sales	10.9	8.8	7.4	6.5
Price to Book Value	5.8	4.8	4.0	3.4
Solvency Ratios				
Debt / EBITDA	2.4	2.3	2.0	1.6
Debt / Equity	0.7	0.7	0.6	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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