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Ports and Logistics

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Since 1954

Adani Ports & Special Economic Zone Ltd

TP: 1880 | Upside: 24% | BUY

Transport Infrastructure

23rd Feb, 2026

Market Cap - ₹ 3,56,998 Cr.	Current Price - ₹ 1,550	High / Low - ₹ 1,584 / 1,036	Dividend Yield – 0.46 %
EPS - ₹ 56.9	Promoter holding – 68.02 %	ROE – 18.8 %	ROCE – 13.8 %

- Adani Ports and Special Economic Zone Ltd (APSEZ), part of the globally diversified Adani Group, has transformed from a traditional port operator into a comprehensive Integrated Transport Utility, offering end-to-end solutions from port gate to customer gate. It is India's largest port developer and operator, managing 7 key ports and terminals on the west coast—including Mundra, Tuna Tekra & Berth 13 in Kandla, Dahej, and Hazira in Gujarat, Mormugao in Goa, Dighi in Maharashtra, and Vizhinjam in Kerala.

- On the east coast, it operates 8 ports and terminals: Haldia in West Bengal, Dhamra and Gopalpur in Odisha, Gangavaram and Krishnapatnam in Andhra Pradesh, Kattupalli and Ennore in Tamil Nadu, and Karaikal in Puducherry. Together, these ports handle 27% of India's total port cargo volumes, efficiently serving both coastal and inland regions.

- Beyond India, APSEZ is expanding globally, developing a transshipment port in Colombo, Sri Lanka, while also operating Haifa Port in Israel and Container Terminal 2 at Dar Es Salaam Port in Tanzania.

- Through its Ports-to-Logistics platform, the company integrates port facilities with logistics capabilities, including multimodal logistics parks, Grade-A warehouses, and industrial economic zones. This positions APSEZ strongly to capitalize on shifts in global supply chains. With a clear vision, the company aims to become the world's largest ports and logistics platform within the next decade.

Stand out Performance Continue with Strong Growth Guidance

With an improvement in earnings visibility, driven by the acquisition of NQXT and expansion of integrated end-to-end offerings, APSEZ captures higher customer wallet share and builds cargo stickiness, while its diversified and scalable model underpins sustainable growth. This positions APSEZ to achieve its goal of becoming India's largest integrated transport utility by 2029, with logistics and marine emerging as key growth engines alongside its dominant ports franchise.

We reiterate our BUY rating on the stock with a TP of INR1,880

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Q3FY26 conference call: Key highlights

- **APSEZ Financial Guidance :**

- Revenue: INR ₹38,000 crore (previously ₹36,000–38,000 crore)
- EBITDA: INR ₹22,800 crore (previously ₹21,000–22,000 crore)
- EBITDA guidance includes about ₹300 crore from NQXT for one quarter.
- The company expects strong double-digit growth in revenue, EBITDA, profit (PAT), market share, and free cash flows.

- The management remains confident about achieving its FY29 five-year plan targets of ₹65,500 crore in revenue and ₹36,500 crore in EBITDA, with no changes to the long-term guidance despite near-term outperformance.

- The main risk to FY29 targets is a major global trade disruption, while local issues have little impact.

- Port - Domestic ports remain the main growth engine, with APSEZ reaching a record nine-month container market share of 45.6%, showing that containers are the key driver of growth.

- Earnings from domestic ports rose year-on-year because of higher prices, a better mix of cargo, foreign exchange gains, and take-or-pay charges, although management noted that the quarterly figures don't fully reflect typical realizations.

- Mundra port's volumes were boosted by strong container traffic, with Q3 container volumes around 22 lakh TEUs and January volumes about 7.54 lakh TEUs, showing high asset use even before CT5 started operations.

- Mundra port's growth comes from containers, liquids, fertilizers, and agricultural cargo, while ups and downs in imported thermal coal don't affect earnings because of take-or-pay agreements.

- Some ports, like Gopalpur, faced lower margins because fixed costs were high for the smaller volumes, but management said efforts to improve performance are underway.

- **Marine:**

- The Marine business emerged as a strong profitability driver, benefiting from the strategic structuring of the Astro acquisition, and delivering EBITDA margins of ~55%.

- Marine contributes significantly to international profitability, generating ROCE of ~14%, which management emphasized as a more relevant metric than EBITDA margins for heterogeneous international businesses.

- Marine EBITDA more than doubled compared to last year, helping overall margins stay strong even though consolidation slightly lowered the headline numbers

➢ **International Ports:**

- International ports grew quickly, earning around ₹1,000 crore in the quarter, implying an annual revenue of ₹4,000–5,000 crore

- Key international port volumes for the quarter included Colombo (5.4 MMT),Haifa (2.1 MMT), and Tanzania (3.1 MMT), highlighting diversified geographic contribution

- The NQXT acquisition added 50 MMT nameplate capacity, with volumes to be reported on a contracted or actual basis, whichever is higher, ensuring revenue visibility.

- NQXT currently operates at ~65% EBITDA margin, with absolute EBITDA expected to rise meaningfully by FY29 as pricing resets and volume contracts scale up, while margins remain broadly stable.

➢ **Logistics:**

- The logistics segment earned ₹1,120 crore, up 62% year-on-year, driven by its asset-heavy, asset-light, and asset-zero approach

- Rail container volumes grew sequentially at ~4%, which management attributed to ongoing network reconfiguration and emphasized that double-digit YoY growth (~11%) remains intact.

➢ **Capex:**

- APSEZ announced the ₹16,000 crore Vizhinjam Phase-2 expansion, which will increase total capacity from 16 lakh TEUs to about 57 lakh TEUs, including breakwater extension, new berths, equipment, and full ecosystem development

- Vizhinjam Phase-2 capex will be incurred from FY26 to FY29, with cash outflows extending into FY30, and volumes expected to ramp up incrementally rather than back-ended.

- Management said the five-year ₹75,000 crore investment plan (₹50,000 crore for ports) can be fully funded from internal cash flows without taking extra debt

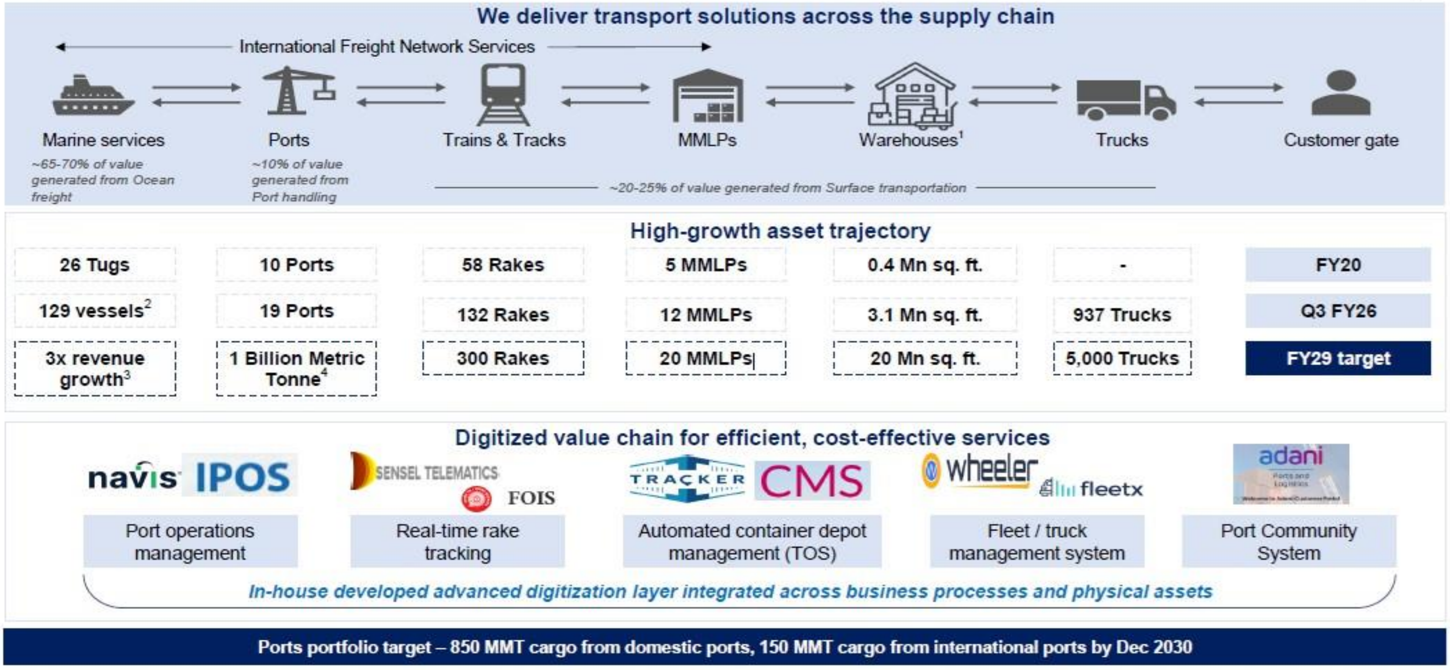
- The investment plan to handle 100 crore tons by 2030 stays the same, with most growth coming from expanding existing domestic ports and clear international capacity additions.

➢ **Others:**

- Operating cash flow remains strong, with FY26 expected at around ₹18,000 crore, easily covering both investment (capex) and debt payments.

- The company follows a conservative liquidity policy, maintaining cash equivalent to at least two quarters of capex and cash outflows, with surplus cash deployed toward prepayments and buybacks

APSEZ is an Integrated Transport Utility: We leverage Ports, Logistics and Marine assets to deliver tech-enabled solutions



MMLPs – Multi Modal Logistics Parks | MMT – Million Metric Tonne 1. Warehouse operations include both warehousing space within MMLPs and standalone warehouses; APSEZ also operates agri silos with a current capacity of 1.4 MMT (expected to increase to 10 MMT by FY29) 2. Additionally, APSEZ operates 46 captive vessels across its ports. 3. Target for FY27 (compared to FY25) 4. December 2030 target 8

Ports: We are India's largest private port operator with select global presence

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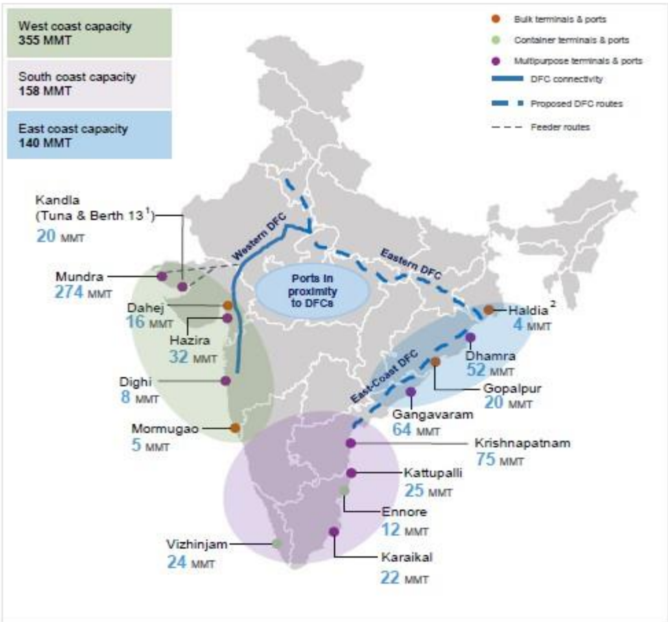
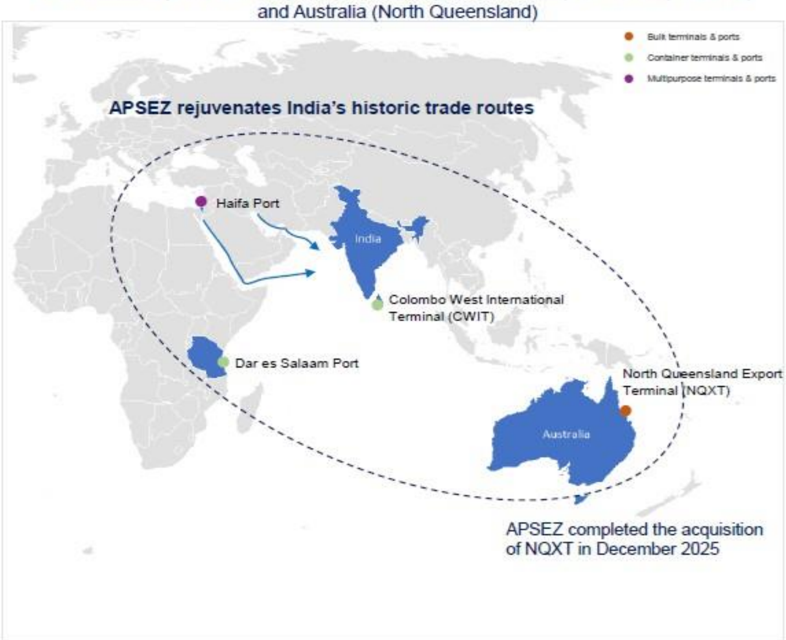
15 ports in India with a total capacity of 653 MMT



4 international ports in Israel (Haifa), Tanzania (Dar es Salaam), Sri Lanka (Colombo) and Australia (North Queensland)



Source – Bloomberg / various financial websites

Marine Business

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Marine: Targeting opportunities in the MEASA waters

Marine business timeline

- **2022** – Acquired **Ocean Sparkle Ltd**
- **2023** – Incorporated **TAHID**
- **2024** – Acquired **Astro Offshore**
- **FY 2027** – **3x revenue growth**[1]

Marine strategy

Diversified marine fleet portfolio	Focused on MEASA region	Tier-1 customers	Profitable operations, high capital efficiency

Diversified portfolio comprising of 129 marine vessels[2]


77 Tugs


20 AHTS


12 Flat-top barges


14 MPSV


6 Workboats

TAHID – The Adani Harbour International DMCC | MEASA – Middle East, Africa, South Asia | AHTS – Anchor Handling Tug Supply vessels | MPSV – Multipurpose Support Vessels

1. Compared to FY25 2. 129 vessel split - 77 vessels in OSL, 4 vessels in TAHID, 48 vessels in Astro Offshore. Additionally, APSEZ operates 46 captive vessels across its ports within India (revenue from these vessels is consolidated under domestic ports and does not form part of Marine segment)

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JCR rated APSEZ “A-” with Stable outlook, a notch above India’s sovereign rating. Moody’s revised rating outlook to ‘Stable’ from ‘Negative’, while reaffirming “Baa3” status

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Global rating agencies		Domestic rating agencies	
MOODY'S	Baa3 / **Stable**	CareEdge Ratings	AAA / Stable
S&P Global	BBB- / Positive	ICRA An Affiliate of Moody's	AAA / Stable
FitchRatings	BBB- / Stable	CRISIL An S&P Global Company	AAA / Stable
JCR Japan Credit Rating Agency, Ltd.	**A- / Stable**	India Ratings & Research	AAA / Stable

- JCR has assigned foreign currency and local currency long-term issuer credit rating of “A-/Stable” to APSEZ
- A-/Stable is higher than JCR’s rating assigned to the Republic of India’s foreign currency long-term issuer rating (BBB+)

Source – Bloomberg / various financial websites

Investment Theme

- **APSEZ Growth Outlook :**
  - Mundra & Other Ports: Mundra will continue to drive growth, especially in containers, along with LPG and LNG terminal expansions at Mundra and Dhamra, and the Vizhinjam port. This should keep volume growth in double digits for the next 3–4 years.
  - Benefit from Shipping Consolidation: As shipping lines use bigger vessels and consolidate routes, they will focus more on ports with strong origin & destination (O&D) demand rather than transshipment. APSEZ will benefit because of its large scale, pan-India presence, and strong relationships with container companies.
  - High Cargo Volume Targets: After acquiring Krishnapatnam Port, APSEZ aims to handle 505–515 million tons in FY26, with revenue of ₹36,000–38,000 crore and EBITDA of ₹21,000–22,000 crore.
- Growth Drivers:
  - Volume Targets: Handling 100 crore tons by 2030, led by domestic growth (~12% CAGR) and selective international expansion through local partners.
  - Logistics: Both container and non-container logistics will be a key growth driver, following a “waterfront to customer gate” strategy.
  - Technology: Modernization in ports and logistics, e.g., Vizhinjam is the first semi-automated container port in South East Asia. Financial Discipline: Strong balance sheet management ensures sustainable growth.

Key Risks

- Large Acquisitions: The company invests heavily in projects, so any change in funding sources or unexpected situations could pose a significant risk.
- Port Traffic Uncertainty: Cargo volumes depend on international trade, so any slowdown could affect Mundra Port.
- SEZ Regulatory Changes: Current SEZ policies and tax benefits are new and under review. If the government changes these benefits, it could reduce incentives for industries to set up in SEZs and slow land sales.
- Slow SEZ Land Sales: Sale of land in SEZs has not picked up as expected.
- Currency Fluctuation: APSEZ has dollar-denominated loans and revenues, so foreign exchange changes could impact earnings, as the company does not hedge much against currency risks.

Income Statement

Particulars	FY25A	FY26E	FY27E	FY28E
Total operating Income	31,079	38,220	46,405	53,270
Gross profit	23,009	27,375	32,848	37,210
Employee costs	2,009	2,312	2,775	2,997
Other expenses	2,256	2,179	2,610	2,870
EBITDA	18,744	22,888	27,468	31,340
Depreciation	4,379	5,474	6,570	7,501
Less: Interest expense	2,778	3,195	3,150	3,218
Add: Other income	1,305	1,710	1,410	1,410
Profit before tax	13,279	16,953	19,418	22,335
Prov for tax	1,968	2,248	3,447	3,965
Less: Other adj	(250)	(146)	-	-
Reported profit	11,092	14,534	15,948	18,340
Less: Excp.item (net)	-	-	-	-
Adjusted profit	11,043	13,331	16,202	18,632
Diluted shares o/s	230.4	230.4	230.4	230.4
Adjusted diluted EPS	47.9	57.9	70.3	80.9
DPS (INR)	5.8	10.9	13.5	15.5
Tax rate (%)	14.8	13.3	17.7	17.7

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Balance Sheet				Amount (In Crs.)
Particulars	FY25A	FY26E	FY27E	FY28E
Share capital	432	460.8	460.8	460.8
Reserves	62003.4	72441.1	85284	100055.4
Shareholders funds	62435.4	72901.9	85744.8	100516.2
Minority interest	2538	2568	2601	2637.3
Borrowings	45810	50110	48610	47110
Trade payables	2720.5	3349.8	4068.3	4669.9
Other liabs & prov	14341.7	15836.5	18085.6	20151.6
Total liabilities	133442.7	150912.6	165859.8	182498.7
Net block	81177.5	98796	104727.6	110239.6
Intangible assets	7093.6	7093.6	7093.6	7093.6
Capital WIP	11592.2	6500	7000	7000
Total fixed assets	99863.3	112389.6	118821.2	124333.2
Non current inv	6118.6	5366.7	5366.7	5366.7
Cash/cash equivalent	6606	10804.9	17275.4	28089.7
Sundry debtors	4432.4	5234.1	6356.7	7296.7
Loans & advances	901.3	308.5	321.4	334.3
Other assets	6980.7	7841.4	8751.1	9455.7
Total assets	133442.7	150912.6	165859.8	182498.7

Cash Flow				(Amt. In Crs.)
Particulars	FY25A	FY26E	FY27E	FY28E
Reported profit	13,030	14,986	19,133	22,022
Add: Depreciation	4,379	5,474	6,568	7,488
Interest (net of tax)	2,090	1,495	1,763	1,826
Others	(437)	(1,082)	383	440
Less: Changes in WC	(371)	497	245	1,605
Operating cash flow	17,226	19,121	24,648	29,417
Less: Capex	(13,398)	(18,000)	(13,000)	(13,000)
Free cash flow	3,828	1,121	11,648	16,417

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