

August 5, 2025

## Q1FY26 Result Update

■ Change in Estimates | ■ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	1,777		1,777	
Sales (Rs. m)	4,29,731	4,99,682	4,29,731	4,99,682
% Chng.	-	-	-	-
EBITDA (Rs. m)	2,50,970	2,88,492	2,50,970	2,88,492
% Chng.	-	-	-	-
EPS (Rs.)	74.3	88.7	74.3	88.7
% Chng.	-	-	-	-

### Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	3,10,786	3,74,668	4,29,731	4,99,682
EBITDA (Rs. m)	1,87,438	2,21,587	2,50,970	2,88,492
Margin (%)	60.3	59.1	58.4	57.7
PAT (Rs. m)	1,13,037	1,35,404	1,60,507	1,91,546
EPS (Rs.)	52.3	62.7	74.3	88.7
Gr. (%)	34.4	19.8	18.5	19.3
DPS (Rs.)	7.0	8.5	9.6	10.7
Yield (%)	0.5	0.6	0.7	0.8
RoE (%)	19.6	19.8	19.8	19.9
RoCE (%)	13.8	15.3	16.2	17.2
EV/Sales (x)	10.6	8.6	7.3	6.1
EV/EBITDA (x)	17.5	14.6	12.6	10.5
PE (x)	26.0	21.7	18.3	15.3
P/BV (x)	4.7	4.0	3.3	2.8

### Key Data APSE.BO | ADSEZ IN

52-W High / Low	Rs.1,563 / Rs.994
Sensex / Nifty	80,710 / 24,650
Market Cap	Rs.2,934bn/ \$ 33,412m
Shares Outstanding	2,160m
3M Avg. Daily Value	Rs.3315.19m

### Shareholding Pattern (%)

Promoter's	65.89
Foreign	13.52
Domestic Institution	15.14
Public & Others	5.45
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(4.7)	18.7	(9.1)
Relative	(1.4)	15.1	(11.3)

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## Strong logistics biz negates weak volumes

### Quick Pointers:

- ADSEZ reiterated its FY26 volume guidance 505-515mmt despite tad weaker YTD volume run-rate.
- Logistics EBITDA margin is expected to improve to ~35-40% over the next 3 years from c. ~23%.

**ADSEZ reported a strong cons operating performance in Q1FY26, driven by a healthy 11% cargo volume growth and robust growth in logistics and marine business. Domestic cargo volume growth was tad weaker at 6% due to geopolitical issues during the quarter and lower iron ore volumes at Dhamra. International volume growth was underpinned by the commencement of operations at the fully automated container terminal at Colombo Port. The logistics and marine businesses delivered exemplary performance, with revenues growing by 2x and 2.9x YoY, respectively. Over next few quarters, logistics business is expected to continue with a strong momentum as company transforms itself into an integrated transport utility company. ADSEZ has guided cumulative capex of Rs150-200bn till FY29E for logistics business and aims to achieve EBITDA of Rs35bn over the next 5 years.**

**With well spread-out network of 15 ports across India's coastlines and 4 international ports, ADSEZ is expected to benefit from India's increasing global trade. Apart from ports, it's improving marine and logistics contributions (strategic investments in ICDs, MMLPs) reinforce its long-term growth visibility. With strong EBITDA margins, consistent free cash flows, manageable leverage (Net Debt/EBITDA at 1.8x), and digitization, APSEZ is well positioned to benefit from India's GDP growth. We expect ADSEZ to deliver revenue/EBITDA/PAT CAGR of 17%/15%/20% over FY25-28E. The stock is trading at EV of 12.6x/10.5x FY27/28E EBITDA. Maintain 'Buy' with TP of Rs1,777 valuing at 18x EV of Sep'27E EBITDA.**

**Surge in logistics business drives performance:** Cons revenue increased 21% YoY to Rs91.3bn, driven by 10.3% YoY growth in ports and 131% YoY growth in logistics segment revenue. Domestic cargo volumes grew 6% YoY to 113mmt. All-India market share improved to 27.8% from 27.2% with container market share of 45.2% impacted by geopolitical issues during the quarter. international volumes grew 4x YoY to 8mmt aided by Haifa (2.9mmt), Tanzania (3.5mmt) and Colombo (1.4mmt).

**Margin expansion driven by strong segmental growth:** EBITDA increased 38% YoY to Rs58bn with margins at 63.8% (up 319bps YoY) mainly aided by improved ports margin and higher logistics contribution. Ex-forex EBITDA was up 30% YoY to Rs55bn. Segmental EBIT of ports grew 12% YoY to Rs41.5bn with margins improving 1pp YoY to 54.2%. Segmental EBIT of logistics grew 518% YoY to Rs2.5bn with EBIT margins improving 268bps YoY to 16.4%. PAT grew 6.5% YoY to Rs33bn; effective Tax rate stood at 14.6% Vs 13.2% in Q1FY25.

## Q1FY26 Conference Call Highlights:

### Ports:

- Overall domestic cargo market share increased from 27.2% to 27.8%.
- ADSEZ maintained its FY26 volume guidance and expects to remain within the guided range of 505-515mmt.
- Domestic volume was impacted due to two reasons: 1) Blackout at Mundra port due to *Operation Sindoor* which led to shipping route disruption. 2) Decline in iron ore trade at Dhamra port.
- Volume weakness was also due to early monsoon and consequent drop in overall energy demand, with thermal power generation declining 8%. Energy demand is expected to recover in Q2.
- Coal volumes at Mundra remained muted due to lower imported coal requirements from TATA Power and Adani Power plants, driven by a drop in energy demand.
- July saw delays in the arrival of two large ships, which is expected to be made up in August.
- Dhamra port's EBITDA margin saw seasonal moderation, which is expected to normalize over the full year.
- Dhamra port commenced operations at a new export berth and started construction of two additional berths, taking capacity to 92mmtpa.
- Vizhinjam port completed one year and achieved 100% utilization in its ninth month; Phase 2 construction has begun.
- Colombo West International Terminal (CWIT) has commenced operations and will handle around 3.2 million TEUs annually once fully operational.
- International volumes grew 245% YoY, driven by Tanzania handling 3.5mt, Colombo 1.4mt, and Haifa recording its highest-ever performance at 2.9mt.
- There's increasing focus on containerization, and capacity expansion is underway in this segment. ADSEZ continues to prioritize market share gains, increase in NSR, and cost reductions.

### Logistics:

- Logistics EBITDA margin is expected to improve to ~35-40% over the next 2-3 years from the current ~23%.
- Logistics business is growing across all verticals—rail, ICD, trucking, and international freight—moving towards an integrated model.
- Logistics revenue doubled, supported by strong growth in trucking and international freight & forwarding. Target ROE for Logistics segment is ~16%, which management is confident to achieve soon.
- Land acquisition is progressing for development of industrial parks.

**Exhibit 1: Q1FY26 Result Overview (Rs mn)**

Consolidated	Q1FY26	Q1FY25	YoY gr. (%)	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
<b>Revenue</b>	<b>91,261</b>	<b>69,563</b>	<b>31.2</b>	<b>84,884</b>	<b>7.5</b>	<b>3,74,668</b>	<b>3,10,786</b>	<b>20.6</b>
Consumption of RM	25,263	18,666	35.3	23,079	9.5	1,05,512	80,698	30.8
Employee Expenses	5,692	4,693	21.3	5,302	7.4	23,401	20,087	16.5
Other Expense	5,353	3,760	42.4	6,445	-16.9	24,167	19,756	22.3
Foreign Exchange Gain/(Loss)	-3,238	312	NA	931	NA	0	2,809	-100.0
Total Expense	33,071	27,430	20.6	35,756	-7.5	1,53,081	1,23,348	24.1
<b>Operating Profit (EBITDA)</b>	<b>58,191</b>	<b>42,133</b>	<b>38.1</b>	<b>49,128</b>	<b>18.4</b>	<b>2,21,587</b>	<b>1,87,438</b>	<b>18.2</b>
EBITDA Margin (%)	63.8	60.6	319 bps	57.9	589 bps	59.1	60.3	-117 bps
<b>EBITDA (ex-forex gain/loss)</b>	<b>61,428</b>	<b>41,821</b>	<b>46.9</b>	<b>48,197</b>	<b>27.5</b>	<b>2,21,587</b>	<b>1,84,629</b>	<b>20.0</b>
Depreciation	12,549	10,119	24.0	11,847	5.9	50,370	43,789	15.0
Interest	11,699	4,841	141.7	6,218	88.2	24,576	25,318	-2.9
Other Income	2,960	10,979	-73.0	2,812	5.3	16,860	13,045	29.2
Exceptional Gain/Loss	0	-1,454	NA	-244	NA	0	-2,495	-100.0
<b>PBT</b>	<b>36,903</b>	<b>36,698</b>	<b>0.6</b>	<b>33,631</b>	<b>9.7</b>	<b>1,63,502</b>	<b>1,28,881</b>	<b>26.9</b>
Total Tax	5,370	4,854	10.6	5,088	5.5	29,430	19,684	49.5
<b>PAT</b>	<b>31,533</b>	<b>31,844</b>	<b>-1.0</b>	<b>28,543</b>	<b>10.5</b>	<b>1,34,071</b>	<b>1,09,197</b>	<b>22.8</b>
Profit from Associates	1,573	-772	NA	1,688	-6.8	991	1,416	-30.0
Minority Interest	-40	-56	-28.8	89	-144.9	-342	-311	10.0
<b>Adjusted PAT</b>	<b>33,146</b>	<b>31,128</b>	<b>6.5</b>	<b>30,142</b>	<b>10.0</b>	<b>1,35,404</b>	<b>1,10,923</b>	<b>22.1</b>

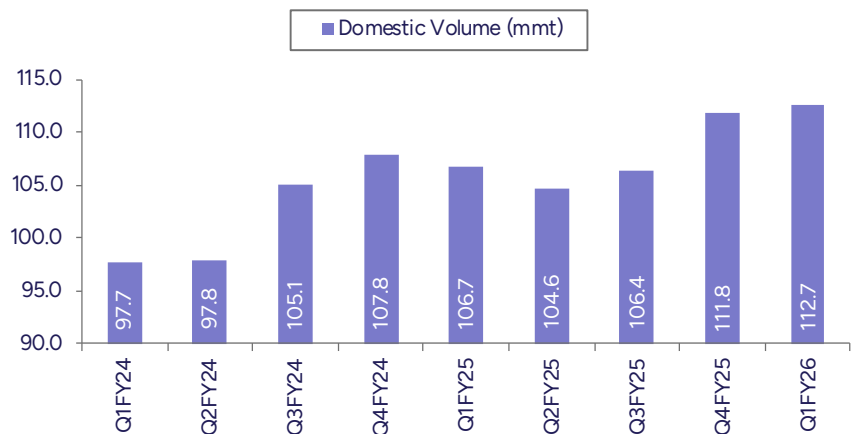
Source: Company, PL

**Exhibit 2: Key Metrics**

Key Metrics	Q1FY26	Q1FY25	YoY gr. (%)	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Container volume (MMT)	44	42	6.8	46	-3.6	193	172	12.3
Bulk volume (MMT)	57	54	4.7	56	2.1	225	215	4.8
Liquid volume (MMT)	12	11	5.1	10	13.9	47	44	7.9
Overall volume (MMT)	113	107	5.6	112	0.8	520	450	15.6

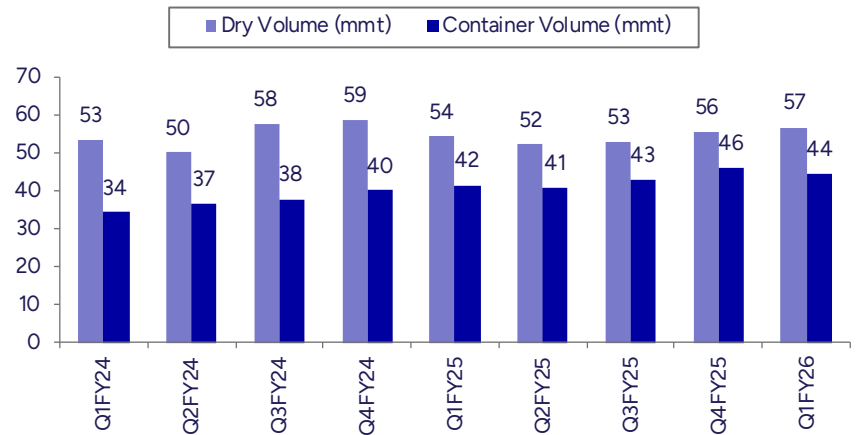
Source: Company, PL

**Exhibit 3: Domestic volume grew 6% YoY affected by geopolitical issues**



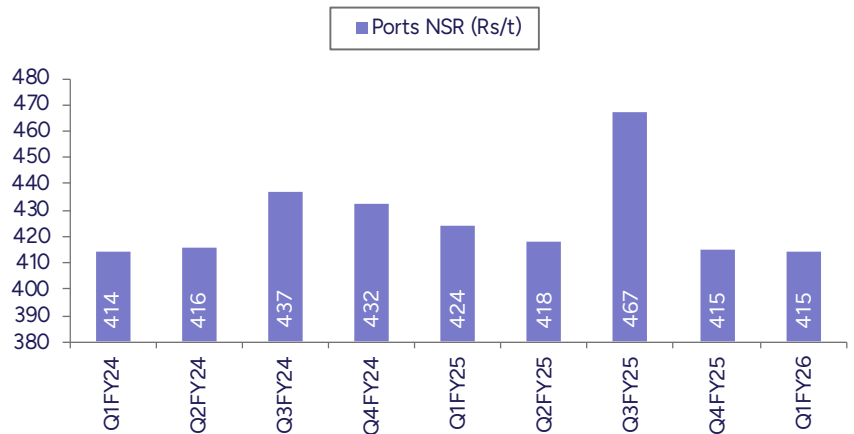
Source: Company, PL

**Exhibit 4: Dry and container volume growth trend**



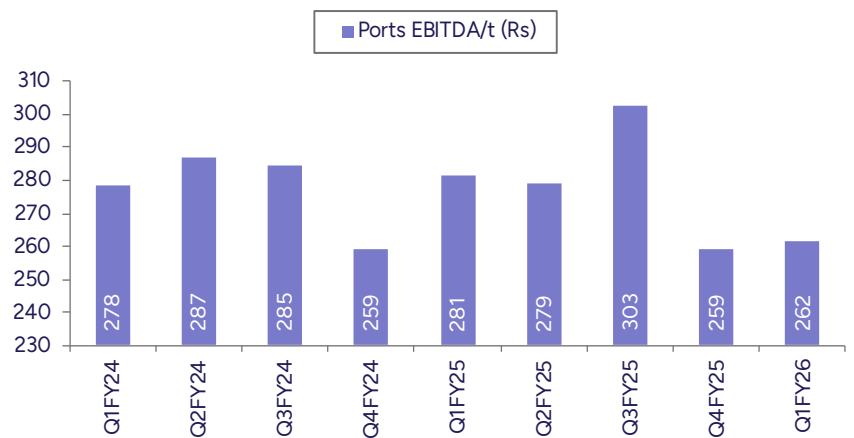
Source: Company, PL

**Exhibit 5: Ports NSR declined 2% YoY affected by Krishnapatnam & Dhamra**



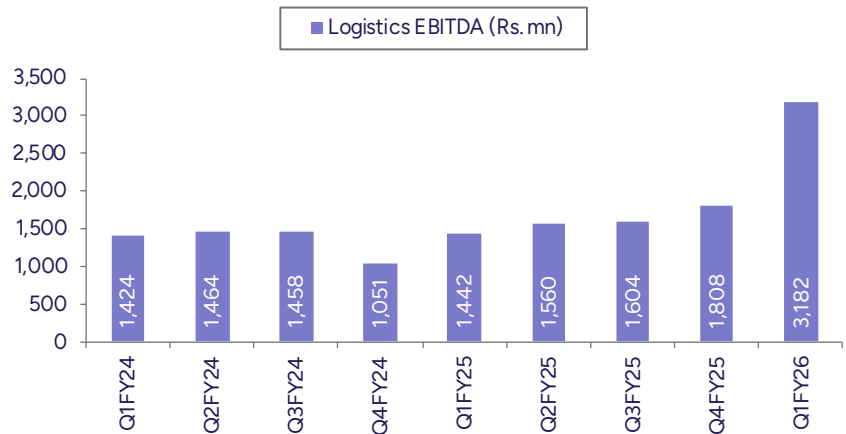
Source: Company, PL

**Exhibit 6: Ports EBITDA/t declined 7% YoY affected by KP & Dhamra**



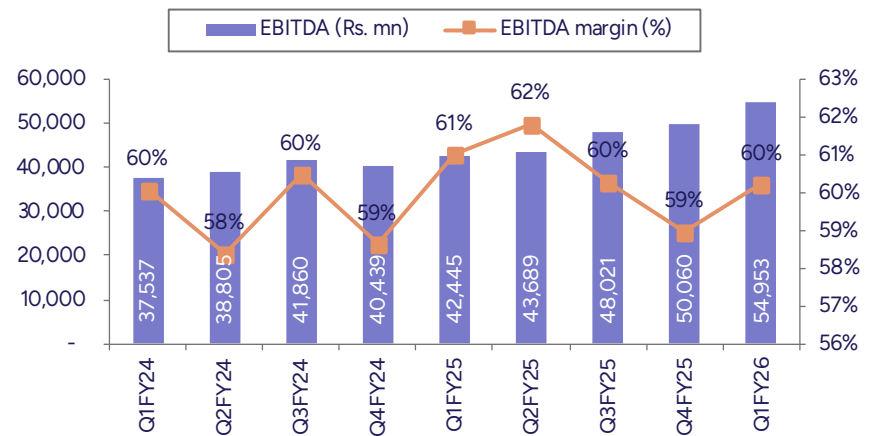
Source: Company, PL

**Exhibit 7: Logistics EBITDA grew 2x YoY on strong rail & GPWIS volumes**



Source: Company, PL

**Exhibit 8: Cons EBITDA and margin improvement aided by logistics business**



Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
<b>Net Revenues</b>	<b>3,10,786</b>	<b>3,74,668</b>	<b>4,29,731</b>	<b>4,99,682</b>
YoY gr. (%)	16.4	20.6	14.7	16.3
Cost of Goods Sold	80,698	1,05,512	1,24,027	1,47,714
Gross Profit	2,30,089	2,69,155	3,05,704	3,51,968
Margin (%)	74.0	71.8	71.1	70.4
Employee Cost	20,087	23,401	27,015	31,245
Other Expenses	22,564	24,167	27,719	32,231
<b>EBITDA</b>	<b>1,87,438</b>	<b>2,21,587</b>	<b>2,50,970</b>	<b>2,88,492</b>
YoY gr. (%)	19.0	18.2	13.3	15.0
Margin (%)	60.3	59.1	58.4	57.7
Depreciation and Amortization	43,789	50,370	55,491	60,819
<b>EBIT</b>	<b>1,43,649</b>	<b>1,71,217</b>	<b>1,95,479</b>	<b>2,27,673</b>
Margin (%)	46.2	45.7	45.5	45.6
Net Interest	25,318	24,576	22,530	20,499
Other Income	13,045	16,860	21,487	24,984
<b>Profit Before Tax</b>	<b>1,28,881</b>	<b>1,63,502</b>	<b>1,94,436</b>	<b>2,32,158</b>
Margin (%)	41.5	43.6	45.2	46.5
Total Tax	19,684	29,430	34,998	41,788
Effective tax rate (%)	15.3	18.0	18.0	18.0
<b>Profit after tax</b>	<b>1,09,197</b>	<b>1,34,071</b>	<b>1,59,437</b>	<b>1,90,370</b>
Minority interest	(311)	(342)	(376)	(413)
Share Profit from Associate	1,416	991	694	763
<b>Adjusted PAT</b>	<b>1,13,037</b>	<b>1,35,404</b>	<b>1,60,507</b>	<b>1,91,546</b>
YoY gr. (%)	34.4	19.8	18.5	19.3
Margin (%)	36.4	36.1	37.4	38.3
Extra Ord. Income / (Exp)	(2,114)	-	-	-
<b>Reported PAT</b>	<b>1,10,923</b>	<b>1,35,404</b>	<b>1,60,507</b>	<b>1,91,546</b>
YoY gr. (%)	36.8	22.1	18.5	19.3
Margin (%)	35.7	36.1	37.4	38.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,10,923	1,35,404	1,60,507	1,91,546
<b>Equity Shares O/s (m)</b>	<b>2,160</b>	<b>2,160</b>	<b>2,160</b>	<b>2,160</b>
<b>EPS (Rs)</b>	<b>52.3</b>	<b>62.7</b>	<b>74.3</b>	<b>88.7</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>10,27,763</b>	<b>11,27,763</b>	<b>12,27,763</b>	<b>13,17,763</b>
Tangibles	8,75,140	9,75,140	10,75,140	11,65,140
Intangibles	1,52,623	1,52,623	1,52,623	1,52,623
<b>Acc: Dep / Amortization</b>	<b>2,15,989</b>	<b>2,66,358</b>	<b>3,21,849</b>	<b>3,82,668</b>
Tangibles	1,89,420	2,39,790	2,95,281	3,56,099
Intangibles	26,568	26,568	26,568	26,568
<b>Net fixed assets</b>	<b>8,11,775</b>	<b>8,61,405</b>	<b>9,05,914</b>	<b>9,35,096</b>
Tangibles	6,85,720	7,35,350	7,79,859	8,09,041
Intangibles	1,26,055	1,26,055	1,26,055	1,26,055
Capital Work In Progress	1,15,922	1,35,922	1,45,922	1,45,922
Goodwill	70,936	70,936	70,936	70,936
Non-Current Investments	21,873	21,873	21,873	21,873
Net Deferred tax assets	(27,637)	(27,637)	(27,637)	(27,637)
Other Non-Current Assets	85,404	85,404	85,404	85,404
<b>Current Assets</b>				
Investments	46,595	46,595	46,595	46,595
Inventories	5,218	6,291	7,215	8,389
Trade receivables	44,324	53,434	61,287	71,263
Cash & Bank Balance	66,060	67,478	1,07,713	2,00,834
Other Current Assets	64,589	64,589	64,589	64,589
<b>Total Assets</b>	<b>13,53,322</b>	<b>14,34,554</b>	<b>15,38,075</b>	<b>16,71,529</b>
<b>Equity</b>				
Equity Share Capital	4,320	4,320	4,320	4,320
Other Equity	6,20,034	7,36,015	8,75,092	10,42,835
<b>Total Networth</b>	<b>6,24,354</b>	<b>7,40,335</b>	<b>8,79,412</b>	<b>10,47,156</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	3,58,307	3,18,307	2,78,307	2,38,307
Provisions	11,494	11,494	11,494	11,494
Other non current liabilities	77,396	77,396	77,396	77,396
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	99,794	99,794	99,794	99,794
Trade payables	27,205	32,797	37,617	43,740
Other current liabilities	82,861	82,861	82,861	82,861
<b>Total Equity &amp; Liabilities</b>	<b>13,53,322</b>	<b>14,34,554</b>	<b>15,38,075</b>	<b>16,71,529</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	1,30,296	1,63,502	1,94,436	2,32,158
Add. Depreciation	43,789	50,370	55,491	60,819
Add. Interest	27,780	24,576	22,530	20,499
Less Financial Other Income	13,045	16,860	21,487	24,984
Add. Other	(11,248)	(16,860)	(21,487)	(24,984)
Op. profit before WC changes	1,90,618	2,21,587	2,50,970	2,88,492
Net Changes-WC	(3,705)	(4,591)	(3,957)	(5,027)
Direct tax	(14,650)	(29,430)	(34,998)	(41,788)
<b>Net cash from Op. activities</b>	<b>1,72,263</b>	<b>1,87,566</b>	<b>2,12,014</b>	<b>2,41,676</b>
Capital expenditures	(79,982)	(1,20,000)	(1,10,000)	(90,000)
Interest / Dividend Income	-	-	-	-
Others	(17,891)	16,860	21,487	24,984
<b>Net Cash from Invst. activities</b>	<b>(97,873)</b>	<b>(1,03,140)</b>	<b>(88,513)</b>	<b>(65,016)</b>
Issue of share cap. / premium	3,865	-	-	-
Debt changes	(28,606)	(40,000)	(40,000)	(40,000)
Dividend paid	(13,363)	(18,432)	(20,736)	(23,040)
Interest paid	(25,785)	(24,576)	(22,530)	(20,499)
Others	7,805	-	-	-
<b>Net cash from Fin. activities</b>	<b>(56,084)</b>	<b>(83,008)</b>	<b>(83,266)</b>	<b>(83,539)</b>
<b>Net change in cash</b>	<b>18,306</b>	<b>1,418</b>	<b>40,235</b>	<b>93,121</b>
Free Cash Flow	92,281	67,566	1,02,014	1,51,676

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY25	FY26E	FY27E	FY28E
<b>Per Share(Rs)</b>				
EPS	52.3	62.7	74.3	88.7
CEPS	72.6	86.0	100.0	116.8
BVPS	289.0	342.7	407.1	484.8
FCF	42.7	31.3	47.2	70.2
DPS	7.0	8.5	9.6	10.7
<b>Return Ratio(%)</b>				
RoCE	13.8	15.3	16.2	17.2
ROIC	13.2	14.0	15.2	17.4
RoE	19.6	19.8	19.8	19.9
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.6	0.4	0.3	0.1
Net Working Capital (Days)	26	26	26	26
<b>Valuation(x)</b>				
PER	26.0	21.7	18.3	15.3
P/B	4.7	4.0	3.3	2.8
P/CEPS	18.7	15.8	13.6	11.6
EV/EBITDA	17.5	14.6	12.6	10.5
EV/Sales	10.6	8.6	7.3	6.1
Dividend Yield (%)	0.5	0.6	0.7	0.8

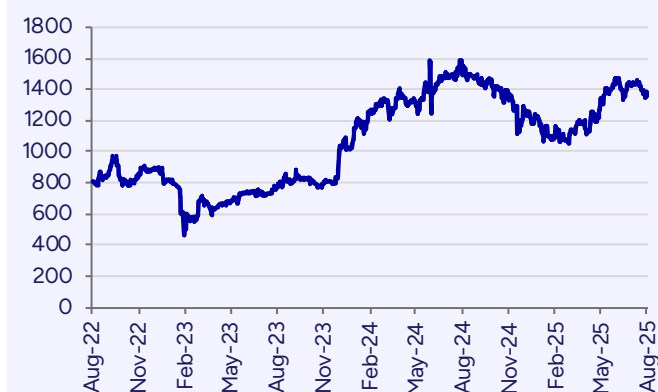
Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
<b>Net Revenue</b>	<b>70,670</b>	<b>79,636</b>	<b>84,884</b>	<b>91,261</b>
YoY gr. (%)	6.3	15.1	23.1	31.2
Raw Material Expenses	17,628	21,325	23,079	25,263
Gross Profit	53,042	58,311	61,806	65,999
Margin (%)	75.1	73.2	72.8	72.3
<b>EBITDA</b>	<b>42,367</b>	<b>47,777</b>	<b>49,128</b>	<b>58,191</b>
YoY gr. (%)	15.6	11.3	21.9	38.1
Margin (%)	60.0	60.0	57.9	63.8
Depreciation / Depletion	10,766	11,058	11,847	12,549
<b>EBIT</b>	<b>31,602</b>	<b>36,719</b>	<b>37,281</b>	<b>45,642</b>
Margin (%)	44.7	46.1	43.9	50.0
Net Interest	5,271	8,989	6,218	11,699
Other Income	3,054	2,234	2,812	2,960
<b>Profit before Tax</b>	<b>28,866</b>	<b>29,685</b>	<b>33,631</b>	<b>36,903</b>
Margin (%)	40.8	37.3	39.6	40.4
Total Tax	4,726	5,015	5,088	5,370
Effective tax rate (%)	16.4	16.9	15.1	14.6
<b>Profit after Tax</b>	<b>24,140</b>	<b>24,670</b>	<b>28,543</b>	<b>31,533</b>
Minority interest	(325)	(19)	89	(40)
Share Profit from Associates	(15)	514	1,688	1,573
<b>Adjusted PAT</b>	<b>24,883</b>	<b>25,434</b>	<b>30,349</b>	<b>33,146</b>
YoY gr. (%)	42.4	15.2	28.5	2.3
Margin (%)	35.2	31.9	35.8	36.3
Extra Ord. Income / (Exp)	(433)	(231)	(207)	-
<b>Reported PAT</b>	<b>24,450</b>	<b>25,203</b>	<b>30,142</b>	<b>33,146</b>
YoY gr. (%)	39.9	14.1	47.8	6.5
Margin (%)	34.6	31.6	35.5	36.3
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>24,450</b>	<b>25,203</b>	<b>30,142</b>	<b>33,146</b>
Avg. Shares O/s (m)	2,160	2,160	2,160	2,160
<b>EPS (Rs)</b>	<b>11.5</b>	<b>11.8</b>	<b>14.0</b>	<b>15.3</b>

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	18-Jul-25	BUY	1,777	1,453

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,543	1,890
2	Adani Port & SEZ	BUY	1,777	1,453
3	Ambuja Cement	BUY	685	593
4	Dalmia Bharat	Accumulate	2,395	2,270
5	Hindalco Industries	Accumulate	738	692
6	Jindal Stainless	Hold	678	675
7	Jindal Steel & Power	Accumulate	1,008	954
8	JSW Infrastructure	Accumulate	344	322
9	JSW Steel	Hold	1,068	1,034
10	National Aluminium Co.	BUY	218	189
11	NMDC	Accumulate	73	68
12	Nuvoco Vistas Corporation	Accumulate	422	390
13	Shree Cement	Reduce	29,516	31,170
14	Steel Authority of India	Hold	133	126
15	Tata Steel	Accumulate	177	158
16	Ultratech Cement	Accumulate	13,634	12,561

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly



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