Adani Ports and SEZ Ltd. (ADAPOR)

CMP: ₹ 1840 | Target ₹ 2210 (20%) | Target Period: 12 months | BUY

October 30, 2026

Strong H1 leads to earnings and capex upgrade...

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 FY26. It owns more than 15 Ports & Terminals, with a combined capacity of 653 MTPA, across seven states. Its other businesses include logistics and marine.

Q2FY27 performance: Adani Ports reported healthy consolidated revenue growth of 24% YoY at ₹ 11,340 crore for Q2FY27 aided by strong revenue growth in international ports (+71% YoY) and marine business (+57% YoY) verticals in Q2FY27. On a segmental basis Domestic Ports/ International Ports /Logistics /Marine – Up 13%/71%/21%/57% YoY at ₹ 7177 /₹ 1839 /₹ 1273 /₹ 1007 crore respectively. International Ports revenues were driven by cargo volume of 24 MMT vs 9.7 MMT in Q2FY26 driven by addition of NQXT, Australia and ramp up in Columbo. Marine operations growth driven by ongoing vessel additions (138 vessels vs 127 vessels in Q2FY26). All India cargo market share at 27.3% vs 28.1% in Q2FY26. Consolidated EBITDA was up 23% YoY at ₹ 6807 crore (EBITDA margins down 52 bps YoY to 60%). Notably, International ports EBITDA margins improved to 47.7% vs 24.2% in Q2FY26. Overall, its consolidated PAT grew by 17% YoY to ₹ 3682 crore PAT margins up 53 bps YoY (+46 bps QoQ) to 32%.

Investment Rationale:

- **Strong H1 leads to upward revision in revenue/EBITDA for FY27:** APSEZ has grown its consolidated revenues at ~21% YoY during H1FY27 aided by 75% YoY growth in international ports (consolidation of NQXT Australia and ramp-up at Colombo) and 61% YoY growth in Marine (11 net vessel additions). Consolidated EBITDA grew 21% YoY during H1FY27 aided by international ports (up 245% YoY, higher margin Australia and Colombo operations). Consequently, it has raised its revenue and EBITDA guidance for FY27 by ₹ 1000 crore each to ₹ 44,000-₹ 46,000 crore and ₹ 26,000-₹ 27,000 crore respectively. It reiterated its FY31 ambition of ₹ 91,500 crore revenue and ₹ 52,000 crore.
- **Accelerating capex buoyed by strong H1 growth:** APSEZ upgrade its capex guidance by ₹ 3000 crore to ₹ 15,000-₹ 17,000 crore for FY27 (H1FY27 capex - ₹ 10.521 crore). The increase in capex is towards domestic ports (mainly Mundra, Dhamra, Vizhinjam and Hazira) anticipating higher domestic growth potential. Its Ambition 2031 vision is to achieve 1 billion metric tonne (FY26 – 500 MMT) while scaling up its network across Marine (136 to 200+ vessels), Trains & Tracks (132 to 200 rakes), Multi-Modal Logistics Parks (12 to 16 MMLPs), Warehouses (3.1 msf to 12 msf) and Trucks (937 to 2000 owned trucks). APSEZ targets to grow its revenues/EBITDA/Net CFO at a CAGR of 19%/18%/18% over FY26-FY31. It would be incurring capex of ₹ 90,000-1,00,000 lakh crore over FY27-FY31 across Domestic ports (₹ 60,000-63,000 crore), International Ports (₹ 6000-7000 crore), Logistics (₹ 7000-9000 crore), Marine (₹ 11000-13000 crore) and Others (₹ 6000-8000 crore).

Rating and Target Price:

- We retain our BUY rating with a revised Target Price of ₹ 2210/- (rolling forward our 17x EV/EBITDA valuation on H1FY29E)

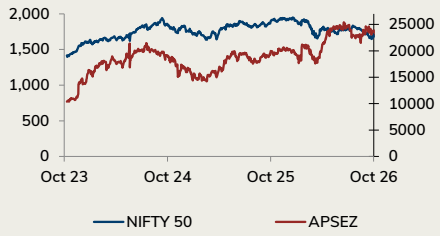
Market data

Particulars	Rs. in crore
Market Capitalisation	426463
Debt (FY26)	55103
Cash (FY26)	8484
EV	473082
52 Week H/L (Rs.)	1892/1293
Equity Capital	461
Face Value (Rs.)	₹ 2

Shareholding pattern

	Dec-25	Mar-26	Jun-26	Sep-26
Promoter	68.0	68.0	66.0	66.0
FII	13.1	13.3	15.6	16.0
DII	13.9	13.9	13.6	13.3
Others	5.0	4.9	4.8	4.8

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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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Particulars (₹ crore)	FY24	FY25	FY26	2-year CAGR (FY24-26)	FY27E	FY28E	FY29E	3-year CAGR (FY26-29)
Revenues	26,711	31,078	38,736	23%	45,083	51,521	55,725	13%
EBIDTA	15,864	19,024	22,851	21%	26,337	29,712	32,595	13%
EBIDTA Margins (%)	59.4	61.2	59.0%		58.4%	57.7%	58.5%	
Adjusted PAT	8,111	11,058	12,805	33%	15,497	18,703	21,459	19%
EPS (Rs.)	37.5	48.0	55.5		67.2	81.1	93.0	
EV to EBIDTA (x)	26.9	22.4	18.8		17.7	15.4	13.7	
RoNW (%)	15.3	17.7	13.4		14.1	14.9	14.9	
RoCE (%)	12.8	13.8	12.3		13.3	14.8	15.4	

Source: Company, ICICI Direct Research

Q2FY27 – Earnings call summary

- **Guidance**: The company has revised its Revenue and EBITDA guidance to ₹ 44000 - ₹ 46000 crore and ₹ 26000 - ₹ 27000 crore for FY27E on healthy performance in H1FY27. Company has also accelerated its capex plan and increased annual capex by ₹3000 crore in FY27 to ₹ 15000 - ₹ 17000 crore.
- **Financial & Operational Performance (Port Segment):**
  - Domestic Ports revenue for Q2FY27 increased by 13% YoY to ₹ 7177 crore led by better product mix (increase in liquid cargo) and associated port services. Domestic ports EBITDA margin stood at 72.5% for Q2FY27 (vs. 73.8% in Q2FY26). Domestic ports capacity at 671 MMT.
  - International Ports revenue for Q2FY27 increased 71% YoY to ₹ 1839 crore driven by NQXT acquisition and Colombo operations ramp up. International volumes jumped 2.4x YoY to 24 MMT. International EBITDA for Q2FY27 jumped 3.4x to ₹ 878 crore and EBITDA margins at 47.7% (Q2FY26 at 24.2%).
  - Handled 142 MMT (+14.5% YoY) cargo volume in Q2FY27 vs (124 MMT in Q2FY26).
  - All-India cargo market share at 27.3% vs 28.1% in Q2FY26. All India Container market share at 44.3% versus 45.2% in Q1FY26.
- **Marine Segment:**
  - Revenue reported strong 57% YoY growth in revenues to ₹ 1007 crore, driven by vessel acquisitions.
  - Total vessel counts stands at 138 in Q2FY27 vs 127 in Q2FY26.
  - EBITDA grew 32% YoY to ₹ 447 crore, EBITDA margins at 44.4% in Q2FY27.
- **Logistics Segment:**
  - Revenue for Q2FY27 up 21% YoY to ₹ 1273 crore, sharp recovery from Q1FY27. EBITDA grew 8% YoY to ₹ 237 crore
  - Handled 167,453 TEUs of container rail volume (vs 178927 for Q2FY26)

Exhibit 1: Valuation mix

Particulars	Q2FY27	Q2FY26	YoY (Chg %)	Q1FY27	QoQ (Chg %)	Comments
Revenue from Operations	**11,340**	**9,167**	**24%**	**10,820**	**4.8%**	Healthy revenue growth led by volumes at international ports, Marine Segment and annual price revision
Operating Expenses	3,222	2,496	29%	3,018	6.8%	
Employee Expenses	665	586	14%	682	-2.4%	
Other Expenditure	646	535	21%	581	11.3%	
Total Expense	4,534	3,617	25%	4,280	5.9%	
EBITDA	**6,807**	**5,550**	**23%**	**6,540**	**4.1%**	
EBITDA Margin (%)	60.0%	60.5%	-52bps	60.4%	-42bps	Margin decline on inflationary costs amid geopolitical tensions
Foreign Exchange (Gain)/Loss	121	212	-43%	(268)	-145.3%	
Depreciation	1,713	1,264	36%	1,711	0.1%	
Interest	1,006	1,223	-18%	1,087	-7.5%	
Other Income	269	837	-68%	853	-68.4%	
Less: Exceptional Items	(31)	-	-	-	-	
PBT	**4,466**	**3,690**	**21%**	**4,307**	**3.7%**	
Total Tax	783	570	37%	658	19.1%	
Reported PAT	**3,622**	**3,120**	**16%**	**3,649**	**-0.7%**	Bottomline growth lower due to higher depreciation, exceptional item and lower other income

Source: *Company, ICICI Direct Research*

Financial summary

Exhibit 2: Profit and loss statement ₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Total Operating Income	**38735.8**	**45083.3**	**51520.7**	**55725.5**
Growth (%)	24.6%	16.4%	14.3%	8.2%
Operating Expenses	11234.3	12172.5	13910.6	15045.9
Gross Profit	27501.4	32910.8	37610.1	40679.6
Gross Profit Margins (%)	73.0%	73.0%	73.0%	73.0%
Total Operating Expenditure	15884.4	18746.1	21808.5	23130.8
EBITDA	**22851.4**	**26337.2**	**29712.2**	**32594.7**
Growth (%)	20.1%	15.3%	12.8%	9.7%
Foreign Exchange Gain/(Loss)	9.0	0.0	0.0	0.0
Interest	3832.7	3719.9	2885.1	2014.1
Depreciation	5517.4	6105.8	6675.2	7244.6
Other Income	2117.8	1892.4	2162.6	2339.1
PBT before Exceptional item	**15055.5**	**18661.5**	**22572.0**	**25932.6**
Total tax	2066.5	3396.5	4100.3	4705.3
PAT before minority interest	12781.2	15472.8	18679.4	21435.0
Minority interest	-23.8	-23.8	-23.8	-23.8
Profit from associates	257.6	257.6	257.6	257.6
PAT	**12805.1**	**15496.6**	**18703.2**	**21458.9**
Growth (%)	15.8%	21.0%	20.7%	14.7%
EPS (Adjusted)	**55.5**	**67.2**	**81.1**	**93.0**

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Profit/loss after taxation	13334	15497	18703	21459
Add: Depreciation & Amortization	5517	6106	6675	7245
Add: Interest Paid	3833	3720	2885	2014
Net Increase in current assets	-2654	-1414	-1443	-1049
Net Increase in current Liabilities	-348	771	784	633
Others	674	0	0	0
CF from operating activities	**20356**	**24679**	**27604**	**30301**
(Purchase)/Sale of Fixed Assets	-15245	-15500	-15000	-15000
Long term Loans & Advances	-209	233	0	0
Investments	-467	0	0	0
Others	2926	0	0	0
CF from Investing activities	**-12995**	**-15147**	**-14878**	**-14876**
Inc /(Dec) in Loan	381	-8285	-9456	-9867
Dividend	-1535	-2104	-2540	-2915
Less: Interest Paid	-3139	-3720	-2885	-2014
Others	-1235	0	0	0
CF from Financing activities	**-5527**	**-14109**	**-14882**	**-14796**
Net Cash Flow	1878	-4577	-2156	629
Cash and Cash Equivalent	6606	8484	3907	1751

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Equity Capital	461	461	461	461
Reserve and Surplus	95665	109057	125220	143763
Total Shareholders funds	**96125**	**109518**	**125680**	**144224**
Minority Interest	2856	2880	2904	2928
Total Debt	**55103**	**46818**	**37362**	**27495**
Deferred Tax Liability	7564	7564	7564	7564
Long-Term Provisions	1454	1483	1513	1543
Other Non Current Liabilities	3345	3412	3480	3550
Total Liabilities	**166447**	**171674**	**178503**	**187303**
Gross Block - Fixed Assets	145340	160840	175840	190840
Accumulated Depreciation	23423	29529	36204	43449
Net Block	121917	131311	139636	147391
Capital WIP	12689	12689	12689	12689
Fixed Assets	**134606**	**144000**	**152325**	**160080**
Goodwill & Other intangible assets	9736	9736	9736	9736
Investments	5449	5449	5449	5449
Other non-Current Assets	14804	14571	14571	14571
Inventory	685	797	911	985
Debtors	6383	7428	8489	9182
Other Current Assets	5079	5333	5599	5879
Loans & Advances	90	92	94	96
Cash	8484	3907	1751	2380
Total Current Assets	**20720**	**17557**	**16845**	**18522**
Creditors	2736	3185	3639	3936
Provisions	139	141	144	147
Other Current Liabilities	15993	16313	16639	16972
Total Current Liabilities	**18868**	**19639**	**20423**	**21056**
Net Current Assets	1852	-2082	-3578	-2533
Application of Funds	**166447**	**171674**	**178503**	**187303**

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	FY26	FY27E	FY28E	FY29E
Per share data (₹)				
Adjusted EPS	55.5	67.2	81.1	93.0
Cash EPS	55.6	67.3	81.2	93.1
BV per share	48.1	58.1	70.2	80.5
Cash per Share	415.2	475.3	545.5	626.0
Dividend per share	36.8	17.0	7.6	10.3
Operating Ratios (%)	7.5	9.1	11.0	12.7
Gross Profit Margins				
Operating EBIDTA margins (%)	71.0	73.0	73.0	73.0
(Adjusted) PAT Margins	59.0	58.4	57.7	58.5
Cash Conversion Cycle	33.1	34.4	36.3	38.5
Fixed asset turnover (x)	6	6	6	6
Return Ratios (%)	0.25	0.27	0.30	0.31
RoE				
RoCE	13.4	14.1	14.9	14.9
RoIC	12.3	13.3	14.8	15.4
Valuation Ratios (x)	12.9	13.7	15.0	15.6
P/E				
EV / EBITDA	33.4	27.6	22.8	19.9
EV / Net Sales	20.5	17.7	15.4	13.7
Market Cap / Sales	12.1	10.3	8.9	8.0
Price to Book Value	11.0	9.5	8.3	7.7
Solvency Ratios	4.5	3.9	3.4	3.0
Debt / EBITDA				
Debt / Equity	2.3	1.7	1.2	0.8

Source: Company, ICICI Direct Research

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Sell: <-15%

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