

India

ADD (no change)

Consensus ratings*: Buy 17 Hold 0 Sell 0	
Current price:	Rs1,077
Target price: ▲	Rs1,500
Previous target:	Rs1,329
Up/downside:	39.3%
InCred Research / Consensus:	-8.3%
Reuters:	APSE.NS
Bloomberg:	ADSEZ IN
Market cap:	US\$26,858m
	Rs2,326,578m
Average daily turnover:	US\$55.0m
	Rs4760.5m
Current shares o/s:	2,031.8m
Free float:	6,413.0%
*Source: Bloomberg	

Key changes in this note

- Roll forward our valuation to Mar 2026F.
- Raise FY26F EBITDA estimate by 3%.
- Introduce FY27F estimates.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(11.6)	(22.9)	(9.3)
Relative (%)	(10.0)	(20.2)	(15.2)

Major shareholders	% held
Promoter and Promoter Group	6,513.0
Life Insurance Corporation of India	9.1
Camas Investments Pvt. Ltd.	1.2

Research Analyst(s)



Rajarshi MAITRA
T (91) 22 4161 1546
E rajarshi.maitra@incredresearch.com

Shivam AGARWAL
T (91) 22 4161 1500
E shivam.agarwal@incredresearch.com

Adani Ports & Special Economic Zone Ltd

Rise in EBITDA/t offsets tepid volume

- 3Q EBITDA growth driven by firm EBITDA/t and volume from new terminals.
- Domestic cargo, ex-new terminals, fell 3% yoy due to 21% yoy dip in coal cargo.
- Roll forward our valuation; retain ADD rating with a higher TP of Rs1,500.

EBITDA growth driven by firm EBITDA/t & volume from new terminals

Adani Ports & Special Economic Zone or APSEZ's 3QFY25 EBITDA (Rs48bn) grew by 15% yoy, but India ports EBITDA rose by just 10% yoy (driven by a 10% rise in EBITDA/t to Rs409). The rise in India EBITDA/t was driven by Mundra (EBITDA/t of Rs361; up 23% yoy) while India EBITDA/t ex-Mundra rose by just 3% yoy to Rs485. Volume from the new terminals of Gopalpur and Vizhinjam boosted the numbers. Ex-new terminals, APSEZ's India ports cargo fell 3% yoy. The international segment's EBITDA was boosted by the addition of a terminal in Tanzania.

APSEZ raises FY25F EBITDA guidance by 5%

APSEZ maintained its volume guidance of 460-480mt for FY25 vs. 332mt in 9MFY25. Despite the fact, that in 2H, APSEZ is likely to benefit from 4-5mt volume of Gopalpur (acquisition done in 2Q), 6mt from Tanzania and 6mt from Vizhinjam, we believe the guidance is a tad optimistic. APSEZ raised its FY25F EBITDA guidance to Rs188-189bn (vs. Rs180bn mentioned in 2QFY25 con-call) and Rs134bn achieved in 9MFY25.

Growth of APSEZ's India cargo vs. major ports

APSEZ's domestic volume ex-new terminals declined by 3% yoy, similar to the 1% yoy decline at major ports (MPs). Coal cargo declined by 21% yoy, vs. 15% yoy decline for MPs. Container cargo rose by 7% yoy, same as that of MPs. Cargo at Mundra (48.8mt) rose by 2% yoy, with container cargo rising by 10% yoy (similar to the 8% yoy rise at JNPT) and coal cargo declining 31% yoy. Cargo rose 1% yoy at Dhamra (11.4mt) and 6% yoy at Dahej & Hazira (9.6mt). Cargo declined at Krishnapatnam (12.6mt; down 11% yoy), Gangavaram (7.3mt; down 22% yoy) and Karaikal (3.2mt; down 13% yoy). International cargo (6mt; up 118% yoy) was boosted by the inclusion of Tanzania terminal from 2QFY25.

Roll forward our valuation; Retain ADD with a new TP of Rs1,500

We raise our FY26F EBITDA estimate by 3% and introduce our FY27F estimates. We roll forward our valuation to Mar 2026F (from Mar 2025F earlier) and retain our ADD rating on the stock with a higher target price of Rs1,500 (Rs1,329 earlier). We factor in an EBITDA CAGR of 17% (FY25F-27F). APSEZ is trading at 12x FY26F EV/EBITDA, at a 15% discount to the seven-year average (14.2x). NED/EBITDA was just 2.4x in FY24. Listed Adani group finances were healthy in FY24. Ex-Ambuja Cements or ACL, for the listed group, net external debt (NED)/EBITDA was 3.4x in FY24, much lower (better) than in FY20/23 (5x each). Prolonged economic slowdown is a downside risk.

Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	208,519	267,106	297,091	363,530	413,344
Operating EBITDA (Rsm)	128,335	158,639	177,499	214,623	243,709
Net Profit (Rsm)	53,103	80,292	102,166	131,324	158,699
Core EPS (Rs)	38.1	39.7	45.9	60.8	73.5
Core EPS Growth	43.8%	4.1%	15.8%	32.3%	20.8%
FD Core P/E (x)	28.26	27.14	23.44	17.72	14.66
DPS (Rs)	5.0	6.0	5.6	7.6	9.9
Dividend Yield	0.57%	0.68%	0.63%	0.86%	1.12%
EV/EBITDA (x)	21.58	17.20	14.80	11.62	9.62
P/FCFE (x)	(22.71)	91.21	29.91	22.44	18.44
Net Gearing	97.1%	70.9%	47.0%	21.6%	0.9%
P/BV (x)	5.10	4.39	3.77	3.20	2.70
ROE	19.4%	17.4%	17.3%	19.5%	20.0%
% Change In Core EPS Estimates			(5.29%)	1.29%	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Rise in EBITDA/t offsets tepid volume

Figure 1: EBITDA (Rs48bn) grew 15% yoy, but India ports EBITDA rose by just 10% yoy (driven by a 10% rise in EBITDA/t to Rs409); the rise in India EBITDA/t was driven by Mundra (EBITDA/t of Rs361; up 23% yoy) while India EBITDA/t ex-Mundra rose by just 3% yoy to Rs485; volume from new terminals of Gopalpur and Vizhinjam boosted the numbers; ex-new terminals, APSEZ India ports cargo declined by 3% yoy; the international segment's EBITDA was boosted by the addition of a terminal in Tanzania

(Rs bn)	3QFY25	3QFY24	% yoy growth	2QFY25	% qoq growth
Volume - India (mt)	106.5	105.9	1	104.6	2
Volume - India ex-new terminals (mt)	102.8	105.9	-3	104.6	-2
EBITDA/ t - India ports (Rs)	409	373	10	391	5
EBITDA - India ports	43.6	39.4	10	40.9	7
EBITDA - SEZ	0.9	0.3	248	0.2	412
EBITDA - Logistics	1.6	1.5	10	1.6	3
EBITDA - International	2.0	0.8	148	0.9	
EBITDA - Others	0.0	-0.1	-107	0.2	-97
EBITDA - Total	48.0	41.9	15	43.7	10

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Standalone financials - Mundra's port EBITDA rose by 28% yoy to Rs15.6bn and EBITDA/t (Rs361) rose by 23% yoy

(Rs m)	Quarter ended				
	3QFY25	3QFY24	% Chg	2QFY25	% Chg
Net Sales	21,821	18,867	16	18,026	21
EBITDA	16,438	12,443	32	12,665	30
Other income	5,211	5,875	(11)	5,403	(4)
Depreciation	1,634	1,675	(2)	1,631	0
Interest	8,067	6,982	16	7,886	2
Tax	1,906	3,383	(44)	3,002	(37)
Other provisions	(19)	7	(41)	(41)	
Adjusted PAT	10,024	6,285	59	5,508	82
Extraordinary income	(5,954)	(1,023)	-	173	-
Reported PAT	4,070	5,262	(23)	5,681	(28)
EBITDA margin (%)	75.3	65.9	-	70.3	-
Port Revenue	20,281	18,617	9	17,856	14
EBITDA ex-SEZ	15,568	12,193	28	12,495	25

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Consolidated financials

(Rs m)	Quarter ended				
	3QFY25	3QFY24	% Chg	2QFY25	% Chg
Net Sales	79,636	69,201	15	70,670	13
EBITDA	48,021	41,860	15	43,689	10
Other income	2,234	5,069	(56)	3,054	(27)
Depreciation	11,058	9,853	12	10,766	3
Interest	7,587	6,864	11	6,886	10
Tax	5,015	5,875	(15)	4,726	6
Minority Interest	(19)	(2)		(325)	
Adjusted PAT	26,614	24,338	9	24,689	8
Extraordinary income	(1,411)	(2,253)	-	(239)	-
Reported PAT	25,203	22,084	14	24,450	3
EBITDA margin (%)	60.3	60.5	-	61.8	-

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Port-wise volume – cargo at Mundra (48.8mt) rose by 2% yoy, with container cargo rising by 10% yoy (similar to the 8% yoy rise at JNPT) and coal declining 31% yoy; cargo rose by 1% yoy at Dhamra (11.4mt) and 6% yoy at Dahej & Hazira (9.6mt); cargo declined at Krishnapatnam (12.6mt; down 11% yoy), Gangavaram (7.3mt; down 22% yoy) and Karaikal (3.2mt; down 13% yoy); international cargo (6mt; up 118% yoy) was boosted by the inclusion of Tanzania terminal from 2QFY25

(mt)	3QFY25	3QFY24	% chg	2QFY25	% chg
Mundra	48.8	47.8	2	50.0	(2)
Dahej	2.5	2.8	(10)	2.5	2
Hazira	7.1	6.2	14	6.9	3
Dhamra	11.4	11.3	1	11.5	(1)
Krishnapatnam	12.6	14.2	(11)	14.1	(10)
Gangavaram	7.3	9.4	(22)	6.8	7
International	6.0	2.8	118	5.4	11
Karaikal	3.2	3.7	(13)	2.8	15
Gopalpur	1.3	0.0	na	0.0	na
Vizhinjam	2.4	0.0	na	0.0	na
Others	9.9	10.4	(5)	10.1	(2)
Total	112.5	108.6	4	110.0	2
Total ex-International	106.5	105.9	1	104.6	2
Total ex-international and new terminals	102.8	105.9	(3)	104.6	(2)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Commodity-wise volumes - APSEZ's domestic volume ex-new terminals declined 3% yoy, similar to the 1% yoy decline at major ports (MPs); coal cargo declined by 21% yoy vs. a 15% yoy decline for MPs; container cargo rose by 7% yoy, same as that of MPs

(mt)	3QFY25	3QFY24	% Chg	2QFY25	% Chg
Total	112.5	108.6	4	110.0	2
Container	48.7	40.5	20	46.1	6
Coal	33.5	42.1	(20)	38.4	(13)
Crude	10.50	9.70	8	11.76	(11)
Other dry bulk	19.80	16.34	21	13.70	45
Total ex-International	106.5	105.9	1	104.6	2
Container	43.0	37.9	13	40.7	6
Coal	33.5	42.1	(20)	38.4	(13)
Crude	10.5	9.7	8	11.8	(11)
Other dry bulk	19.5	16.2	21	13.7	42
Total ex-International & new terminals	102.8	105.9	(3)	104.6	(2)
Container	40.6	37.9	7	40.7	(0)
Coal	33.4	42.1	(21)	38.4	(13)
Crude	10.5	9.7	8	11.8	(11)
Other dry bulk	18.3	16.2	13	13.7	34

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Over the last seven years, APSEZ's median one-year forward EV/EBITDA was 14.2x; it is currently trading at 12x FY26F EV/ EBITDA (15% discount to the median)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Our revised earnings estimates

(Rs m)	FY25F		FY26F		FY27F
	Old	New	Old	New	
Sales	3,04,693	2,97,091	3,46,265	3,63,530	4,13,344
% change		(2)		5	
EBITDA	1,83,264	1,77,499	2,08,162	2,14,623	2,43,709
% change		(3)		3	
PAT	1,04,795	99,248	1,29,656	1,31,324	1,58,699
% change		(5)		1	

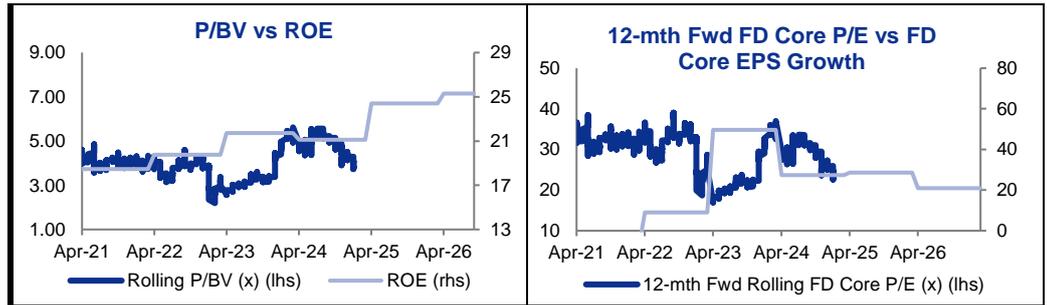
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Sum-of-the-parts or SOTP-based valuation

	(Rs/ share)	(Rs bn)	Basis
EV APSEZ's stake			
Mundra Port	458	968	DCF @ WACC of 10.3% implying EV/E of 11.9x FY27F
SEZ	14	30	DCF @ WACC of 10.3%
Dahej	25	53	@ 14x EV/E FY27F
Hazira	114	242	@ 14x EV/E FY27F
Dhamra	124	262	@ 14x EV/E FY27F
Katupalli	20	43	@ 13x EV/EBITDA FY27F; implied 1.6x acquisition EV
Adani Logistics	91	192	@ 20x EV/EBITDA FY27F; implied 2.9x EV/Assets FY23
Marine Business	240	506	@ 14x EV/E FY26F
Krishnapatnam	166	351	@ EV/E of 14x FY26F; implied 2.6x acquisition EV
Vizhinjam	20	41	@ Capex
Gangavaram	73	155	@ 14x EV/EBITDA FY27F; implied 2.5x acquisition EV
Sarguja	28	60	@ acquisition price; implying EV/E of 10.1x FY26F
Karaikal	36	77	@ 14x EV/EBITDA FY27F
Other assets	140	295	@ 1x Capex
NPV of NWC change	5	10	
Total EV	1,555	3,285	
Less: Net debt less other investments	(55)	(116)	
Target Price	1,500	3,169	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	208,519	267,106	297,091	363,530	413,344
Gross Profit	151,974	195,942	215,253	269,417	305,113
Operating EBITDA	128,335	158,639	177,499	214,623	243,709
Depreciation And Amortisation	(34,232)	(38,885)	(41,727)	(43,077)	(44,427)
Operating EBIT	94,103	119,755	135,772	171,546	199,282
Financial Income/(Expense)	(10,401)	(12,850)	(14,819)	(7,474)	1,518
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	83,701	106,905	120,953	164,071	200,800
Exceptional Items	(28,809)	(6,782)	3,558		
Pre-tax Profit	54,892	100,122	124,511	164,071	200,800
Taxation	(964)	(19,897)	(22,412)	(32,814)	(42,168)
Exceptional Income - post-tax					
Profit After Tax	53,928	80,225	102,099	131,257	158,632
Minority Interests	(826)	67	67	67	67
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	53,103	80,292	102,166	131,324	158,699
Recurring Net Profit	81,406	85,726	99,248	131,324	158,699
Fully Diluted Recurring Net Profit	81,406	85,726	99,248	131,324	158,699

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	128,335	158,639	177,499	214,623	243,709
Cash Flow from Invt. & Assoc.					
Change In Working Capital	25,421	11,393	2,958	9,367	3,090
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(28,809)	(6,782)	3,558		
Other Operating Cashflow					
Net Interest (Paid)/Received	(10,401)	(12,850)	(14,819)	(7,474)	1,518
Tax Paid	(12,661)	(18,887)	(11,405)	(32,814)	(42,168)
Cashflow From Operations	101,884	131,513	157,792	183,701	206,150
Capex	(230,622)	(103,581)	(30,000)	(30,000)	(30,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(16,254)	32,979			
Cash Flow From Investing	(246,876)	(70,603)	(30,000)	(30,000)	(30,000)
Debt Raised/(repaid)	43,663	(35,401)	(50,000)	(50,000)	(50,000)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(12,885)	(13,177)	(30,516)	(20,070)	(26,082)
Preferred Dividends					
Other Financing Cashflow	51,781	21,499	(4,138)	682	847
Cash Flow From Financing	82,559	(27,079)	(84,654)	(69,388)	(75,235)
Total Cash Generated	(62,433)	33,831	43,138	84,314	100,915
Free Cashflow To Equity	(101,329)	25,509	77,792	103,701	126,150
Free Cashflow To Firm	(119,055)	88,754	156,248	178,908	198,106

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	42,488	76,319	119,457	203,771	304,685
Total Debtors	32,417	36,669	47,535	58,165	66,135
Inventories	4,520	4,375	5,942	7,271	8,267
Total Other Current Assets	125,835	113,856	130,116	145,331	160,672
Total Current Assets	205,259	231,220	303,049	414,537	539,759
Fixed Assets	761,080	826,341	814,614	801,537	787,110
Total Investments	75,865	42,887	42,887	42,887	42,887
Intangible Assets	69,634	69,069	69,069	69,069	69,069
Total Other Non-Current Assets					
Total Non-current Assets	906,579	938,297	926,570	913,493	899,065
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	93,612	93,154	163,400	199,942	227,339
Other Current Liabilities	9,422	11,777			
Total Current Liabilities	103,034	104,931	163,400	199,942	227,339
Total Long-term Debt	498,193	462,792	412,792	362,792	312,792
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	6,331	7,032	6,532	6,032	5,532
Total Non-current Liabilities	504,524	469,824	419,324	368,824	318,324
Total Provisions	35,059	49,332	22,512	22,512	22,512
Total Liabilities	642,617	624,087	605,236	591,278	568,175
Shareholders Equity	455,836	529,448	616,910	728,164	860,781
Minority Interests	13,385	15,982	7,473	8,589	9,869
Total Equity	469,221	545,430	624,383	736,752	870,650

Key Ratios

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	37.7%	28.1%	11.2%	22.4%	13.7%
Operating EBITDA Growth	34.2%	23.6%	11.9%	20.9%	13.6%
Operating EBITDA Margin	61.5%	59.4%	59.7%	59.0%	59.0%
Net Cash Per Share (Rs)	(210.96)	(178.91)	(135.79)	(73.62)	(3.75)
BVPS (Rs)	211.02	245.10	285.59	337.09	398.48
Gross Interest Cover	3.63	4.30	4.77	6.81	9.08
Effective Tax Rate	1.8%	19.9%	18.0%	20.0%	21.0%
Net Dividend Payout Ratio	12.7%	11.8%	9.7%	9.8%	10.4%
Accounts Receivables Days	49.99	47.20	51.73	53.06	54.88
Inventory Days	26.89	22.81	23.01	25.62	26.20
Accounts Payables Days	483.58	478.96	572.12	704.57	720.49
ROIC (%)	13.3%	13.4%	14.4%	19.0%	22.6%
ROCE (%)	12.0%	13.4%	14.3%	17.4%	19.1%
Return On Average Assets	9.2%	10.5%	11.3%	13.4%	14.4%

Key Drivers

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Mundra Port volume growth (% chg)	3.3	16.1	10.8	9.3	6.4
Adani Ports volume growth (% chg)	19.2	24.8	6.8	14.4	7.1

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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