

Adani Ports & Special Economic Zone Ltd — Feb 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Operational Beat & Guidance Upgrade **One-line:** APSEZ is accelerating its transformation into a global "Integrated Transport Utility," using record international performance and asset-light logistics growth to more than offset transient coal headwinds at Mundra.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Strong Beat	9M EBITDA (₹16,832 Cr) triggered a full-year guidance raise of ₹800 Cr to ₹22,800 Cr.	□
Earnings Quality	High (Core driven)	FFO remains robust; 9M PAT growth of 18% achieved despite a ₹146 Cr one-time labor code provision.	□
Guidance Confidence	Strong	Management raised FY26 Revenue and EBITDA floors; 1 Billion tonne 2030 target reaffirmed.	□
Management Credibility	Strong	Successfully completed NQXT acquisition; navigated Red Sea disruptions to maintain 27.4% market share.	□
Business Quality Signal	Improving	Pivot to asset-light logistics and international transshipment is structurally improving ROCE (Ports at 24%).	□
Key Q&A Exchange	Q3 + Guidance Bridge	Management increased EBITDA guidance by ₹800 Cr, citing ₹500 Cr from organic growth and ₹300 Cr from NQXT Q4.	□
The Street's Primary Anxiety	Mundra Volume	Anxiety over Mundra's -3% 9M volume; Mgmt cited 90%+ utilization and focus on high-margin containers.	□
Capital Cycle Stage	Re-investing	Large capex (₹11k-12k Cr) fully funded by FFO; Net Debt/EBITDA remains low at 1.8x.	□
Margin Trajectory	Stable to Improving	Port margins stable at 73.7%; Logistics margins (18-19%) reflect mix shift toward asset-light services.	→
Pricing Power	Expanding	Domestic port revenue grew 15% YoY vs 6% volume growth, driven by mix and index-linked escalations.	□
FCF Conversion & Quality	Strong	FFO exceeds annual loan repayments; cash balance of ₹11,807 Cr provides massive liquidity buffer.	□
Competitive Moat Signals	Widening	Only Indian player with a 129-vessel fleet and integrated "shore-to-door" rail/trucking infrastructure.	□
Balance Sheet Strength	Strong	Credit rating upgrade to "A-" (JCR) and outlook revisions to "Positive" (S&P) and "Stable" (Moody's).	□
Working Capital Efficiency	Stable	Inventory/DSO remains lean; "Zero Waste to Landfill" certification for 12 ports highlights operational hygiene.	□
Mgmt Guidance Track Record	Reliable	Consistent outperformance in container market share (now 45.6% vs 45.2% YoY).	□
Key Vulnerability	Geopolitical Trade	Global trade turmoil remains the only cited constraint to hitting the FY29/2030 long-term targets.	□
Management Tone	Confident / Strategic	Highly focused on the FY29 roadmap (₹36,500 Cr EBITDA target).	□

Key Takeaways (Positives & Negatives): * **Positives:** The core thesis is being validated—APSEZ is no longer just a "Mundra story." International revenue is now scaling toward a ₹4,000–5,000 Cr annual run-rate, and the Logistics business grew 62% YoY. The acquisition of NQXT Australia (50 MTPA) adds a high-margin, cash-cow asset that immediately deleverages the group on a proforma basis. ROCE for domestic ports is exceptional at 24%, proving the efficiency of legacy asset sweating. * **Negatives:** Mundra volumes contracted 3% in 9M FY26, primarily due to the imported thermal coal drag. While containers grew, the base was impacted by earlier supply chain disruptions (Operation Sindoor). Consolidated EBITDA margins compressed slightly (60% vs 62% YoY) as lower-margin Logistics and Marine segments outpaced high-margin port growth. * **Street Concern:** Analysts remain hyper-focused on Mundra's volume stagnation. Management countered this by highlighting that Mundra is hitting a 90% utilization floor and that future growth will come from the CT5 expansion and high-value liquid cargo, not just bulk coal. * **Forward Watchpoint:** The transition of the CFO role from D. Muthukumaran to D. Krishna (effective March 1st) and the performance of NQXT in its first fully consolidated quarter (Q4 FY26).

2. BUSINESS PERFORMANCE

2A. KEY METRICS *PPT not available for specific quarterly cash flow — FFO derived from management guidance.*

Metric	Current Qtr (Q3 FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Cargo (MMT)	123.1	+9.4%	-0.4%	↑	Growth driven by Colombo (International) and South/East coast ports.
Revenue (₹Cr)	9,705	+21.9%	+5.9%	↑	Driven by Marine additions and Logistics scaling.
EBITDA (₹Cr)	5,786	+20.5%	+4.3%	↑	Record quarterly performance; reflects Astro integration.
EBITDA Margin %	59.6%	↓ 60bps	↓ 90bps	→	Mix shift toward Logistics/Marine (lower margin/higher ROCE).
PAT (₹Cr)	3,043	+20.9%	-2.5%	↑	Net of ₹146 Cr labor code provision.
Domestic Cargo (MMT)	112.6	+5.7%	-10.0%	↑	Mundra down 2% in Q3; Non-Mundra ports up 12% YoY.
Container Vol (MTEU)	3.85	+20.4%	+2.9%	↑	International container volume spiked 88% YoY.
Rail Container (TEU)	170,466	+3.6%	-4.7%	→	Shift toward "integrated port-to-factory" service.
Net Debt / EBITDA	1.8x	↓ (from 1.9)	→	↑	Proforma including TTM NQXT EBITDA; massive buffer.
ROCE (%) (Consol)	16% (H1)	↑ 100bps	-	↑	On track for 20%+ port ROCE target.
FFO (TTM ₹Cr)	18,499	Not in doc	-	↑	Covers annual loan repayments; no refinance risk.
Interest Coverage	6.6x	↑ (from 6.2)	↑	↑	Reflects improved credit profile and bond buybacks.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Co Avg	Key Development
Domestic Ports	6,701	+15%	72.8%	↑	Above	Mundra VLCC handling reduces turnaround for HPCL.
International Ports	1,067	+104%	22.1%	↑	Below	Colombo Phase 1 ramp-up; NQXT integration starting.
Logistics	1,121	+62%	18.1%	↑	Below	Trucking/IFN now 52% of revenue vs 17% last year.
Marine	851	+91%	44.9%	↑	Below	Fleet now 129 vessels; Command Center operational.
Port Dev & SEZ	223	+135%	100%	↑	Above	Land monetization is episodic but high margin.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	₹38,000 Cr (Raised)	Needs ₹10,002 Cr in Q4. Current run-rate ₹9.3k Cr. Feasible with NQXT.	Reliable	Low
Guidance	EBITDA	₹22,800 Cr (Raised)	Needs ₹5,968 Cr in Q4. H1/Q3 avg ₹5.6k Cr. High probability with NQXT.	Reliable	Low
Guidance	Volume	505 - 515 MMT	Needs 138-148 MMT in Q4. 9M was 367 MMT. Requires sharp growth.	Reliable	Medium
Guidance	Capex Plan	₹11,000 - 12,000 Cr	9M on track. Massive ₹16k Cr Vizhinjam Ph2 announced.	On Track	Low
Strategy	2030 Target	1 Billion Tonnes	150 MMT Int'l, 850 MMT Domestic. Relies on transshipment growth.	Ramping	Medium
Strategy	Logistics Rev	₹14,000 Cr by FY29	9M revenue ₹3,345 Cr. Needs 40%+ CAGR. Feasible given current 81% growth.	Ramping	Medium
Balance	Debt Target	Net Debt/EBITDA < 2.5x	Current 1.8x. No additional borrowing needed for current capex.	Consistent	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
1	4.0	Ketan Jain / Avendus	Realization	Financials	Why is domestic realization up 9% year-on-year this quarter?	Management attributed the spike to routine price hikes, mix change toward higher-value cargo, and "take-or-pay" charges where revenue was collected despite lower volume. Forward implication: Margin of safety remains high as revenue is protected by minimum volume commitments even in bulk slowdowns.	None	4.0	Clear and quantified
2	4.5	Ketan Jain / Avendus	Mundra Volume	Business Overview	What is the outlook for Mundra given the 9-month volume decline of 2%?	Management clarified that Mundra's growth is decoupling from thermal coal and is now driven by containers, which hit record levels in January (754k TEUs). This confirms Mundra is transitioning into a pure transshipment and liquid hub, reducing cyclical bulk risk.	None	4.5	Specific timeline
3	5.0	Priyankar Biswas / JM	Vizhinjam Capex	Capex and Allocation	What is the capex timeline and capacity potential for the	Capex will be staggered until FY29 (peak of ₹700m in	None	5.0	Specific timeline

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					₹16,000 Cr Vizhinjam Phase 2?	FY28), expanding capacity to 5.7m TEUs and introducing LNG bunkering. This cements Vizhinjam as a rival to Colombo, potentially capturing lucrative East-West trade transshipment.			
4	4.0	Parash Jain / HSBC	2030 Roadmap	Management Commentary	Will the 1 Billion tonne target be entirely organic or involve acquisitions?	Domestic 850 MMT is mostly organic (Dhamra scaling to 100 MMT), while the 150 MMT international target has visibility from current assets. Forward implication: APSEZ can hit its targets without needing further high-multiple acquisitions, protecting return ratios.	None	4.0	Directional evidence
5	4.0	Sumit Kishore / Axis	DFC Impact	Business Overview	How will the Dedicated Freight Corridor (DFC) completion in March impact Mundra's competitiveness?	Management argued the DFC benefit is neutral as it improves efficiency for both APSEZ and competitors, but Mundra retains a cost advantage due to depth and	None	4.0	Logical argument

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						shorter rail distance (5-6 slabs cheaper). This alleviates fears of market share loss to JNPT post-DFC.			
6	3.5	Sumit Kishore / Axis	GPWIS Volume	Business Overview	Why have GPWIS (General Purpose Wagon) volumes been flattish this year?	Flattish volumes were blamed on an extended monsoon on the East Coast and policy pauses by Indian Railways on private rakes. This suggests the GPWIS segment growth may be capped in the short term by regulatory inertia.	None	3.0	Policy-linked
7	4.5	Achal Lohade / Nuvama	Mundra Coal	Business Overview	What is causing the hiccup in Mundra coal volumes?	The drag is primarily from imported thermal coal due to sluggish all-India demand and power plants switching to domestic coastal coal. Implication: Port utilization remains high as management reallocates berths to containers and liquid cargo.	None	4.0	Industry trend
8	4.0	Vasudha / Aviva	Borrowing	Financials	What are the borrowing targets	Management stated no fresh	None	5.0	Explicitly stated

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					for FY27 and preferred avenues?	borrowing is required as cash flow covers mandatory prepayments (₹3,500 Cr) and capex. This reinforces the "self-funding" nature of the APSEZ fortress balance sheet.			
9	4.0	Manish / Cantor	Margin Cadence	Financials	How should we think about the cadence of Logistics and International margins settling?	Management pivoted to ROCE (14-16%) as the primary metric, stating EBITDA margins will mathematically dilute as lower-capex/ lower-margin segments like trucking grow. This is a crucial signal for analysts to stop modeling pure EBITDA margin expansion and focus on capital efficiency.	None	4.0	Strategy-led
10	4.5	Pulkit Patni / Goldman	NQXT Liabilities	Governance	What are the "non-core liabilities" excluded from NQXT debt figures?	Approximately \$2.54bn of non-port assets and liabilities were dissolved/ liquidated post-shareholder approval in January. This confirms the clean-up of	None	5.0	Specific/ Verified

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						the Australia acquisition, leaving only core port debt on the books.			
11	3.5	Pulkit Patni / Goldman	Cargo Mix	Management Commentary	Where will the coal proportion of cargo settle in the long term?	Management expects coal to settle at 20-22% (down from 30%) as iron ore, oil/gas, and containers grow faster. This clarifies the ESG de-risking path for the company.	None	4.0	Directional target
12	4.0	Ankita Shah / Elara	NQXT EBITDA	Financials	What is the margin profile and consolidation impact of NQXT?	NQXT operates at 65-70% margins with contracted volumes; Q4 will contribute ~₹300 Cr EBITDA. This provides a highly predictable revenue stream protected by Australian regulatory frameworks.	None	5.0	Specific/ Quantified
13	3.0	Rajarshi / InCred	Port-wise Margins	Financials	Why did margins decline at Mundra, Dhamra, and Gopalpur?	Management cited temporary fixed cost issues at Gopalpur and mix shifts at others, focusing instead on EBITDA per ton growth. This deflects the margin compression	None	3.0	Directional

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						concern as a temporary operational artifact.			
14	3.0	Nidhi Shah / ICICI	US Exports	Business Overview	How much volume depends on US exports and is there weakness?	Exposure is minimal (380k TEUs out of 12.5M), with no measurable weakness noted. This suggests APSEZ is well-insulated from US-specific trade policy shifts.	None	4.0	Specific data point

PATTERN FLAGS & SENTIMENT * Mundra Drag vs. Container Pivot: Analysts repeatedly probed the Mundra volume contraction. Management's posture was confident, almost dismissive of bulk coal, pivoting entirely to "Container, Container, Container." This indicates a permanent strategic shift where bulk coal is viewed as a legacy cash cow, not a growth engine. *** Margin Dilution Anxiety:** The shift from 70%+ port margins to 18-20% logistics margins is causing analyst modeling friction. Management's repeated emphasis on ROCE (14-24%) suggests they are managing for capital returns rather than optical margins—a signal that the Street is slowly adopting. *** International Scale-up:** Questions regarding Colombo and NQXT reveal a shift in analyst focus from "domestic monopoly" to "global utility." The resolution of NQXT's non-core liabilities was a major relief point.

Analyst Sentiment Verdict: Analysts were **skeptical of Mundra's growth** but **convinced by the guidance upgrade**. The friction regarding margin dilution was neutralized by the strong ROCE numbers. Management's credibility remains high, especially with the seamless integration of international assets. The primary unresolved issue is the timing of when "Integrated Logistics" will contribute double-digit ROCE (currently 9%), which remains a "wait-and-watch" for the bull case.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Opening) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | FY26 EBITDA | ₹21,000 - 22,000 Cr | ₹22,800 Cr | **Upgrade:** ₹800 Cr increase. | None (Positive) | | GPWIS Growth | Bullish expansion | Flattish 9M performance | **Walk-back:** Policy inertia in Railways is capping rake growth. | Low (Niche segment) |

5. WHAT CHANGED vs PRIOR QUARTER

Comparison based on Q2 FY26 Prior Context.

What Changed	Prior Quarter	This Quarter	Direction
EBITDA Guidance	₹21,000 - 22,000 Cr	₹22,800 Cr	↑ Raised
Revenue Guidance	₹36,000 - 38,000 Cr	₹38,000 Cr	↑ Pushed to Top-end
NQXT Status	Pending Approval	Completed & Liquidated Non-core	↑ De-risked
Logistics Revenue	₹1,055 Cr (Q2)	₹1,121 Cr (Q3)	↑ Scaling
Int'l Vol Growth	+125% (Colombo ramp)	+88% (TEU basis)	→ Normalizing but High
CFO	D. Muthukumaran	D. Krishna (from March)	→ Management Transition
Domestic Market Share	28.1%	27.4% (9M avg)	↓ Marginal contraction
Mundra Focus	Operational Recovery	Capacity Floor (90% util)	→ Pivot to CT5 expansion
Credit Rating	Outlook upgrades	Notch above Sovereign (JCR)	↑ Improved Profile

Investor Notes: The core thesis is moving from "Recovery" to "Global Integration." The CFO transition is the only minor volatility signal, but the guidance raise in the same quarter suggests a "clean" handover. The CFO-to-PAT ratio remains healthy as management guides for ₹18,000 Cr+ in full-year operating cash flow, comfortably covering the ₹11k Cr capex. APSEZ is now officially a global infrastructure major, with Australia and Colombo providing the necessary diversification to offset domestic coal volatility.