Adani Ports & Special Economic Zone Ltd — Nov 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Operational Beat **One-line:** APSEZ is successfully decoupling its growth from Mundra's volume volatility by scaling its "Integrated Transport Utility" model, delivering a record H1 where EBITDA conversion and ROCE improvement (up 100bps) suggest the business is becoming higher quality and less cyclical.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Strong Beat	H1 EBITDA at □11,046 Cr is 50-52% of FY26 guidance; historically H2 is 10-15% stronger.	□
Earnings Quality	High (Core driven)	CFO/PAT at 1.47x; "Other Income" spike (□800 Cr) driven by JV dividend repatriation and bond buyback gains.	□
Guidance Confidence	Strong	Reaffirmed FY26 volume (505-515 MMT) despite Mundra volume contraction (-1%).	□
Management Credibility	Strong	Successfully integrated Astro Offshore and Colombo Phase 1; net debt remains disciplined at 1.8x.	□
Business Quality Signal	Improving	ROCE increased to 16% (Consolidated) and 24% (Domestic Ports) due to sweating of legacy assets.	□
Key Q&A Exchange	Q3 + Volume Bridge	Management detailed a credible path to 1 billion tonnes by 2030 via containerization and coastal coal.	□
The Street's Primary Anxiety	Mundra Performance	Analysts worried about Mundra's -1% volume growth; Mgmt cited rebound in Oct (>720k TEUs).	□
Capital Cycle Stage	Re-investing	□11k-12k Cr annual capex funded entirely by □17,400 Cr TTM FFO.	□
Margin Trajectory	Stable to Improving	Port margins at 74%+; Logistics margins recovering (20.9%) as asset-light mix stabilizes.	↑
Pricing Power	Expanding	Port revenue (+15%) outpaced volume (+8%), driven by FX-linked pricing and cargo mix.	□
FCF Conversion & Quality	Strong	H1 Operating Cash Flow of □9,503 Cr covers 147% of Capex (□6,462 Cr).	□
Competitive Moat Signals	Widening	Only Indian player with dedicated rail, 127 marine vessels, and 25k trucks providing "shore-to-door" service.	□
Balance Sheet Strength	Strong	Net Debt/EBITDA 1.8x; Average maturity extended to 5.2 years; No refinance risk in FY26.	□
Working Capital Efficiency	Stable	Inventory/Receivables remain lean despite rapid expansion in Logistics.	□
Mgmt Guidance Track Record	Reliable	Consistent market share gains (now 28.1% of India's total cargo).	□
Key Vulnerability	Geopolitical Trade	Red Sea/Operation Sindoor previously impacted Mundra containers; current recovery is fragile.	□
Management Tone	Confident / Strategic	Focused heavily on return ratios (ROCE) over pure volume.	□

Key Takeaways: - Positives: The transition to a "Utility" model is working; Logistics revenue grew 79% YoY with ROCE rising from 6% to 9%. The Marine business has become a massive contributor post-Astro acquisition, with revenue up 237% YoY. APSEZ is now generating enough cash to fund its ₹75,000 Cr five-year capex plan without increasing leverage, providing a significant "margin of safety." - **Negatives:** Mundra volume growth was flat (-1%) in Q2, trailing the total domestic portfolio growth of 8%. Margin dilution remains a mathematical reality as lower-margin Logistics/Marine segments grow faster than the 74% margin Port segment. - **Street Concern:** Analysts are hyper-focused on the Mundra volume "drag." Management's response—that October volumes showed a sharp recovery and that Mundra is hitting 90% utilization—suggests the issue is capacity constraints and temporary trade re-routing rather than a loss of competitiveness. - **Watchpoint:** The execution of the 150-160 MMT International port target, which requires a ~5x scale-up from current annualized levels.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: PPT is primary. Concall used for segment margin targets and car export growth.

Metric	Current Qtr (Q2 FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Cargo (MMT)	123.6	+12%	+2.5%	↑	Driven by Colombo ramp-up and East/South coast domestic ports.
Revenue (₹Cr)	9,167	+30%	+0.4%	↑	Growth driven by Marine (+237%) and Logistics (+79%).
EBITDA (₹Cr)	5,550	+27%	+1.0%	↑	Margin reflects mix shift toward Logistics/ Trucking.
EBITDA Margin %	60.5%	↓ 130bps	↑ 50bps	↔	Portfolio margin diluted by 20% margin logistics.
PAT (₹Cr)	3,120	+29%	↓ 5.8%	↑	YoY growth robust; QoQ dip due to higher tax/ deferred tax.
ROCE (%)	16% (H1)	↑ 100bps	-	↑	Highest ever consolidated ROCE; Port ROCE at 24%.
Cash Flow (OCF H1)	9,503	Not in doc	-	↑	Strong conversion; 86% of EBITDA.
Net Debt / EBITDA	1.8x	↓ (from 2.1)	→	↑	Discipline maintained despite ₹6,462 Cr H1 capex.
Order Book (Logistics)	1.3M sqft	New	-	↑	Kochi Logistics park groundbreaking; 1.1M TEU capacity.
Container Vol (MTEU)	3.74	+21%	+8.4%	↑	International transshipment (Colombo) is the lead driver.
Rail Container (TEU)	178,927	+16%	↓ 0.3%	↑	Seasonal stability; double-stacking at Mundra hit records.
Interest Coverage	7.2x	↑ (from 5.7)	↑	↑	Improved credit profile; Fitch/S&P outlook upgrades.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co Avg	Key Development
Domestic Ports	6,351	+15%	74.2%	↑	Above	H1 EBITDA margin (74.2%) is a record high.
International Ports	1,077	+125%	24.2%	↑	Below	Colombo handling 100k+ TEUs/month; Tanzania ramp-up.
Logistics	1,055	+79%	20.9%	↑	Below	Trucking/IFN revenue scaling; 16% growth in rail vol.
Marine	641	+237%	46.3%	↑	Below	Fleet expanded to 127 vessels; Astro Offshore consolidated.
SEZ & Port Dev	46	↓ 58%	100%	↓	Above	Lumpiness in land sales; Mundra land bank ~12,500 Ha.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	□36,000 - 38,000 Cr	Needs □18,706 Cr in H2. H1 was □18,294 Cr. Very High.	Reliable	Low
Guidance	EBITDA	□21,000 - 22,000 Cr	Needs □10,454 Cr in H2. H1 was □11,046 Cr. Extremely High.	Reliable	Low
Guidance	Volume	505 - 515 MMT	Needs 265 MMT in H2. H1 was 244 MMT. High (requires 8% growth).	Reliable	Medium
Guidance	Capex Plan	□11,000 - 12,000 Cr	H1 was □6,462 Cr. On track.	On Track	Low
Strategy	ROCE Target	16% Consol / 20%+ Ports	Current: 16% / 24%. Target met.	Strong	Low
Strategy	Logistics Rev	□14,000 Cr by FY29	Needs 48% CAGR. Current growth 79%. High feasibility.	Ramping	Medium
Balance	Debt Target	Net Debt/EBITDA < 2.5x	Currently 1.8x. Massive buffer for NQXT/ M&A.	Consistent	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
1	4.5	Alok Deora / Motilal Oswal	Mundra Growth	Business Overview	Why is domestic/ Mundra growth muted compared to International?	Mgmt explained that Mundra container volumes are rebounding post-Red Sea disruptions, hitting 720k TEUs in Oct, while coal drag is due to power plant fuel shifts. Forward implication: Mundra is hitting a 90% utilization floor, making the upcoming capacity expansion critical for re-acceleration.	None	4.5	Specific & verified
2	4.0	Alok Deora / Motilal Oswal	Int'l Margins	Financials	What is the steady-state margin potential for International Ports?	Management targets 45% blended margins once Colombo/ Haifa/ Tanzania stabilize (Colombo at 50%, Haifa 30-40%, Australia 65%). This suggests significant margin expansion from the current 24% as transshipment scale economies kick in.	None	4.0	Clear and quantified
3	5.0		Volume Bridge	Management Outlook	How do you bridge from 510 MMT to	Bridge relies on 150-160 MMT from	None	4.5	Feasibility high

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
		Parash Jain / HSBC			1 Billion tonnes by 2030?	International and doubling Dhamra to 100 MMT, supported by a 6-7% trade growth assumption. If successful, this re-rates APSEZ from a regional operator to a global infrastructure major.			
4	4.5	Parash Jain / HSBC	Concessions	Governance	What is the status of the Gujarat/ Mundra concession renewals?	Mgmt expects closures in "short order" with plenty of time margin remaining before expiration. Any delay here remains a terminal value overhang for Mundra, despite the confident tone.	Date	2.5	Vague/ Hedged
5	4.0	Achal Lohade / Nuvama	Cargo Mix	Business Overview	Which cargo sectors besides containers will drive the 1B tonne goal?	Mgmt highlighted "Coastal Coal" replacing imports and a huge shift in liquid bulk/ LNG bunkering at Hazira/ Vizhinjam. This shifts the risk profile away from imported coal, which has been the primary ESG/	None	4.0	Logical pivot

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						Volume concern.			
6	3.5	Achal Lohade / Nuvama	Other Income	Financials	What caused the 800 Cr spike in other income?	Spike includes 350 Cr in dividends from Mundra JVs (CT-3) and 120 Cr from bond buyback profits. This confirms the JVs are over-capitalized and generating distributable cash for the parent.	None	5.0	High transparency
7	4.0	Priyankar Biswas / JM	JV Performance	Financials	Why are JV losses increasing, particularly at Dhamra LNG?	Mgmt clarified that "losses" are accounting artifacts due to dividend payouts (left-to-right pocket shift) and that LNG operations are actually ramping up profitably. This alleviates concerns about the health of the TOTAL JV.	None	4.0	Specific accounting
8	3.0	Priyankar Biswas / JM	RORO	Business Overview	Can you quantify the car export growth at Mundra?	Mundra saw a 32% YoY increase in RORO (car) volumes, now clubbed under "Dry" cargo. This signals APSEZ is capturing	None	4.0	Directional evidence

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						high-value "Make in India" export chains.			
9	3.5	Asmeeta Sidhu / MetLife	Credit Rating	Management Outlook	Will Moody's move the rating outlook to stable soon?	Mgmt noted that balance sheet strength (1.8x leverage) warrants a stable rating and expects agencies to reflect this soon. An upgrade to "Stable" across all three agencies would lower global borrowing costs.	None	3.0	Expectation only
10	4.0	Aritra / Nomura	Logistics Margins	Financials	What are sustainable margins for the Logistics vertical?	Management targets 40-45% margins for core Logistics (excluding asset-light trucking and IFN). This confirms the segment is becoming a high-margin utility rather than just a low-margin freight forwarder.	None	4.0	Specific target
11	4.5	Koundinya / Jefferies	Congestion	Business Overview	Are media reports of congestion at Mundra impacting volumes?	Mgmt denied losing volumes to congestion, stating they are running at 90-92% utilization but remain	None	4.0	Reassuring

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						efficient. Forward capex of □50k Cr in ports is essential to prevent these "utilization ceilings" from becoming growth caps.			
12	3.5	Koundinya / Jefferies	Trucking	Business Overview	Is the trucking business on track for full-year guidance?	Mgmt confirmed the tech platform is "alive and kicking" and on track to grow 3-4x. Success here proves APSEZ can disrupt the fragmented Indian trucking market via its port-gate dominance.	None	4.0	Directional
13	4.0	Manish / Cantor	Cash Flow	Financials	How sustainable is the 85% cash flow conversion?	Mgmt confirmed conversion is high due to low receivables/ inventory in the port utility model. This high FCF allows for self-funded growth, a key pillar of the long-term bull case.	None	5.0	Specific/ Reliable
14	4.0	Palash / ICICI	Vadhavan Port	Capex and Allocation	What is the strategy for the Greenfield Vadhavan Port?	APSEZ has signed non-binding MoUs for studies and will follow the tendering process to capture the	None	4.0	Strategy clear

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						2047 10-billion-tonne opportunity. Engagement here shows management is looking 20 years out, not just one quarter.			

PATTERN FLAGS & SENTIMENT Analysts were primarily anxious about **Mundra's flat performance** and the **mathematical path to 1 billion tonnes**. Management responded with high confidence, pivoting the conversation toward ROCE and "Integrated Utility" logic rather than pure tonnage. The friction regarding JV losses was effectively neutralized by explaining the dividend repatriation strategy.

Analyst Sentiment Verdict: The sentiment was **constructively bullish**. Analysts pressed on Mundra's utilization and the margin dilution of new segments, but management's focus on H1's record 16% consolidated ROCE largely satisfied the "quality of growth" questions. The most unresolved issue remains the **Gujarat concession renewal timeline**, which management continues to hedge, posing a minor but persistent valuation overhang.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Prior Q) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | |-------|----------------------------|-------------------|-----------------|----------------| | EBITDA Revision | Guidance ₹21k-22k Cr | H1 at 50%+, H2 is historically stronger | Mgmt refused to upgrade guidance despite the run-rate. | Low (Conservative) | | Int'l Port Margins | Scaling up | Current margins ~24% | Reached current levels faster than expected; long-term target of 45% remains. | None |

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1 FY26)	This Quarter (Q2 FY26)	Direction
Logistics ROCE	6.0%	9.0%	↑ Expanding
Consol. ROCE	15.0%	16.0%	↑ Improving
Marine Revenue	₹337 Cr (Q1)	₹641 Cr (Q2)	↑ Astro integration
Mundra Vol Share	42% (of domestic)	43% (of domestic)	→ Stabilized
Other Income	₹301 Cr	₹818 Cr	↑ JV Dividends
Debt Maturity	5.2 Years	5.2 Years	→ Stability
Net Debt/EBITDA	1.8x	1.8x	→ Discipline
S&P Rating	Negative Outlook	Positive Outlook	↑ Credit Strength
CFO/PAT Ratio	Not reported	1.47x (H1)	↑ High Quality

Investor Notes: The divergence between **PAT growth (29%) and Revenue growth (30%)** is narrowing, indicating that the initial margin compression from the logistics pivot is being offset by scale. The most critical "Change" this quarter is the **100bps jump in ROCE**, proving that APSEZ's asset-light segments (Trucking/IFN) are starting to contribute to the bottom line without heavy capital drag. The thesis of APSEZ as a "Fortress Utility" is stronger this quarter than last.