

**BUY****TP: Rs 1,720 | ▲ 20%****ADANI PORTS**

| Logistics

| 02 June 2025

**Logistics investor day: key insights**

- **Logistics business to deliver robust revenue/EBITDA CAGR of 48%/53% over FY25-29E led by PUSH + PULL strategy**
- **Incremental investments in logistics business to be ROCE accretive from the existing 6% to the target threshold ROCE of 10% by FY29E**
- **We ascribe higher multiple (16x vs 14x earlier) and arrive at revised Mar-26TP of Rs 1720, maintain BUY**

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**Logistics industry - a large market opportunity with fragmented structure:** We attended ADSEZ's Investor Day, which focused on its logistics business (contributing 9% to FY25 revenue). The discussions centered on the company's increasing focus on the logistics sector — a large opportunity with a market size of Rs 21.6 trillion in FY24, growing at an 11% CAGR. However, the market remains highly fragmented — both across service offerings (rail, road, warehousing) and within each segment, where numerous players operate. ADSEZ has, over time, added various logistics services to its portfolio, with its strategy anchored on specific criteria such as a strong B2B presence, port adjacency, and leveraging opportunities in rail and trucking. Besides outlining its strategy to capture future growth in industry, the management also showcased a live demonstration of AI adoption in the trucking segment, highlighting solutions that have already been implemented on its technology platform

**ADSEZ will be investing Rs 150-200bn in expanding logistics business over FY25-29E:** Over time, ADSEZ has developed logistics assets across India to offer integrated solutions. As of FY25, the company operated 132 rakes, 12 multi-modal logistics parks (MMLPs), 3.1 million sq. ft. of warehousing space, and owned a fleet of 937 trucks. Management has guided for a significant scale-up, targeting 300 rakes, 20 MMLPs, 20 million sq. ft. of warehousing space, and a fleet of over 5,000 trucks. To achieve this, ADSEZ plans to invest Rs 150–200 billion, excluding an additional Rs 70 billion earmarked for land acquisition.

**Asset utilization led by a push-pull strategy to fuel 48%/53% revenue/EBITDA CAGR over FY25-29E:** The Rs 150–200bn capex will build logistics assets like rakes, MMLPs, and warehouses, targeting ~Rs 110bn in incremental revenue. Asset turns improve gradually as initial utilization is low, given fragmented networks and empty return loads. As demand decentralizes and logistics penetration deepens, cargo flows diversify, driving utilization and revenue growth. Management aims to accelerate this ramp-up through a focused push-pull strategy across assets, which will result in revenue/ EBITDA CAGR of 48%/53% over FY25-29E.

**Key changes**

Target	Rating
▲	◀ ▶

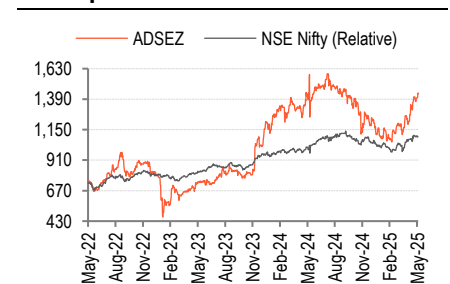
Ticker/Price	ADSEZ IN/Rs 1,433
Market cap	US\$ 36.2bn
Free float	34%
3M ADV	US\$ 42.5mn
52wk high/low	Rs 1,621/Rs 996
Promoter/FPI/DII	66%/14%/14%

Source: NSE | Price as of 30 May 2025

**Key financials**

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	3,10,786	3,70,523	4,24,580
EBITDA (Rs mn)	1,87,438	2,16,474	2,51,025
Adj. net profit (Rs mn)	1,19,437	1,29,177	1,52,175
Adj. EPS (Rs)	55.3	59.8	70.4
Consensus EPS (Rs)	0.0	0.0	0.0
Adj. ROAE (%)	20.7	19.1	19.3
Adj. P/E (x)	25.9	24.0	20.3
EV/EBITDA (x)	19.0	16.3	13.9
Adj. EPS growth (%)	34.7	8.2	17.8

Source: Company, Bloomberg, BOBCAPS Research

**Stock performance**

Source: NSE



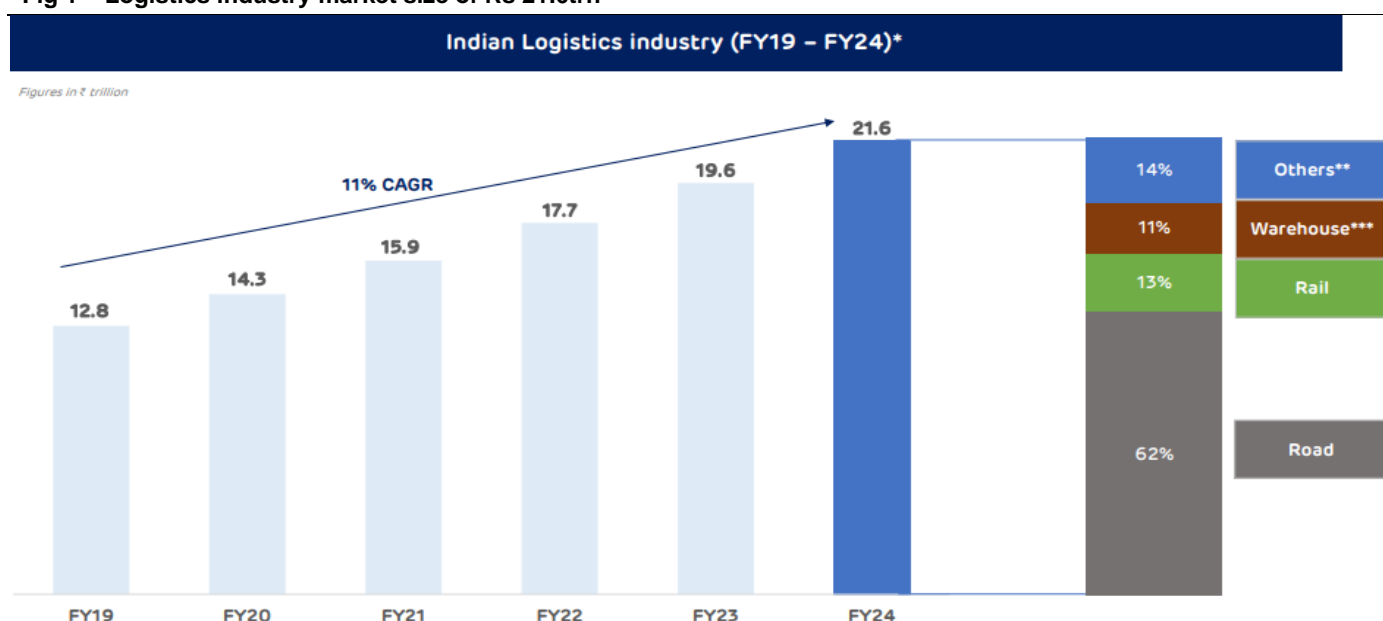
**Push based – offering MMLP only customers ADSEZ other services such as freight forwarding, trucks:** Management highlighted, the company's comprehensive logistics offering, both integrated and standalone, will facilitate cross-selling, enabled by its competitive positioning in the market and integrated nature of the business. ADSEZ remains the only player in India providing end-to-end solutions, integrating ports with rakes, terminals, trucks, warehousing, agri silos, and pipelines. Its entry into freight forwarding strengthens the ecosystem by directing cargo volumes to its ports, onward to MMLPs/ICDs via rakes, and finally to end-customers through last-mile trucking. In the case of EXIM cargo, 65-70% logistics costs are attributable to ocean freight, 10% to port handling and 20-25% to surface transport. ADSEZ, through its logistics business, is targeting to capture 30-35% of the transportation costs (10% port handling and 20-25% surface transport).

**Pull based – leverage proximity to key micro markets to drive cargo volume growth:** ADSEZ currently operates 12 MMLPs, with key hubs at Tumb, Patli, Kishangarh, and Virochannagar, servicing ports like JNPT and Mundra and accessing major demand clusters such as Vapi, Silvassa, Daman, Umbergaon, Manesar, and Gurugram. Each logistics asset — rakes, MMLPs, and warehouses — is designed with scalable capacity. The company's strategy focuses on developing assets near industrial clusters, ports, and DFC access points (10 MMLPs with access to WDFC and now targeting east and eastern coast) while expanding the last-mile reach into hinterlands via trucking services. Given the fungibility of its logistics offerings, asset utilization is expected to remain robust. Over time, as integration deepens, utilization rates should improve further, supporting profitable growth.

**DFC full implementation a key monitorable, still 8-12 months away:** ADSEZ plans to expand its fleet from 132 rakes and 12 MMLPs to 300 rakes and 20 MMLPs by FY29E. This expansion targets the opportunity from DFC-led efficiencies, supporting the ongoing shift from road to rail and improving rail co-efficient. However, with full DFC implementation still 8–12 months away, the company is simultaneously scaling its trucking fleet to offer multimodal solutions and address route congestion challenges.

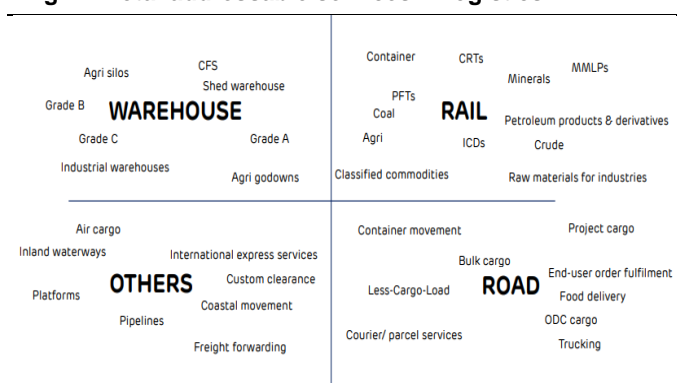
**Maintain BUY:** We believe ADSEZ's strategy of expanding capacity near key demand clusters (Pull based) and interlinking them to ports through multimodal transportation (rail and road) as a standalone or bundled service, tech-enabled nodes with API integrations, and freight forwarding (Push) is well-aligned to capture a fragmented Rs 21.4 trillion Indian logistics market. The management remains focused on improving ROCE in the medium term, with accretive potential over the long term, despite the sector's high gestation nature. ADSEZ is well-positioned to drive consolidation in segments like trucking, which remain fragmented and inefficient. Supported by a clear execution roadmap, the company targets revenue/EBITDA CAGR of 48%/53% over FY25–29E; we conservatively build in a 22% revenue CAGR in logistics over FY25–27E, factoring DFC implementation timelines (8–12 months away). Reflecting the strengthening logistics ecosystem and visible growth path, we revise our one-year forward EV/EBITDA multiple to 16x (from 14x) and arrive at revised Mar-26 TP of Rs 1720 (vs Rs 1490 earlier).

Fig 1 – Logistics industry market size of Rs 21.6trn



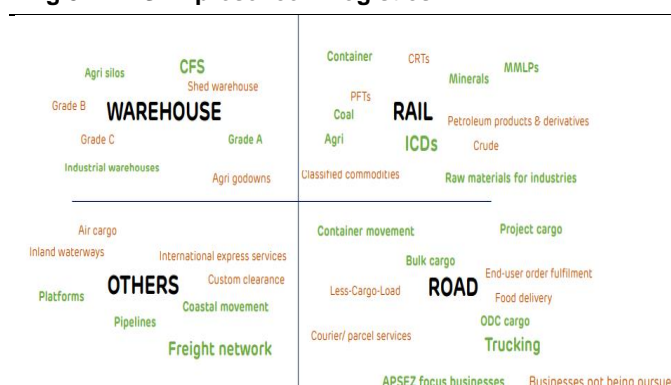
Source: Company PPT, BOBCAPS Research

Fig 2 – Total addressable services in logistics



Source: Company PPT, BOBCAPS Research

Fig 3 – ADSEZ presence in logistics



Source: Company PPT, BOBCAPS Research

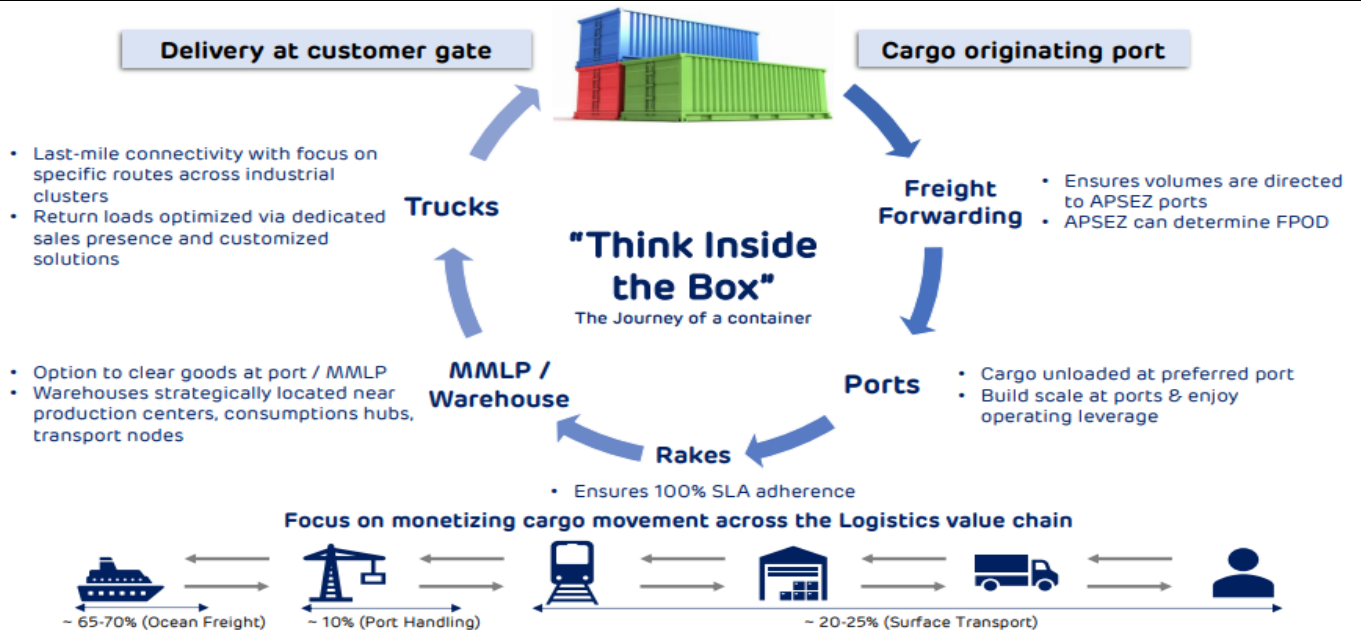
Fig 4 – Among top 5 players, ranks 3<sup>rd</sup> in MMLP while 1<sup>st</sup> in truck in terms of managed fleet.

	Rakes	Terminals/MMLPs	Trucks	Warehouse space	Agri-silo	Pipeline & Tracks
APSEZ rank	2 <sup>nd</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	Top-10	Largest player	Large player
<b>adani</b> Ports and Logistics	132 (58 container rakes, 54 bulk rake, 7 agri rakes & 3 AFTO)	12	Managed fleet of 25,000+ trucks*	3.1 million sq. ft. (FY29 projection – 20 million sq. ft.)	1.2 MMT	690 kms private tracks, dedicated customer pipelines, tank storage JVs
<b>APM</b> Mumbai Port Trust	388	66	130 LNG trucks	4 million sq. ft.	-	-
<b>DP WORLD</b>	90 (container & SFTO rakes)	5	-	5 million sq. ft.	-	-
<b>JMBAXI</b> Jawahar Education & Logistics	25	7 port CTs, 2 ICDs, 2 CFS, 1 Warehouse & Logistic Park	-	0.54 million sq. ft. ^	-	-
<b>Mahindra LOGISTICS</b>	-	-	15,000+	20+ million sq. ft.	-	-
<b>VRL LOGISTICS LTD</b>	-	-	6,115 owned	-	-	-
<b>TVS</b>	-	-	-	25.5 million sq. ft.	-	-
<b>TCI</b> Tata Cargo India	3 AFTO rakes	60+ rail terminals, 25 hubs for trucks	10,000 owned & leased	16+ million sq. ft.	-	-
<b>alcargo</b>	-	-	5,000+ leased	84 warehouses	-	-
<b>Western Corridors India Limited</b> Western Corridors	Asset light business model; operates solely via leases			0.7 million sq. ft.	-	-
<b>GOLEKHA</b>	34 (21 owned, 13 leased)	10	-	1.74 million sq. ft. ^^	-	-
<b>AEOS</b>	-	-	-	-	-	Chemicals & POL storage: 1.57 million kL LPG storage: 1,14,000 MT
<b>DELHIVERY</b>	-	-	16,677 fleet size – daily average**	20.1 million sq. ft.	-	-

Source: Company PPT, BOBCAPS Research

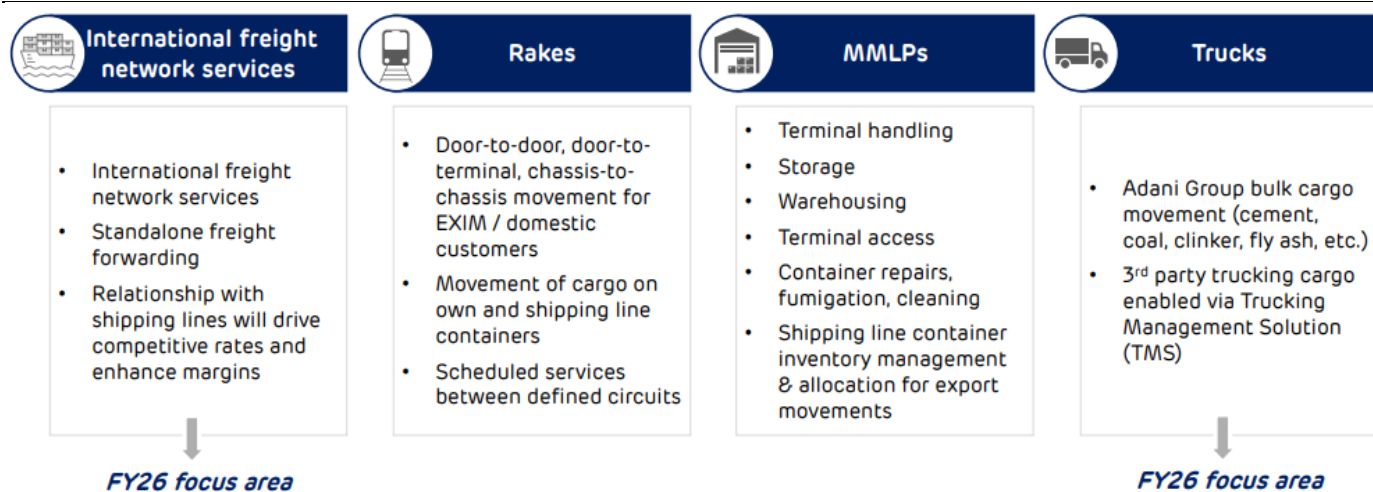
**Fig 5 – Strategic land bank to ensure capacity expansion at ICDs and development of key industries near SEZ**


Source: Company PPT, BOBCAPS Research

**Fig 6 – Push based strategy of cross selling services leveraging end to end capabilities**


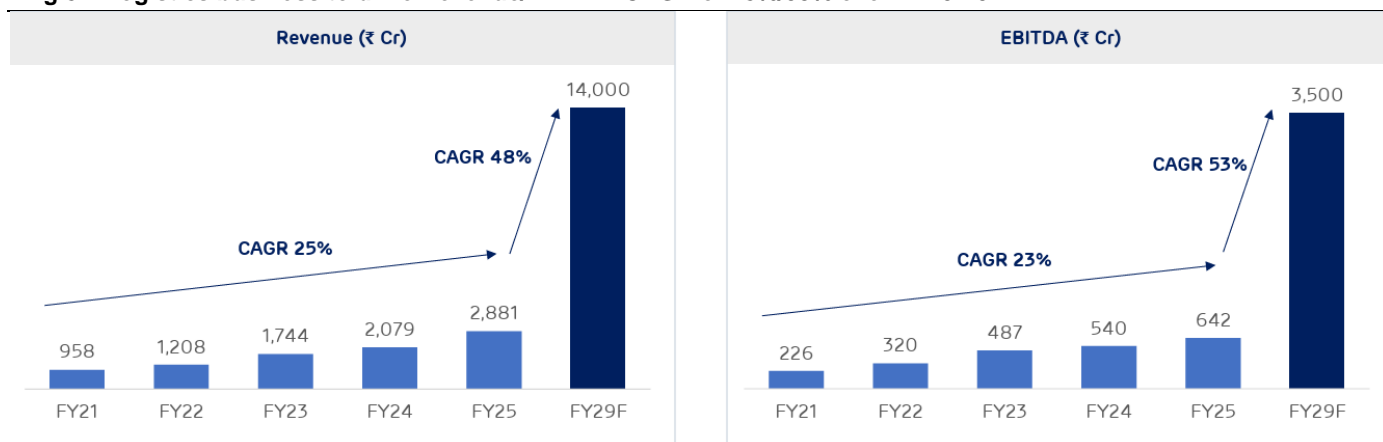
Source: Company, BOBCAPS Research

Fig 7 – Pull based strategy – scaling up each assets, especially MMLPs near key industrial clusters



Source: Company, BOBCAPS Research

Fig 8 – Logistics business to drive Revenue/EBITDA CAGR of 48%/53% over FY25-29E

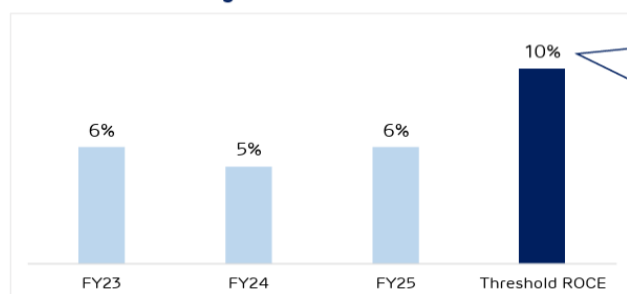


Source: Company, BOBCAPS Research

Fig 9 – Expansion across assets over the next 4-5 years, ROCE to improve to threshold ROCE of 10%

	FY25	FY29
<b>Rakes</b>	132	300
<b>MMLPs</b>	12	20
<b>Warehouse</b>	3.1+ Mn sq. ft.	20 Mn sq. ft.
<b>Agri silo capacity</b>	1.2 MMT	10 MMT
<b>Trucks</b>	937	5,000+

## Moving to 10% threshold ROCE



Logistics ROCE

	Now	Future
Capital employed (w/o land)	₹5,200 Cr	₹21,000+ Cr
Revenue	₹2,811 Cr	₹14,000+ Cr
EBITDA	₹642 Cr	₹3,500+ Cr
ROCE	6%	Threshold ROCE

Source: Company, BOBCAPS Research

**Fig 10 – Logistics assets FY29 target**

Asset	Current Status	FY29 Target	Key Highlights
Rakes	132 rakes (68 containers, 54 bulk, 7 agri, 3 AFTO)	300 rakes	111 routes across 34 locations in 18 states; servicing EXIM and domestic cargo.
MMLPs	12 MMLPs near industrial clusters and DFC corridors	20 MMLPs	Strategically located (e.g., Tumb, Patli); double stacking, last-mile integration via trucking.
Warehousing	3.1 million sq ft (35% in MMLPs, 65% standalone)	20 million sq ft	"Warehouse+" approach; value-added 3PL services; 50%+ EBITDA margins, targeting 70%+ by FY26.
Trucking	937 trucks (hybrid model: owned + third-party)	5,000+ trucks	Digitized fleet management; pilferage control; own fuel stations and repair hubs; high asset turns.
Agri Silos	1.2 MMT capacity	10 MMT capacity	Fully mechanized silos; GPS and RFID tracking; government-backed contracts; inflation-linked revenue.

Source: Company, BOBCAPS Research

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Total revenue</b>	<b>2,08,519</b>	<b>2,67,106</b>	<b>3,10,786</b>	<b>3,70,523</b>	<b>4,24,580</b>
EBITDA	1,09,471	1,57,511	1,87,438	2,16,474	2,51,025
Depreciation	34,247	38,885	43,789	53,423	59,834
EBIT	75,224	1,18,626	1,43,649	1,63,051	1,91,191
Net interest inc./(exp.)	(25,936)	(27,844)	(27,780)	(29,725)	(31,805)
Other inc./(exp.)	15,527	14,994	19,078	20,604	22,252
Exceptional items	(2,310)	(515)	(2,462)	0	0
EBT	67,125	1,06,291	1,37,408	1,53,930	1,81,638
Income taxes	960	15,346	19,684	26,168	30,878
Extraordinary items	0	8,289	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>66,642</b>	<b>81,040</b>	<b>1,19,140</b>	<b>1,29,177</b>	<b>1,52,175</b>
Adjustments	(2,811)	(7,617)	(297)	0	0
<b>Adjusted net profit</b>	<b>69,453</b>	<b>88,657</b>	<b>1,19,437</b>	<b>1,29,177</b>	<b>1,52,175</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Accounts payables	22,960	21,674	27,205	30,454	34,897
Other current liabilities	4	5	6	7	8
Provisions	57,871	48,723	59,637	65,984	75,610
Debt funds	4,98,193	4,62,792	4,58,100	3,78,100	2,88,100
Other liabilities	65,191	68,861	1,12,114	1,20,414	1,26,585
Equity capital	4,320	4,320	4,320	4,320	4,320
Reserves & surplus	4,64,850	5,41,110	6,45,413	7,48,669	8,70,409
Shareholders' fund	4,69,170	5,45,430	6,49,733	7,52,989	8,74,729
<b>Total liab. and equities</b>	<b>11,13,389</b>	<b>11,47,485</b>	<b>13,06,796</b>	<b>13,47,948</b>	<b>13,99,930</b>
Cash and cash eq.	43,343	76,319	82,395	54,885	68,440
Accounts receivables	39,571	36,669	44,324	55,832	63,978
Inventories	4,520	4,375	5,218	6,221	7,129
Other current assets	1,75,277	1,48,903	1,61,567	1,56,816	1,53,288
Investments	87,339	56,340	61,186	61,667	61,667
Net fixed assets	7,09,215	7,38,025	8,81,572	10,25,210	10,65,376
CWIP	66,368	1,09,361	1,17,061	40,000	40,000
Intangible assets	4	5	6	7	8
Deferred tax assets, net	(12,247)	(22,512)	(46,533)	(52,690)	(59,955)
Other assets	0	0	0	0	0
<b>Total assets</b>	<b>11,13,389</b>	<b>11,47,485</b>	<b>13,06,796</b>	<b>13,47,948</b>	<b>13,99,930</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Cash flow from operations</b>	<b>1,19,333</b>	<b>1,50,176</b>	<b>1,72,263</b>	<b>1,98,298</b>	<b>2,35,957</b>
Capital expenditures	(2,21,431)	(1,04,913)	(80,489)	(1,20,000)	(1,00,000)
Change in investments	24,824	35,448	(17,384)	(481)	0
Other investing cash flows	10	11	12	13	14
<b>Cash flow from investing</b>	<b>(1,96,036)</b>	<b>(69,466)</b>	<b>(97,873)</b>	<b>(99,878)</b>	<b>(77,748)</b>
Equities issued/Others	9,455	10,130	0	0	0
Debt raised/repaid	(20,257)	(41,290)	(24,741)	(80,000)	(90,000)
Interest expenses	10	11	12	13	14
Dividends paid	(10,929)	(10,797)	(13,363)	(25,922)	(30,435)
Other financing cash flows	10	11	12	13	14
<b>Cash flow from financing</b>	<b>(27,338)</b>	<b>(78,001)</b>	<b>(69,155)</b>	<b>(1,35,646)</b>	<b>(1,52,240)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>(1,04,042)</b>	<b>2,709</b>	<b>5,235</b>	<b>(37,226)</b>	<b>5,968</b>
<b>Closing cash &amp; cash eq.</b>	<b>9,367</b>	<b>15,757</b>	<b>20,992</b>	<b>45,169</b>	<b>60,853</b>

### Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25A	FY26E	FY27E
Reported EPS	30.9	37.5	55.2	59.8	70.4
Adjusted EPS	32.2	41.0	55.3	59.8	70.4
Dividend per share	6.0	8.0	10.0	12.0	14.1
Book value per share	210.9	245.1	289.0	336.8	393.2

### Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25A	FY26E	FY27E
EV/Sales	16.5	13.2	11.5	9.5	8.2
EV/EBITDA	31.3	22.4	19.0	16.3	13.9
Adjusted P/E	44.6	34.9	25.9	24.0	20.3
P/BV	6.8	5.8	5.0	4.3	3.6

### DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25A	FY26E	FY27E
Tax burden (Net profit/PBT)	99.3	82.7	86.7	83.9	83.8
Interest burden (PBT/EBIT)	89.2	82.6	95.7	94.4	95.0
EBIT margin (EBIT/Revenue)	36.1	44.4	46.2	44.0	45.0
Asset turnover (Rev./Avg TA)	21.8	25.3	27.1	30.0	33.4
Leverage (Avg TA/Avg Equity)	2.3	2.2	2.1	1.9	1.7
Adjusted ROAE	15.9	16.5	20.7	19.1	19.3

### Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25A	FY26E	FY27E
<b>YoY growth (%)</b>					
Revenue	21.8	28.1	16.4	19.2	14.6
EBITDA	14.9	43.9	19.0	15.5	16.0
Adjusted EPS	17.5	27.7	34.7	8.2	17.8

### Profitability & Return ratios (%)

EBITDA margin	61.5	59.4	61.2	58.4	59.1
EBIT margin	36.1	44.4	46.2	44.0	45.0
Adjusted profit margin	33.3	33.2	38.4	34.9	35.8
Adjusted ROAE	15.9	16.5	20.7	19.1	19.3
ROCE	10.0	11.6	13.4	13.9	15.8

### Working capital days (days)

Receivables	69	50	52	55	55
Inventory	8	6	6	6	6
Payables	40	30	32	30	30

### Ratios (x)

Gross asset turnover	0.2	0.3	0.3	0.3	0.3
Current ratio	3.3	3.8	3.4	2.8	2.6
Net interest coverage ratio	4.2	5.7	6.7	7.3	7.9
Adjusted debt/equity	1.1	0.8	0.7	0.5	0.3

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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**BUY** – Expected return >+15%

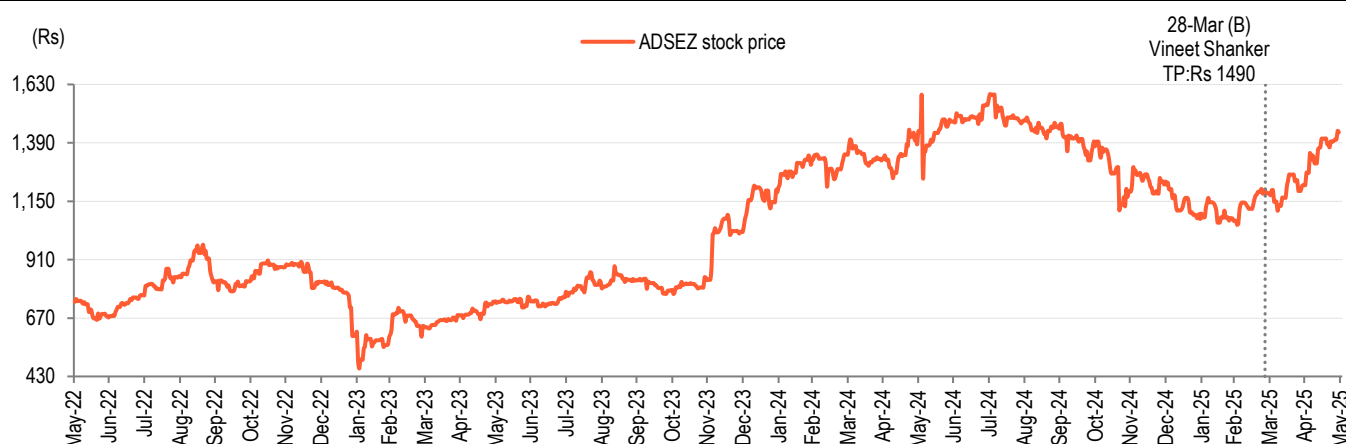
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

## Ratings and Target Price (3-year history): ADANI PORTS (ADSEZ IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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