

BUY

TP: Rs 1,490 | ▲ 18%

ADANI PORTS

| Logistics

| 20 April 2025

ADSEZ integrates group-owned port to reinforce global scale

- ADSEZ expands globally with non-cash acquisition of NQXT from promoter entity; deal results in 6.2% dilution for existing shareholders
- NQXT, a coal focused multi-user terminal ensures volume and revenue visibility through take or pay contracts
- ADSEZ guides to achieve A\$400mn EBITDA by FY29E (15% CAGR over FY25-29E), margin accretive from day 1, EPS accretive post FY27E

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ADSEZ acquires NQXT, Australia: Adani Ports (ADSEZ) has announced board approval to acquire New Queensland Export Terminal (NQXT), Australia, from Abbot Point Port Holdings Pte Ltd (APPH). APPH is currently owned by Carmichael Rail and Port Singapore Holdings Pte Ltd (CRPSHPL), a promoter group entity. The acquisition will be executed as a non-cash transaction through a preferential allotment of 143.8 mn ADSEZ shares to CRPSHPL, implying a deal value of Rs 172.4 bn.

Deal reinforces global expansion, strengthens international footprint: The NQXT acquisition appears in sync with ADSEZ's goal of reaching 1,000 MTPA cargo capacity by FY30, with ~15% expected from international assets. With 50 MTPA nameplate capacity and ~35 MT volumes projected in FY25, the asset meaningfully expands ADSEZ's offshore presence while also enhancing earnings visibility. As a multi-user terminal, NQXT ensures cargo diversity beyond group volumes, offers near-term scale-up to 60 MT with minimal incremental investment, and provides long-term expansion potential to 120 MTPA. Its location on the East-West trade corridor enhances access to key global lanes, and emerging opportunities like green hydrogen exports (Australia is expected to be among green hydrogen hub) could unlock long-term optionality.

NQXT offers strong volume visibility: NQXT is a natural deep-water, multi-user export terminal and a critical infrastructure asset for Queensland, supporting Australia's coal export ecosystem. Leased by Adani Group in 2011 for a 99-year period, the concession runs through 2110 under a long-term agreement with the Queensland government. The terminal primarily handles coal and serves both Adani's mining arm—Bravus Mining & Resources, which operates the Carmichael coal mine in Central Queensland—and third-party users. Of the ~35 MT volume handled in FY25, ~12.5 MT was attributable to Adani, underscoring its multi-user profile. Operations are backed by long-term "take-or-pay" contracts, ensuring revenue predictability and mitigating downside risks from volume volatility. Additionally, the 50:50 mix of thermal and metallurgical coal in contracted volumes provides diversification and reduces exposure to commodity-specific downcycles.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	ADSEZ IN/Rs 1,259
Market cap	US\$ 31.9bn
Free float	34%
3M ADV	US\$ 38.2mn
52wk high/low	Rs 1,621/Rs 996
Promoter/FPI/DII	66%/14%/14%

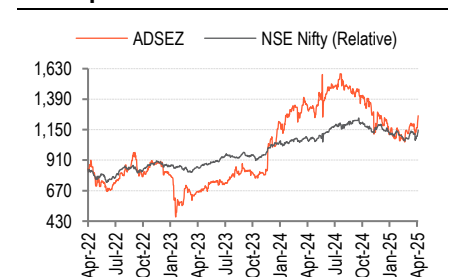
Source: NSE | Price as of 17 Apr 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	2,67,106	3,03,453	3,51,769
EBITDA (Rs mn)	1,57,511	1,82,538	2,14,751
Adj. net profit (Rs mn)	88,657	1,03,180	1,23,276
Adj. EPS (Rs)	41.0	47.8	57.1
Consensus EPS (Rs)	0.0	0.0	0.0
Adj. ROAE (%)	16.5	18.1	18.7
Adj. P/E (x)	30.7	26.4	22.1
EV/EBITDA (x)	20.0	17.5	14.5
Adj. EPS growth (%)	27.7	16.4	19.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Insulated from trade war risks with 88% of cargo bound for Asia: While the timing of the transaction may raise concerns amid ongoing trade uncertainty and tariff risks, NQXT's export profile provides a degree of insulation. Of the estimated 35 MT of coal exports in FY25, 31 MT are directed to Asia, reflecting a high regional concentration. Within Asia, China accounted for the largest share at 12.4 MT, followed by India (6.4 MT), Vietnam, Japan, and South Korea. Exports beyond Asia were limited, primarily to the Netherlands and a few European countries. This strong orientation toward Asia—a region relatively shielded trade tensions—mitigates exposure to broader geopolitical risks.

To fund the acquisition of NQXT, ADSEZ issued 143.8mn shares at Rs 1,199 per share to the seller entity. This translates to a dilution of 6.24% for existing shareholders

Guidance for 400mn AUD EBITDA by FY29, implying 15% CAGR: Management has guided for EBITDA to reach A\$400mn by FY29E, implying 15% CAGR over FY25–29E. This growth is expected to be driven by: (a) ramp-up in NQXT's contracted capacity to 50 MT over the next 2–3 years, from the current 40 MT (with FY25 throughput estimated at 35 MT) (b) improved tariff realisations through the adoption of DORC (depreciated optimised replacement cost) methodology (c) cost efficiencies from operational integration, as O&M activities are already managed by ADSEZ. While the company intends to implement DORC-based pricing following asset revaluation, it has also indicated commitment to maintaining tariff competitiveness. We believe the interplay of expanding contracted volumes improved pricing, and rising margins over the next four years provide a credible pathway to achieving the company's EBITDA guidance.

CRPSHPL, a promoter entity, receives 143.8mn shares, resulting in a 2.1% increase in promoter group holding. Post-transaction, total promoter and promoter group ownership rises to approximately 68%.

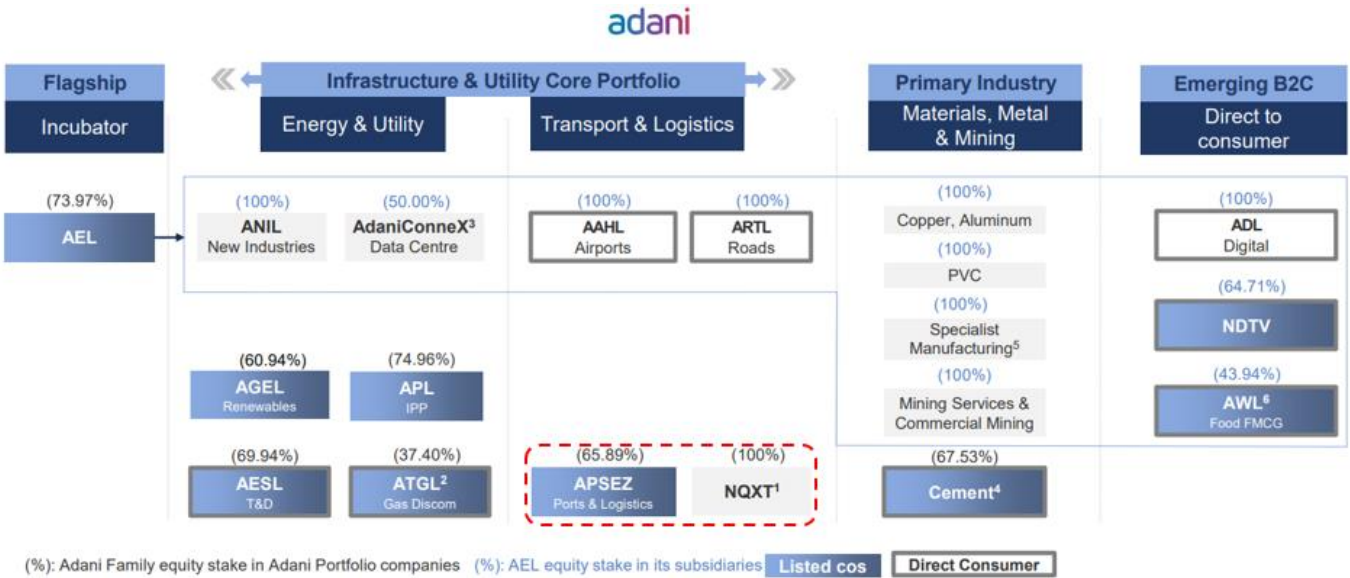
EBITDA margin-accretive from Day 1; EPS accretion expected post FY27: NQXT's EBITDA margin for FY25 is estimated at 65.3%, significantly above ADSEZ's consolidated adjusted EBITDA margins of 59.4% in FY24 and 60.2% in FY25E. The acquisition is expected to be margin-accretive from Day 1 with further improvement anticipated as operational synergies materialize. However, despite the immediate uplift in margins, higher depreciation and a comparatively elevated tax rate—assumed at 30% under Australia's tax regime vs ~17-20% for Indian port operators—are likely to constrain near-term profitability. Consequently, the transaction is expected to become EPS-accretive only beyond FY27E.

Transaction is subject to 3 approvals – a) Majority (~51%) of minority shareholders' approval, b) RBI and c) Foreign investment review board of Australia

Maintain BUY: We believe integration of NQXT aligns well with ADSEZ's long-term strategy to scale its international ports portfolio. The asset offers strong revenue predictability, backed by long-term “take-or-pay” contracts, and provides a clear path for EBITDA growth of 15% CAGR over FY25–29E, supported by ADSEZ's proven operational capabilities. The acquisition is margin-accretive from Day 1 and offers scalable potential—with capacity expected to expand from 50 MT to 60 MT in the near term, and further up to 120 MTPA over time. Additionally, the terminal's location and infrastructure position it well to participate in emerging opportunities such as green hydrogen exports. At an enterprise value of Rs 217 bn (valued at 17x/14x FY25E/FY26E EBITDA), the acquisition appears reasonable despite a modest EPS dilution in the near term, with accretion expected only post-FY27E.

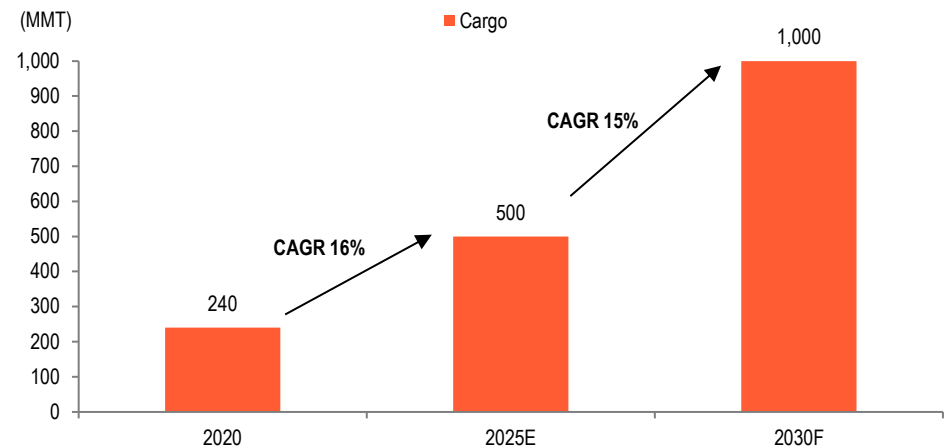
We have not yet incorporated the acquisition into our estimates, as we await at least one of the three required approvals before proceeding. We also look to receive a consolidated FY26 guidance. Nonetheless, the strategic and financial rationale of the transaction remains strong. We maintain BUY with an unchanged TP of Rs 1,490.

Fig 1 – Adani Portfolio – integration of APSEZ and NQXT, a promoter group entity



Source: Company PPT, BOBCAPS Research

Fig 2 – Acquisition in alignment with ADSEZ expansion strategy (~15% global ports)



Source: Company PPT, BOBCAPS Research

Fig 3 – NQXT: Terminal offshore infrastructure



Source: Company PPT, BOBCAPS Research

Fig 4 – NQXT: Terminal onshore infrastructure



Source: Company PPT, BOBCAPS Research

Fig 5 – North Queensland Export Terminal, Queensland, Australia



Source: Company PPT, BOBCAPS Research

Fig 6 – Export Destinations (FY25) – 88% trade bound to Asia

Countries	Cargo Exported (MMT)
Asia	31
China	12.4
India	6.4
Vietnam	5.5
Japan	3.3
South Korea	2.9
Indonesia	0.2
Taiwan	0.2
Malaysia	0.1
Europe	3.60
Netherlands	2.9
Germany	0.3
Ukraine	0.2
Slovenia	0.1
Sweden	0.1
Others	0.4

Source: Company PPT, BOBCAPS Research

Fig 7 – Integrating the port back post achieving significant domestic market share**APSEZ Business Trajectory**

	FY12	FY13	FY25	CAGR
Number of ports	2+NQXT	3+NQXT	18	
Cargo volume (MMT)	82	106	450	14%
Market share	8%	10%	27%	
Revenue (Rs Cr)	2,697	3,577	29,000-31,000*	20%
EBITDA (Rs Cr)	1,747	2,376	18,800-18,900*	20%
Net debt (Rs Cr)	16,423	10,610	c. 36,000**	
Net debt / EBITDA	9.40x	4.47x	1.9x - 2.1x**	
Net debt / Equity	3.41x	1.66x	0.55x – 0.60x**	

NQXT Business Trajectory

	FY12	FY13	FY25	CAGR
Throughput (MMT)	13	16	35	8%
Revenue (AU\$ Mn)	114	190	349	9%
EBITDA (AU\$ Mn)	63	124	228	10%

NQXT as % of APSEZ




	FY12	FY13	FY25
Revenue	21%	30%	6%
EBITDA	18%	29%	7%

Why now?

- Domestic market consolidation completed
 - FY13: 10% market share
 - FY25: Increased to c.27% market share
- Strong financials**
 - Pre-acquisition
 - FY12 - 9.4x net debt / EBITDA
 - Q3FY25 – 2.1x net debt / EBITDA
 - (Leverage will remain at similar levels post acquisition, post realization of non-core assets and liabilities)

Source: Company, BOBCAPS Research

Fig 8 – NQXT- targets to achieve EBITDA of A\$400mn (15% CAGR over FY25-29E)

	FY12	FY13	FY25E	Change (FY25E vs FY12)
Contracted Capacity	24.5 MMT	31.6MMT	39.7 MMT	▲ 62%
Cargo Handled	13.3 MMT	15.7 MMT	35.0 MMT	▲ 163%
EBITDA	A\$63 Mn	A\$124 Mn	A\$228 Mn	▲ 260%
Enterprise Value (A\$)	A\$1.829 Bn	A\$2.051 Bn	A\$3.975 Bn	
EV/ EBITDA Multiple	29x	~17x	~17x	
Enterprise Value <small>(US\$ equivalent, based on prevailing exchange rate)</small>	US\$1.96 Bn	US\$2.12 Bn	US\$2.50 Bn	
Event	 APSEZ acquires 99-year leasehold of the terminal from the Queensland Government	 APSEZ divests its stake in NQXT to deleverage and focus on high growth opportunities in India	 APSEZ's proposed acquisition of NQXT in line with its strategy of global expansion	

Source: Company PPT, BOBCAPS Research

Fig 9 – Acquisition at 17x EV/ EBITDA (FY25E)

Particulars	A\$ mn	Rs bn
APPH FY25e EBITDA	228	12.4
EV/EBITDA multiple for the transaction	17	17
Enterprise value	3975	217
Net debt	819	45
Equity value	3156	172

Source: Company, BOBCAPS Research

Fig 10 – Deal results in 6.24% dilution for existing shareholders

Particulars	Rs mn
Equity value (Rs mn) - (A)	1,72,416
Price/ share determined in accordance to chapter V - (B)	1199
APSEZ shares to be issued (C=A/B)	143.8
APSEZ shares o/s (mn) - (D)	2160.2
Dilution to existing shareholders - (C/(C+D)) (%)	6.24

Source: Company, BOBCAPS Research

Fig 11 – Promoter holding to rise 2.1% to 68%

(mn shares, %)	Shares held	% holding	Shares held	% holding	Change in promoter holding (%)
Promoter & Promoter group	1,423	65.9	1,567	68.0	2.1
Public	737	34.1	737	32.0	
Shares o/s	2,160	100.0	2,304	100.0	

Source: Company, BOBCAPS Research

Fig 12 – Combined balance sheet (proforma)

Proforma balance sheet for combined business (APSEZ and Abbot Port Holding)	
APSEZ + APPH	June 25E
Assets	
Non-current assets	11,29,661
Goodwill on consolidation	50,496
current assets	3,45,122
Total Assets	15,25,279
Equity & Liabilities	
Share capital post shares issue	4,608
Securities premium for this transaction	172,130
Other equity	6,31,045
Current liabilities	1,24,475
Interest bearing liabilities	4,87,607
Lease liabilities – noncurrent	43,672
Other non-current liabilities	61,741
Total equity and liabilities	15,25,279
Ratios	
Gross debt (including non-current)	5,31,280
Cash	1,45,138
Net debt	3,86,142
Gross Debt to Equity	0.7
Net Debt to Equity	0.6
Net Debt/EBITDA	1.90
RoCE (%)	9
RoE (%)	14

Source: Company, BOBCAPS Research

Fig 13 – Leverage ratios in the pre-acquisition range

Change in ratio	APSEZ	APSEZ+APPH
Gross Debt to Equity	0.8	0.7
Net Debt to Equity	0.5	0.6
Net Debt/EBITDA	1.8	1.9
RoCE (%)	12	9
RoE (%)	18	14

Source: Company, BOBCAPS Research

Fig 14 – EBITDA margin accretive; EPS accretion likely to be post FY27E

APSEZ	Mar 26E	Mar27E	Proforma (combined APSEZ + APPH)	Mar 26E	Mar27E
Total Income	3,51,769	3,97,162	Total Income	3,73,340	4,21,817
Reported EBITDA	214751	246687	Reported EBITDA	2,29,303	2,63,556
Adjusted EBITDA	2,14,751	2,46,687	Adjusted EBITDA	2,29,303	2,63,556
EBITDA margin (%)	61.0	62.1	EBITDA margin (%)	61.4	62.5
Depreciation	48,341	53,175	Depreciation	54,070	59,170
EBIT	1,66,410	1,93,511	EBIT	1,75,233	2,04,386
Finance charge	28,969	29,548	Finance charge	31,775	33,152
PBT	1,49,436	1,73,559	PBT	1,55,453	1,80,831
tax	25,404	29,505	tax	27,209	31,687
Tax (%)	0	0	Tax (%)	17.5	17.5
PAT	1,24,032	1,44,054	PAT	1,28,244	1,49,144
Shares O/S	2,160	2,160	Shares O/S post issuance of new shares	2,304	2,304
EPS	57.4	66.7	EPS	55.7	64.7

Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Total revenue	2,08,519	2,67,106	3,03,453	3,51,769	3,97,162
EBITDA	1,09,471	1,57,511	1,82,538	2,14,751	2,46,687
Depreciation	34,247	38,885	43,162	48,341	53,175
EBIT	75,224	1,18,626	1,39,376	1,66,410	1,93,511
Net interest inc./.(exp.)	(25,936)	(27,844)	(28,401)	(28,969)	(29,548)
Other inc./.(exp.)	15,527	14,994	14,994	11,995	9,596
Exceptional items	(2,310)	(515)	0	0	0
EBT	67,125	1,06,291	1,25,969	1,49,436	1,73,559
Income taxes	960	15,346	21,415	25,404	29,505
Extraordinary items	0	8,289	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	66,642	81,040	1,03,180	1,23,276	1,43,827
Adjustments	(2,811)	(7,617)	0	0	0
Adjusted net profit	69,453	88,657	1,03,180	1,23,276	1,43,827

Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Accounts payables	22,960	21,674	24,941	28,912	32,643
Other current liabilities	4	5	6	7	8
Provisions	57,871	48,723	54,039	62,644	70,727
Debt funds	4,98,193	4,62,792	4,52,792	4,22,792	3,67,792
Other liabilities	65,191	68,861	73,781	79,094	84,836
Equity capital	4,320	4,320	4,320	4,320	4,320
Reserves & surplus	4,64,850	5,41,110	6,22,688	7,20,042	8,35,104
Shareholders' fund	4,69,170	5,45,430	6,27,009	7,24,363	8,39,424
Total liab. and equities	11,13,389	11,47,485	12,32,569	13,17,813	13,95,431
Cash and cash eq.	43,343	76,319	1,25,234	1,72,962	1,88,356
Accounts receivables	39,571	36,669	54,039	59,752	65,287
Inventories	4,520	4,375	4,970	5,762	6,505
Other current assets	1,75,277	1,48,903	1,41,924	1,27,253	1,23,317
Investments	87,339	56,340	54,722	54,722	54,722
Net fixed assets	7,09,215	7,38,025	8,39,224	9,00,883	9,57,707
CWIP	66,368	1,09,361	40,000	30,000	40,000
Intangible assets	4	5	6	7	8
Deferred tax assets, net	(12,247)	(22,512)	(27,551)	(33,528)	(40,471)
Other assets	0	0	0	0	0
Total assets	11,13,389	11,47,485	12,32,569	13,17,813	13,95,431

Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash flow from operations	1,19,333	1,50,176	1,63,760	2,16,066	2,33,597
Capital expenditures	(2,21,431)	(1,04,913)	(75,000)	(1,00,000)	(1,20,000)
Change in investments	24,824	35,448	1,618	0	0
Other investing cash flows	10	11	12	13	14
Cash flow from investing	(1,96,036)	(69,466)	(58,388)	(88,005)	(1,10,404)
Equities issued/Others	9,455	10,130	0	0	0
Debt raised/repaid	(20,257)	(41,290)	(10,000)	(30,000)	(55,000)
Interest expenses	10	11	12	13	14
Dividends paid	(10,929)	(10,797)	(21,602)	(25,922)	(28,765)
Other financing cash flows	10	11	12	13	14
Cash flow from financing	(27,338)	(78,001)	(60,002)	(84,891)	(1,13,314)
Chg in cash & cash eq.	(1,04,042)	2,709	45,370	43,170	9,879
Closing cash & cash eq.	9,367	15,757	1,21,689	1,68,405	1,82,841

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25E	FY26E	FY27E
Reported EPS	30.9	37.5	47.8	57.1	66.6
Adjusted EPS	32.2	41.0	47.8	57.1	66.6
Dividend per share	6.0	8.0	10.0	12.0	13.3
Book value per share	210.9	245.1	282.9	327.9	381.2

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25E	FY26E	FY27E
EV/Sales	14.7	11.8	10.5	8.8	7.6
EV/EBITDA	27.9	20.0	17.5	14.5	12.2
Adjusted P/E	39.2	30.7	26.4	22.1	18.9
P/BV	6.0	5.1	4.5	3.8	3.3

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	99.3	82.7	81.9	82.5	82.9
Interest burden (PBT/EBIT)	89.2	82.6	90.4	89.8	89.7
EBIT margin (EBIT/Revenue)	36.1	44.4	45.9	47.3	48.7
Asset turnover (Rev./Avg TA)	21.8	25.3	27.2	29.6	31.5
Leverage (Avg TA/Avg Equity)	2.3	2.2	2.0	1.9	1.7
Adjusted ROAE	15.9	16.5	18.1	18.7	18.8

Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25E	FY26E	FY27E
YoY growth (%)					
Revenue	21.8	28.1	13.6	15.9	12.9
EBITDA	14.9	43.9	15.9	17.6	14.9
Adjusted EPS	17.5	27.7	16.4	19.5	16.7

Profitability & Return ratios (%)

EBITDA margin	61.5	59.4	60.2	61.0	62.1
EBIT margin	36.1	44.4	45.9	47.3	48.7
Adjusted profit margin	33.3	33.2	34.0	35.0	36.2
Adjusted ROAE	15.9	16.5	18.1	18.7	18.8
ROCE	10.0	11.6	12.5	13.5	14.5

Working capital days (days)

Receivables	69	50	65	62	60
Inventory	8	6	6	6	6
Payables	40	30	30	30	30

Ratios (x)

Gross asset turnover	0.2	0.3	0.3	0.3	0.3
Current ratio	3.3	3.8	4.1	4.0	3.7
Net interest coverage ratio	4.2	5.7	6.4	7.4	8.3
Adjusted debt/equity	1.1	0.8	0.6	0.4	0.3

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

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BUY – Expected return >+15%

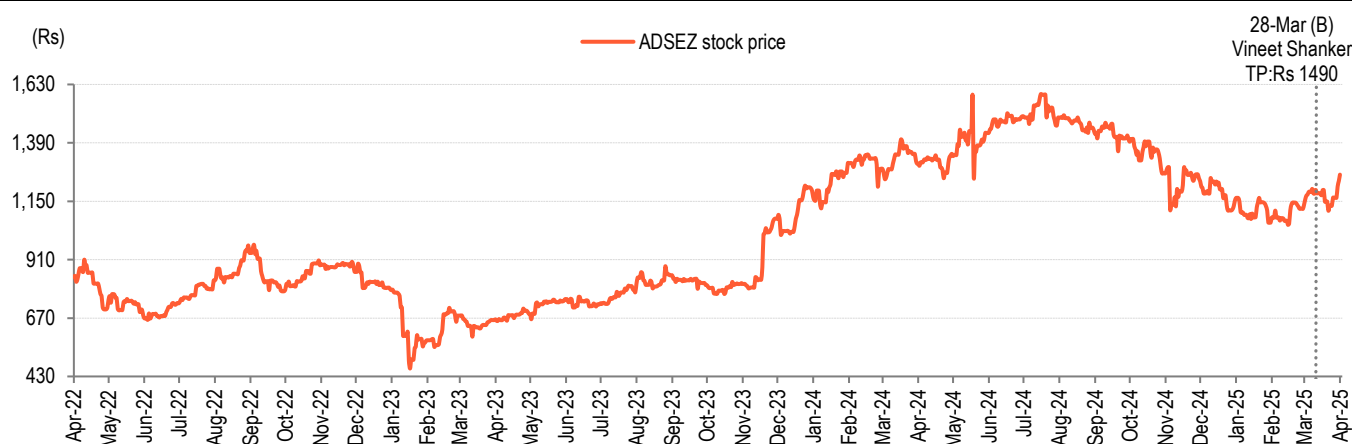
HOLD – Expected return from -6% to +15%

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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