Management Discussion & Analysis

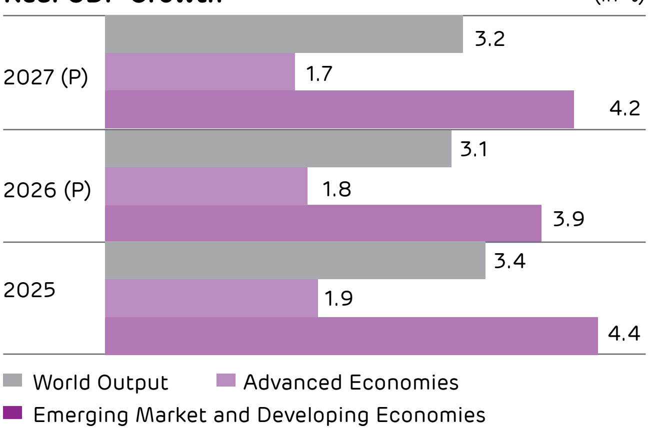
Global Economy

The global economy maintained stability throughout 2025. It successfully navigated evolving trade policies alongside varied regional performances. Investments in technology offset the impact of new tariffs and policy shifts. Global inflation stabilised at 4.1%. Several countries achieved rates below initial market projections. This outcome created a more reliable cost base for international activities and forward planning.

Global political instability continues to impact international trade and energy security. Tensions in West Asia are a primary concern, particularly regarding the Strait of Hormuz. As a vital channel for energy transport, any disruption here directly affects the cost of crude oil and the supply of Liquefied Natural Gas (LNG). These regional issues, combined with the ongoing conflict between Russia and Ukraine, maintain pressure on commodity prices and global shipping routes. For many industries, these external factors lead to higher operational costs and slower supply chains. The resulting volatility makes it difficult to predict the steady arrival of raw materials or the final price of essential services. Consequently, businesses must account for these indirect challenges when planning for logistics and procurement in the current financial year.

World GDP grew by 3.4% over the year. Results differed across regions. Advanced economies expanded by 1.9%. The United States recorded 2.1% growth. This stemmed from technology investments and fiscal measures. The euro area advanced by 1.4%. Japan grew by 1.2%. Emerging markets achieved stronger results at 4.4%.

Real GDP Growth (in %)



(P) Projected (Source: WEO (IMF)-April)

Global trade conditions remained fluid during the year amid continuing geopolitical tensions and evolving tariff measures across major economies. According to the IMF and OECD, although certain tariff pressures eased compared with earlier peaks, trade policy uncertainty continued to weigh on business sentiment and investment decisions globally. At the same time, global merchandise trade remained relatively resilient, supported by strong technology-related exports from Asian economies and sustained investment in artificial intelligence and digital infrastructure. However, ongoing geopolitical conflicts, supply-chain realignments, and changing trade policies continued to create volatility across international markets, particularly in sectors dependent on cross-border manufacturing, semiconductors, electronics, and critical commodities.

Central banks addressed inflation through measured policy adjustments. These included interest rate reductions in the United States and the United Kingdom. Such actions helped sustain financial stability amid trade frictions and geopolitical challenges.

(Source: World Economic Outlook (IMF), WEO (IMF)-April)

Outlook

The global economy enters a phase of steady expansion. Projections indicate 3.1% GDP growth in 2026, followed by 3.2% in 2027. This trajectory stems from technology-driven productivity gains. Artificial intelligence is increasingly embedded in the industrial and services sectors. These developments counterbalance trade frictions and evolving political dynamics.

Advanced economies anticipate 1.8% growth in 2026. The United States is likely to lead this group with 2.3% growth, aided by tax incentives from the One Big Beautiful Bill Act. Combined with recovery from the brief 2025 federal shutdown, these factors create favourable conditions for private investment and consumer spending. The Eurozone expects more modest 1.1% progress and yet anchors global market stability. Japan faces recalibration to 0.7% after recent policy shifts.

Emerging markets are projected to moderate to 3.9% in 2026 and further gain momentum to achieve 4.2% by 2027. China targets 4.5% in 2026. Domestic fiscal support and improved US trade ties reinforce this outlook. India shines as a frontrunner with 6.5% growth. Its strengths in manufacturing and digital advancements solidify its role. The Middle East and Central Asia is expected to register

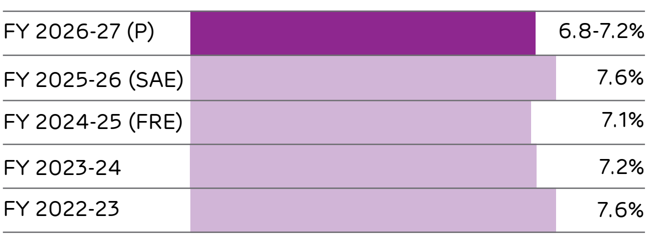
1.9%, and Sub-Saharan Africa at 4.3%. Both regions signal brighter prospects and expand global outreach.

Headline inflation is projected to rise to 4.4% in 2026 before moderating to 3.7% in 2027. While advanced economies are gradually moving towards their respective targets, the United States is progressing at a slightly slower pace. This has resulted in diverging monetary policies, with interest rates trending downwards in the United States and the United Kingdom, remaining steady in the euro area, and rising marginally in Japan.

World trade growth is expected to slow to 2.6% in 2026, primarily due to the realignment of international tariffs. Despite this moderation, technology exports continue to provide essential support to global trade volumes. These shifts in inflation and trade policy require businesses to remain mindful of changing cost structures and the evolving interest rate environment across different geographic markets.

Indian Economy

The Indian economy exhibited resilience in FY 2025-26 amid global trade uncertainties and market fluctuations. The Second Advance Estimates (SAE) indicate real GDP growth of 7.6% alongside Gross Value Added at 7.7%. These figures underscore the strength of a domestic demand-led growth trajectory. Robust agricultural performance supported rural earnings. Urban consumption gained momentum from stable jobs and easing inflation.



SAE = Second Advance Estimates; FRE = First Revised Estimates; P = Projections

(Source: Economic Survey 2025-26, PIB)

India continues to remain one of the world's fastest-growing major economies, supported by resilient domestic demand, strong investment activity, and ongoing structural reforms. However, the latest GDP estimates indicate that India is currently the 6th largest economy in the world with a nominal GDP of about USD 4.15 trillion in 2026, and not the fourth-largest as previously stated. The country is expected to retain its strong growth momentum and may regain a higher global ranking over the medium term as economic expansion continues.

(Source: Indian Express)

Inflation touched a record low of 1.7% over the first nine months of FY 2025-26. This stability amplified household purchasing power. Expectations remain anchored ahead. The RBI reported the full-year inflation rate at 3.4%, mostly due to situations arising from the West-Asian geopolitical volatility. Prudent fiscal measures and consistent bank credit growth underpin this outlook. The banking system shows fortitude with ample capital buffers and minimal non-performing assets. Foreign exchange reserves surpass USD 700 billion. These reserves equip India to navigate international turbulence.

(Source: PIB, Trading Economics)

Union Budget FY 2026-27

The Union Budget for 2026-27 reaffirms the government's commitment to sustaining economic growth through fiscal prudence, higher public capital expenditure, and structural reforms. Public capital expenditure has been budgeted at ₹ 12.2 lakh crore, underscoring the continued policy emphasis on infrastructure-led development, crowding in private investment, and strengthening productive capacity across the economy. The Budget also reflects a continued focus on improving household financial savings, deepening capital markets, and facilitating greater financial participation, which is expected to support domestic consumption and capital formation.

From a business perspective, these measures are expected to benefit sectors linked to manufacturing, construction, logistics, and energy, while also supporting broader market activity through improved infrastructure and policy stability. The Budget's emphasis on fiscal consolidation and disciplined borrowing is likely to reinforce macroeconomic stability, while reforms aimed at capital markets and household savings may improve long-term investment flows. In addition, the operationalisation of the four Labour Codes from November 21, 2025 marks an important reform step, aimed at rationalising labour regulation, improving compliance efficiency, and creating a more flexible and formalised labour framework.

Guided by the vision of Viksit Bharat @2047, the Government has been advancing key initiatives, including the Production Linked Incentive (PLI) schemes and the PM Gati Shakti National Master Plan to strengthen domestic manufacturing and infrastructure. These strategic initiatives, along with the Atmanirbhar Bharat Abhiyaan, focus on indigenous capacity building and long-term economic self-reliance, ensuring the nation remains stable despite external global pressures and future growth.

(Source: PIB, Union Budget, PIB 2)

Outlook

The outlook for the Indian economy stays positive and stable. Projections place real GDP growth for FY 2026-27 between 6.8% and 7.2%. These estimates highlight India's ability to preserve strong momentum despite worldwide uncertainties.

The conflict in West Asia has added fresh uncertainty to global trade and shipping in 2026. Rising security concerns in key sea routes such as the Strait of Hormuz and the Red Sea have pushed up war-risk insurance premiums, forced some shipping lines to reroute vessels and extended transit times. These developments have also increased freight costs and added pressure on delivery schedules, which can affect trade flows across regions.

The situation has also made global supply chains less predictable. Longer routes, higher fuel costs and tighter availability of shipping capacity can delay cargo movement and create congestion at alternate ports. For businesses linked to cargo handling, logistics and international trade, this environment can lead to higher operating costs, uneven volumes and more cautious customer behaviour until the geopolitical situation stabilises.

Government spending on infrastructure will continue to provide solid support. Private sector investments keep rising steadily. Policy measures and capacity building further reinforce the manufacturing base. The services sector holds its reliable growth path. Digital progress and resilient exports lend additional strength.

(Source: PIB)

Industry Overview

Global Ports

Global ports and maritime trade form the backbone of international commerce, handling over 80% of global merchandise trade volumes through container terminals, bulk facilities, and specialised energy ports.

The global port infrastructure sector presents a strong growth opportunity, currently valued at ~USD 174 billion and projected to reach USD 289.32 billion by 2035, growing at a CAGR of 5.16%. This sustained expansion, driven by rising global trade and continued investments in port modernization, highlights the sector's long-term resilience and attractiveness.

The UNCTAD Review of Maritime Transport 2025 documents seaborne trade reaching 12,720 million tonnes in 2024 with 2.2% volume growth, though tonne-mile demand surged 5.9% to 66,781 billion tonne-miles due to Red Sea rerouting, adding 30% voyage distances around the Cape of Good Hope. Suez Canal transits fell to 70% below 2023 averages through May 2025, redirecting Asia-Europe container flows and inflating transport costs while highlighting port resilience through alternative routing. UNCTAD data shows Asian ports leading connectivity, with China, Korea, Singapore, and Malaysia topping LSCI rankings in 2025, while India entered top 10 via Mundra and JNPT's 24,000 TEU vessel calls.

Challenges persist with geopolitical risks, and crane supply constraints (because 80% are Chinese-made). UNCTAD forecasts 0.5% growth for total seaborne trade in 2025. Containerised trade expects a 1.4% rise. Risks persist from US-China tariffs, Red Sea tensions, and excess fleet capacity. Ports need investments in green fuels and digital systems.

(Source: House of Shipping, UNCTAD, Market Research, Industry Report)

India's EXIM Trade

India's EXIM trade demonstrated steady growth momentum in FY 2025-26. Merchandise exports during the year stood at US$ 441.78 billion, reflecting a year-on-year increase of 0.93%. Non-petroleum exports rose to US$ 387.88 billion, while non-oil and non-gems & jewellery exports reached US$ 359.67 billion, registering growth of 3.62% and 4.22%, respectively.

(Source: https://www.pib.gov.in/PressReleasePage.aspx?PRID=2252272&reg=3&lang=1)

Strong manufacturing revival fuels this uptick. Export orders gain traction amid better global demand. Ongoing trade negotiations create favourable conditions. India's accommodative monetary stance supports competitiveness. These factors positioned the whole fiscal year for continued positive growth across merchandise categories.

Global tariffs pose major threats to projections. Trade policy uncertainty weighs on the outlook. Geo-economic fragmentation disrupts supply chains. Persistent geopolitical tensions add volatility. These risks could temper growth across export segments.

(Source: Exim Bank India, PIB)

Indian Ports Sector

India's port sector manages 95% of trade by volume and 70% by value. Major ports handled 915.17 million tonnes (MT) of cargo in FY 2025-26, up 4.3% from 855 million tonnes in FY 2024-25.

The country operates 12 major ports along with more than 200+ minor and intermediate ports, all key to supporting trade and business activity. The government pushes growth through the National Perspective Plan for Sagarmala. This includes plans to build six new mega ports. These steps strengthen infrastructure to meet rising trade needs.

India ranks as the sixteenth-largest maritime country in the world.

India's coastline measures 11,099 kilometres. The government backs the ports sector with Foreign Direct Investment (FDI) up to 100% under the automatic route for port and harbour construction and maintenance projects. It also provides a 10-year tax holiday for companies developing, maintaining and operating ports and inland waterways. This policy setup draws investment and spurs growth in the maritime field. The measures help position India as a strong player in worldwide trade.

Container traffic surged 9% in FY26 to 27.02 Million TEUs. Coal, POL products, and iron ore dominate volumes.

Major ports achieved a 7.5% CAGR in total income over 10 years, doubling from ₹ 11,760 crore in FY 2014-15 to ₹ 24,203 crore in FY 2024-25. Operating ratio fell from 64.7% to 42.3%, showing better efficiency. Capital expenditure (Capex) for the maritime sector expanded significantly, with total investment across Internal and Extra Budgetary Resources (IEBR) and Public-Private Partnership (PPP) reaching ₹ 14,953 crore in FY 2025-26. This marks a substantial increase over the ₹ 9,708 crore recorded in FY 2024-25, reflecting an intensified focus on infrastructure modernisation and enhanced private sector participation to drive port capacity.

Port capacity expansion requires a ₹ 390 billion in capital spending. Under the Sagarmala Programme, the maritime sector continues to witness large-scale infrastructure expansion. Currently, 845 projects valued at ₹ 6.06 lakh crore are under implementation, with 315 projects worth ₹ 1.57 lakh crore already completed. Notably, the completion of 7 coastal berth projects has successfully added 9.84 million tonnes per annum (MTPA) to the national cargo handling capacity.

India has plans to invest USD 82 billion in port projects by 2035.

Building on this momentum, Sagarmala 2.0 has been launched with a financial outlay of ₹ 85,482 crore. This next phase is strategically designed to catalyse an additional ₹ 3.6 lakh crore in investment, further modernising India's port-led development framework.

Functional Major and Non-Major Ports in India

Sr. No.	State / UT	Non-Major Ports	Major Ports
1	Andhra Pradesh	15	1
2	Goa	5	1
3	Gujarat	48	1
4	Karnataka	13	1
5	Kerala	17	1
6	Maharashtra	48	2
7	Odisha	14	1
8	Tamil Nadu	17	3
9	West Bengal	1	1
10	Andaman and Nicobar Islands	24	-
11	Daman & Diu	2	-
12	Puducherry	3	-
13	Lakshadweep	10	-
	Total	**217**	**12**

(As of July 26, 2024)

India's ports sector is expected to regain momentum from FY 2026-27, supported by improving cargo flows, new capacity additions and better logistics connectivity. Likely to grow faster than the broader market and recover more strongly in FY 2026-27 as demand normalises and trade conditions improve.

The long-term outlook remains constructive. The Maritime India Vision 2030 projects cargo traffic at 2,570 million tonnes by 2030, while national port capacity has already expanded significantly over the past few years. A major catalyst for the next phase of growth will be the completion of infrastructure linkages such as freight corridor connectivity, port modernisation and the continued shift toward containerised and coastal cargo movement.

Private participation is also expected to play a larger role in the sector's next phase of expansion. With policy support, capacity additions and logistics integration improving across the value chain, the ports industry is well placed to benefit from rising trade intensity, industrial growth and the gradual recovery in global shipping volumes.

(Source: AngleOne, JM Financial, PIB, Invest India, ShipMin, PIB2, IASParliament)

Impact of Global Geopolitical Tensions on India's Ports and Infrastructure

Global conflicts and geopolitical shifts continue to pose challenges for India's ports and infrastructure sectors, requiring businesses to adapt to changing trade routes and higher operating uncertainty. While the Red Sea disruptions have already affected transit times and freight costs for trade with Europe, the situation has now widened with the Russia-Ukraine conflict and the escalating West Asian conflict, both of which are influencing energy flows, shipping routes and global supply chains. These developments have increased pressure on freight rates, insurance costs and delivery schedules, while also adding uncertainty to merchandise trade and cargo movement. At the same time, shifting sanctions, rerouting of vessels and changes in sourcing patterns are likely to keep trade flows uneven in the near term. In this environment, long-term initiatives such as the International North-South Transport Corridor may gain strategic relevance as countries look for more resilient and diversified trade connections.

The talks of development of the **IMEC** (India – Middle East - Europe Corridor) as an alternative to the Suez Canal route also strengthen India's role in the global maritime sea routes.

The long-term outlook remains constructive. The Maritime India Vision 2030 projects cargo traffic at 2,570 million tonnes by 2030, while national port capacity has already expanded significantly over the past few years.

Key Policy Developments in the Indian Ports Sector

- **Maritime India Vision 2030 & Amrit Kaal Vision 2047** - The Maritime India Vision 2030 lays out plans for port upgrades, digital systems and green shipping with ₹ 3 lakh crore investment. The Amrit Kaal Vision 2047 builds on this, targeting ₹ 80 lakh crore to raise port capacity to 10,000 million tonnes per annum by 2047 and establish India as a global maritime power.
- **Sagarmala Programme** - This initiative taps India's 11,099 km coastline through 802 projects worth ₹ 5.48 lakh crore. It focusses on port-led growth, better logistics and coastal community progress.
- **Green Tug Transition Programme** - The plan converts 50% of India's tug fleet to green tugs by 2030 using fuels like LNG and hydrogen. This cuts carbon emissions and supports eco-friendly port operations.
- **Carriage of Goods by Sea Bill** - The bill focuses on aligning India's laws with international conventions and updating regulations governing the transport of goods by sea.
- **Coastal Shipping Bill** - The bill revives coastal shipping with incentives for Indian vessels, easier regulations and dedicated terminals. It eases pressure on road and rail networks.
- **Telescopic Rates for Rail-Sea-Rail Routes** - Indian Railways offers a special rate structure to push multimodal cargo movement. This reduces total logistics expenses.
- **Bills of Lading Bill** - The bill is designed to modernise shipping documentation by simplifying legal language, restructuring provisions, and clearly defining rights and liabilities in cargo transactions.
- **National Ports Bill** - This proposed law updates the outdated Indian Ports Act, 1908. It sets a modern regulatory system to boost public-private partnerships and speed up decisions.

Indian Logistics

India's freight and logistics market continues to expand on the back of rising trade, e-commerce growth, manufacturing activity and infrastructure development. In 2025, the market reached USD 288.89 billion and is estimated to grow to USD 315.89 billion in 2026, then reach USD 476.51 billion by 2031, growing at a CAGR of 8.57%. This reflects the steady formalisation of freight movement, better supply chain organisation and the rising need for efficient cargo handling across the economy.

Road transport continues to form the backbone of freight movement in India because it connects production centres, consumption hubs, ports and warehouses across the country. As industrial activity spreads and trade volumes rise, road logistics remains central to last-mile delivery and long-distance cargo movement. The market's growth also reflects the increasing importance of integrated logistics networks that can support faster transit, better vehicle utilisation and lower movement inefficiencies.

Warehousing is another important part of the logistics ecosystem and continues to gain relevance as businesses look for better inventory control, faster fulfilment and wider distribution reach. The growth of e-commerce, retail, manufacturing and organised supply chains is supporting demand for modern warehousing solutions, especially facilities that can offer efficient storage, handling and regional distribution support. This is helping the industry move from a transport-led model toward a more integrated logistics model.

The outlook for the sector remains constructive as the need for efficient freight movement continues to rise across industries. Better road connectivity, larger warehouse networks and stronger demand for organised logistics services are likely to support further expansion in the years ahead. The industry, therefore, remains well placed to benefit from India's economic growth, infrastructure development and the gradual shift toward more technology-enabled logistics operations.

Government Initiatives Driving Change

The Indian logistics sector has benefited from a series of government measures aimed at reducing costs, improving connectivity and making freight movement more efficient. GST reforms have helped create a more unified market by reducing interstate barriers and encouraging warehouse consolidation, which has improved the flow of goods across the country.

PM Gati Shakti has emerged as another important reform, bringing together 16 ministries on a single digital platform for integrated infrastructure planning. The programme is designed to support multimodal connectivity and better coordination across roads, railways, ports and airports. Government updates show that projects worth about ₹ 15.89 lakh crore have already been evaluated under the programme, highlighting the scale of investment and planning support being directed toward logistics infrastructure.

The government has also focussed on strengthening the wider logistics ecosystem through initiatives such as Sagarmala, Bharatmala, dedicated freight corridors and multi-modal cargo terminals. These efforts are improving port connectivity, road movement and rail-based cargo handling, while also supporting the shift toward a more integrated logistics network. Together, these measures are helping lower inefficiencies, improve transit times and create a more competitive logistics environment for the long term.

Technology Adoption and Efficiency

Digital platforms transform operations through real-time tracking, route optimisation, and predictive analytics. Companies use GPS, IoT sensors, and AI for fleet management. Blockchain improves supply chain transparency, especially for exports. E-way bills and FASTag reduce documentation time from days to minutes at toll plazas.

Challenges and Opportunities Ahead

Poor last-mile connectivity in rural areas affects 40% of the farm produce value. Skill gaps persist across drivers, warehouse staff, and supply chain managers.

Yet opportunities abound. China+1 strategy brings manufacturing shifts to India, boosting logistics demand. E-commerce penetration will double to 15% of retail sales by 2030. Green logistics grows with mandates for electric fleets and sustainable warehousing.

The sector outlook remains positive. Investments of USD 200 billion over the next five years will modernise infrastructure. Policy stability and digital adoption position Indian logistics for double-digit growth through FY 2029-30.

Key Trends and Developments

Modern Warehousing Expansion - The warehousing segment sees strong expansion due to the rising need for modern storage facilities. The Goods and Services Tax (GST) has helped set up larger warehouses, which improve inventory management.

Public-Private Collaborations - Public and private sector collaborations grow more common. These partnerships play a key role in building logistics parks, freight corridors and multimodal transport facilities to boost operational efficiency.

Logistics Infrastructure Push - The Indian government invests heavily in logistics infrastructure through initiatives like Gati Shakti to improve multimodal connectivity. Recent budget allocations under the National Logistics Policy aim to simplify operations and cut logistics costs.

Digital Supply Chain Shift - The logistics sector undergoes fast digital changes. Artificial Intelligence (AI), Internet of Things (IoT) and Blockchain integration optimise supply chain management and support data-based decisions.

Online Retail Surge - Online retail expects 27-30% growth, reshaping logistics. Companies adjust to handle demands for quicker deliveries and better last-mile connections.

Green Logistics Practices - Sustainability gains focus in logistics. Firms adopt green practices like electric vehicles (EVs) and green supply chain methods to lower carbon emissions.

Adani Ports and SEZ Limited: Business Overview

Adani Ports and Special Economic Zone Limited (referred to as 'APSEZ' or 'the Company') is India's largest integrated transport utility company, with a growing global presence across multiple sectors. As a major industry player backed by the Adani Group, APSEZ operates ports in nine maritime states and union territories. These include Gujarat, Maharashtra, Goa, Kerala, Tamil Nadu, Andhra Pradesh, Puducherry, Odisha and West Bengal.

The Company brings extensive experience as a port developer and operator, with an operational capacity of 653 MMT in India. APSEZ stands as India's top commercial port operator, leading the nation's port-based infrastructure development. Its network of ports and terminals sits at key points along India's coastline. This setup handles a large portion of the country's cargo and grows faster than the overall industry. While the broader Indian port sector expanded at 4.4% in FY 2025-26, non-major ports grew at 1.4% compared to APSEZ's 4.7% domestic volume growth, highlighting the Company's leadership in driving overall sector performance.

Mundra Economic Hub

APSEZ runs India's biggest port-based manufacturing hub at Mundra in Gujarat. The site covers 12,500 hectares along the Gulf of Kachchh and serves as a key entry point for imports and exports. A private seaport and strong logistics links support this location. The Mundra Economic Hub houses a multi-product Special Economic Zone (SEZ), Free Trade Warehousing Zone (FTWZ), and Domestic Industrial Zone. These offer varied investment options for businesses. With ready industrial clusters and solid infrastructure, Mundra draws projects of all sizes. The hub plays a major part in economic progress for Gujarat and India.

Logistics and Inland Reach

APSEZ extends beyond ports and zones with pan-India logistics operations. The Company runs 12 multi-modal logistics parks (MMLPs), 132 rakes and more than 900 trucks. The Company aspires to achieve a target of 16 MMLPs, 200 rakes and 2,000 Trucks by FY 2030-31. It delivers full services from ocean freight and rail to warehousing and last-mile transport. Rail lines reach India's farthest points, from Kilaraipur in Punjab to Chennai in Tamil Nadu, Jirania in Tripura and Mundra in Gujarat. The truck fleet handles first-mile and last-mile work for Inland Container Depots (ICDs), port trucking, and movement of containers or bulk goods inside the country.

The International Freight Network services division uses an asset-light model. A tech platform manages ocean freight rates digitally and offers one-stop end-to-end solutions.

Dredging and Marine Services

APSEZ provides specialised dredging and reclamation for port and harbour projects. Since 2005, the Adani Group built a dredging fleet that now includes 64 dredgers. This ranks among India's largest capital dredging capacities. Well-kept gear, modern workshops and dry dock facilities prepare the Company for marine infrastructure work in coastal and inland waters.

The marine services business has expanded through buys like Ocean Sparkle Ltd. for India and Astro Offshore for global work. APSEZ operates 136 marine vessels in total.

Strategic Role and Capacity

APSEZ holds about 27% of India's total port capacity and supports the national logistics network. The Company manages large cargo volumes for coastal areas and far inland regions. Key moves include starting the Vizhinjam transhipment hub in Kerala. In West Bengal, APSEZ commenced operations at Haldia Dock Complex Berth #2. Operations also started at Netaji Subhas Dock in Syama Prasad Mookerjee Port, Kolkata. A concession agreement covers a multipurpose berth at Kandla Port.

The Company's port and terminal capacity is divided between India's west, south and east coasts, with roughly 54% on the west coast, 24% on the south and ~22% on the east coast. This spread improves service to varied markets and streamlines logistics.

Global Footprint

APSEZ strengthened its global presence during the year by entering into a strategic IMEC partnership with the Port of Marseille Fos, aimed at enhancing India–Europe trade connectivity and logistics integration. We also completed the acquisition of NQXT, Australia, significantly expanding its international footprint and reinforcing its position as a global ports and logistics operator. Further, APSEZ signed a Memorandum of Understanding with NMDC and VALE for the handling of VALEMAX vessels, enhancing its capabilities in large-capacity bulk cargo handling and supporting growth in high-volume international trade. With sites in Israel, Tanzania, Sri Lanka and Australia, APSEZ holds 144 MMT capacity outside India.

Future Goals and Sustainability

APSEZ aims to lead as the world's top integrated transport utility and largest private port operator by 2030. This plan strengthens global links and transport systems. APSEZ plans to become carbon positive by 2030, building a lasting focus on environmental care.

Strategic Expansions & Partnerships FY 2025-26

- Entered into a strategic IMEC partnership with the Port of Marseille Fos, strengthening India–Europe trade connectivity and global logistics linkages
- Completed the acquisition of NQXT, Australia, significantly expanding APSEZ's international footprint and diversifying its global port operations portfolio
- Held groundbreaking ceremony of Vizhinjam Phase II Project in Kerala
- Signed a Memorandum of Understanding with NMDC and VALE for handling VALEMAX vessels, enhancing large-capacity bulk cargo handling capabilities
- Partnered with Motherson at Dighi Port to develop automotive logistics infrastructure, with a handling capacity of 2,00,000 cars per annum
- Became an Adopter of the Taskforce on Nature-related Financial Disclosures (TNFD) from FY 2025-26, reinforcing the Company's commitment to sustainable and responsible business practices
- Karaikal Port entered into an agreement with Tvarur Oils & Fats Pvt. Ltd. for handling 72,000 metric tonnes per annum of edible oil, strengthening liquid bulk cargo throughput
- Collaborated with BPCL to establish India's first LNG bunkering hub at Vizhinjam Port, supporting the transition towards cleaner marine fuel solutions
- Announced commencement of a liquid terminal at Dhamra Port, further strengthening its positioning as the "Mundra of the East" through diversified cargo capabilities

Milestones

Ports

- Crossed 500 MMT cargo, becoming India's first private port operator to achieve this milestone
- Adani Ports' Colombo Terminal handled over 1 million TEUs in its first year of operations
- Gangavaram Port achieved India's largest single bauxite parcel handling of 2,00,918 MT on March 8, 2026
- Gangavaram Port recorded the deepest draft ever handled in India (18.31 metres) with vessel MV Cape Mars on March 31, 2026
- Mundra Port handled 192 MMT of cargo during FY 2025-26
- India's first dedicated VLCC terminal inaugrated in Mundra
- Terminal 2 in Mundra achieved its highest-ever throughput of 1.48 million TEUs
- Mundra LPG Terminal terminal recorded its highest-ever handling of 1.42 MMT
- Mundra SPRH handled 1.7 million TEUs
- Ro-Ro operations achieved a record throughput of 2,29,357 vehicles, including 6,008 vehicles on a single vessel (national record)

- Karaikal Port recorded the highest-ever monthly cargo of 1.47 MMT in April 2025 and handled the deepest draft vessel MV Cornelia M (14.70 metres)
- Dhamra Port handled 48.79 MMT of cargo in FY 2025-26, registering 6% year-on-year growth. It also recorded the highest-ever monthly cargo of 5.02 MMT in March 2026

Logistics & Infrastructure Growth

- Adani Logistics completed its first containerised grain rake movement for FCI, transporting cargo from Ludhiana to Ahmedabad
- Commissioned and notified three Inland Container Depots (ICDs) in a single year:
    - ICD Virochan Nagar
    - ICD Kishangarh
    - ICD Malur
- Successfully handed over operational warehousing facilities to customers at Palwal and other locations
- 4 new silos operationalized taking combined storage capacity to 1.45 MMT
- Warehouse utilization rate improved from 60% in FY25 to 96% in FY26

Marine Business Expansion 2026

- APSEZ sets up India's first Port of Refuge, enhancing maritime safety
- Shanti Sagar International Dredging Pvt. Ltd. (SSIDPL) commissions in-house built Water Injection Dredger for Dhamra
- SSIDPL expands fleet with new Split Barge for breakwater works
- SSIDPL maintains all ports exclusively using in-house dredgers (zero external dependency)
- SSIDPL crosses 60 million cubic metres dredging in a single fiscal year
- Ocean Sparkle Ltd. (OSL) renews Designated Emergency Towing Vessel (ETV) Ocean Bliss contract
- Marine awards and recognitions for safety, EHS and sustainability (IBC Agni Suraksha Puraskar, Green Tech Foundation, OSPCB Awards)

Technology & Innovation

- Hon'ble Prime Minister Narendra Modi inaugurated India's first fully automated dry bulk terminal at Haldia operated by APSEZ
- Dhamra Port implemented multiple digital initiatives:
    - FASTag-enabled digital gate pass system
    - GPS-based vehicle tracking
    - RFID-based truck tracking and automated boom barriers
    - Cybersecurity enhancements for CCTV and IT networks
    - Barcode-enabled process automation to reduce turnaround time
    - Successful deployment of SCADA system for the Dhamra Port Company Ltd. (DPCL) railway corridor
- OSL received multiple digital transformation recognitions:
    - Sagar Samman
    - Samudra Manthan
    - Digi Novik – Tech Transformation
- OSL transitioned to a 100% paperless, centralised digital ecosystem, supported by a Strategic Command Centre in Ahmedabad
- Constructed and commissioned two ASTDS tugs under the Make in India initiative
- SSIDPL launched DOMS (Dredge Operations & Monitoring System) software

Performance Overview

APSEZ demonstrated solid results in the year under review, with cargo volumes up 11.2% year-on-year (YoY). The Company maintained strong performance across its operations. Mundra Port held its rank as India's largest port, managing 192 MMT of cargo in FY 2025-26.

Total cargo across all Adani ports reached 500.8 MMT. This included ~50 MMT from international ports in Israel, Tanzania, Colombo and Australia. In India, APSEZ ports handled ~451 MMT across 15 operating ports and terminals, showing 4.7 % growth from the previous year.

Container volumes handled by APSEZ ports globally grew by 19% YoY nto 14.9 MTEU. Domestic port container handling grew by 9% to 12.3 MTEU while international port container throughput more than doubled to 2.6 MTEU.

Performance highlights of our Domestic Ports:

Ports/Terminals	Installed Capacity (MMT)	Cargo Handled (MMT)
Mundra port	274	192.0
Tuna & Berth 13 terminal*	20	6.5
Dahej port	16	10.6
Hazira port	32	29.8
Dighi port	8	0.1
Mormugao terminal	5	4.9
Vizhinjam port	24	19.4
Karaikal port	22	12.4
Kattupalli port	25	13.0
Ennore terminal	12	13.5
Krishnapatnam port	75	59.2
Gangavaram port	64	36.6
Gopalpur port	20	4.2
Dhamra port	52	48.8
Haldia port	4	0.1

* Berth 13 - under development

Financial Highlights FY 2025-26

Revenue:

Consolidated revenue rose by 25% to ₹ 38,736 crore. The domestic ports segment led with ₹ 25,755 crore in contribution. International ports added ₹ 4,539 crore, while the marine segment accounted for ₹ 2,681 crore.

SEZ & port development brought in ₹ 1,219 crore. The logistics segment completed the total at ₹ 4,478 crore.

EBITDA:

Consolidated EBITDA grew by 20% to ₹ 22,851 crore. This was derived mainly from domestic ports at ₹ 18,849 crore, international ports at ₹ 1,298 crore, marine services at ₹ 1,357 crore, SEZ & port development at ₹ 427 crore, and logistics at ₹ 863 crore.

Balance Sheet & Cash Flow:

- Net debt to EBITDA at 1.9x in FY 2025-26
- Net cash flow from operating activities rose 18% to ₹ 20,356 crore
- The Board proposed ₹ 7.5 per share, totalling ₹ 1,725 crore payout, which is 13.5% of reported PAT

Key financial ratios and return on net worth

Particulars	FY 2025-26	FY 2024-25	% change
Debtors' Turnover (Days)	7.16	7.53	-5%
Interest Service Coverage Ratio	5.89	6.87	-14%
Current Ratio	1.39	0.9	54%
Debt Equity Ratio	0.57	0.73	-22%
Operating Margin (%)	59%	61%	-3%
Net Profit Margin (%)	33%	36%	-8%

Notes:

a. The above ratios are derived from the Consolidated Financial Statements of the Company.

b. Definitions of the ratios:

1. **Debtors' turnover:** The ratio of revenue from operations to the average accounts receivable.
2. **Interest coverage ratio:** Earnings available for debt service (PAT + Interest Cost + Foreign Exchange Loss/Gain (net) + Depreciation) divided by interest cost.
3. **Current ratio:** The ratio of current assets to current liabilities.
4. **Debt-equity ratio:** Total debt divided by shareholders' equity.
5. **Operating Margin:** EBITDA (excluding Foreign Exchange Loss/Gain (net) and exceptional items) divided by revenue from operations.
6. **Net profit margin:** Profit after tax divided by revenue from operations.

ESG Highlights

APSEZ continued to advance sustainability as a core pillar of its long-term value creation strategy, integrating environmental stewardship, social responsibility, and strong governance across operations. Alignment with the UN Sustainable Development Goals and continued commitment to the UN Global Compact underpin the Company's approach, supported by robust governance structures and systematic ESG risk management across internal operations and the value chain.

Climate Action and Energy Transition: APSEZ made significant progress on its climate and energy transition roadmap during the year, scale-up of electrification and efficiency initiatives across ports and logistics assets. Renewable energy accounted for 28% of total electricity consumption, supported by deployment of electric Mobile Harbour Cranes, transition to battery-operated material handling equipment, and widespread adoption of LED lighting. These initiatives reinforce the credibility of APSEZ's Net Zero commitment by 2040.

Resource Efficiency and Circular Economy: Resource efficiency and circular economy practices were further strengthened in FY 2025-26. Circular waste management practices matured across the portfolio, with 12 ports achieving Zero Waste to Landfill certification. In sustainable infrastructure, APSEZ demonstrated industry leadership by developing India's first steel-slag road within a private port at Hazira, supporting material reuse and lower-carbon construction.

Biodiversity and Nature-Related Risk Management: During the year, APSEZ became India's first Integrated Transport Platform to adopt the TNFD framework, enhancing governance over nature-related dependencies, impacts, risks, and opportunities. As of FY 2025-26, mangrove afforestation reached 4,240 hectares, alongside 1,267 hectares of terrestrial afforestation, contributing to ecosystem restoration and long-term environmental resilience.

Responsible Value Chain and Governance: Responsible value-chain management continued to be institutionalised through Project "SETU", which strengthens ESG risk assessment, statutory compliance, and transparency among key partners. ESG investments amounting to ₹ 1,255 in FY 2025-26 were directed toward electrification, emission reduction, water and waste management, biodiversity conservation, and climate resilience, positioning APSEZ for sustainable growth while reinforcing stakeholder confidence.

For additional information, please refer to the Environmental, Social, and Governance chapter of this Integrated Report.

Business Strategy

- **Sustainability Commitment** - APSEZ stays committed to environmental protection and community safety through its Environmental, Social, and Governance (ESG) initiatives.
- **Nationwide Reach** - The Company plans to extend services across India, covering logistics, rail operations, warehousing, agri silos, road transport, and last-mile delivery.
- **Strategic Partnerships** - APSEZ builds on past acquisitions by pursuing new ties and buyouts in India and overseas to drive long-term growth.
- **Customer Focus** - The Company acts as a customer-first transport provider, delivering complete solutions across India to enhance the customer experience.
- **Operational Efficiency** - APSEZ maximises asset use with world-class facilities, skilled teams, advanced technology, and a digital logistics chain featuring real-time tracking, analytics, and automation.
- **Global Expansion** - The Company targets international markets through organic growth and select acquisitions in South Asia, Southeast Asia, the Middle East, Europe, and Africa.
- **Diversified Operations** - Moving from a port focussed model, APSEZ grows into a global logistics provider. It balances east-west operations in India, targets high-growth Logistics and Marine opportunities, and picks investments with strong Return on Capital Employed (ROCE).

Risk Management

APSEZ runs an Enterprise Risk Management (ERM) framework to spot risks, measure their impact, set up mitigation steps, and fix issues as needed. This covers strategic risks from economic ups and downs or changes in trade policies. It also handles operational risks like cargo damage or theft, ESG risks tied to climate change and regulations, tech risks such as cybersecurity, and people risks around keeping talent or handling workforce issues.

Reputational risks, stiff competition, and project delays stay on the watchlist too. During FY 2024-25, the Audit Committee went through risk reports and gave guidance on next steps. Health and Safety checks followed OHSAS 18001 standards with routine reviews.

The Company fights these risks through cargo mix diversification, long-term contracts, tight cost controls, and better operational efficiency.

For comprehensive details, refer to the 'Risk and Opportunities' chapter in this Integrated Report.

Human Resource and Industrial Relations

APSEZ considers its workforce and company culture as the main sources of value. The Company creates a setting where learning and employee growth sit at the heart of engagement.

It has received "Great Place to Work" status for the sixth year running. The team consists of 3,471 full-time employees (FTE), and 47,450 contractual workers. The Company's HR approach centres on capacity building, talent growth and diversity. APSEZ works steadily to improve systems and people management for better skills across the board.

APSEZ emphasises digital tools in HR and People Analytics. This supports hiring, performance reviews and keeping talent through clear data insights.

The Company focusses on staff wellbeing with initiatives like the Adani Cares Emotional Wellness Programme and flexible work arrangements. During FY 2025-26, programmes such as Employee Connect and recognition awards helped build a sense of belonging and lift satisfaction levels.

APSEZ uses a solid HR structure to link its people with business aims. It offers defined career progression and builds leadership skills for a workforce prepared for what lies ahead.

For further details, refer to the 'Human Capital' chapter in this Integrated Report.

Internal Control Systems and their Adequacy

The Company has established efficient internal control systems and processes tailored to its size and operational scale.

A multidisciplinary Management Audit & Assurance Services (MA&AS) team, comprising qualified accountants, certified internal auditors, engineers, MBAs, and SAP experts, conducts year-round audits across all functional areas. Their reports, submitted to the Management and Audit Committee, evaluate compliance, operational efficiency, and key process risks.

Key features of the internal control system include:

- Comprehensive documentation of policies and guidelines
- Preparation and monitoring of annual budgets with monthly reviews of operational and service functions
- A risk-based internal audit plan developed by MA&AS, with audit frequency determined by risk ratings. The plan is reviewed by functional heads, process owners, the CEO, and CFO, and formally approved by the Audit Committee
- Automated internal audit processes managed through the Audit Management System
- A dependable compliance management system supported by an online monitoring platform
- Delegation of authority with defined approval limits for revenue and capital expenditure
- Utilisation of an Enterprise Resource Planning (ERP) system (SAP) for data recording, accounting, consolidation, and management information
- Engagement of external experts for independent reviews of business process effectiveness
- Internal audits conducted per auditing standards, reviewing the design and effectiveness of internal controls, monitoring mechanisms, and compliance with policies. Recommendations for process improvements are also provided

The Audit Committee periodically reviews the execution of the audit plan and the implementation of internal audit recommendations, ensuring continuous enhancement of the Company's policies and systems.

Cautionary Statement

This section includes forward-looking statements regarding the Company's objectives, projections, expectations, and estimates, which are based on certain assumptions about future events. However, the Company cannot guarantee the accuracy or realisation of these statements, as actual results may differ due to external factors beyond its control. The Company assumes no responsibility to publicly update or revise any forward-looking statements based on subsequent developments.