Adani Ports & Special Economic Zone Ltd — 20 Nov 2025 Credit Rating Summary

This credit analysis evaluates **Adani Ports and Special Economic Zone Ltd (APSEZ)** based on the CRISIL report dated November 20, 2025.

Equity-Focused Credit Profile: Adani Ports (APSEZ)

Section	Details
Agency	CRISIL Ratings
Rating Change	**Reaffirmed** at **AAA** (Long Term) / **A1+** (Short Term)
Outlook (Current vs Prev)	**Stable** vs **Stable**
Key Drivers of Change	1. **Deleveraging Trajectory:** Net Debt/EBITDA improved to **1.82x** (Sept 2025) from 3.1x (FY23), creating massive headroom for M&A. 2. **Market Dominance:** Market share rose to **28%** of total Indian cargo and **44%** of container traffic; volumes grew 7% YoY. 3. **Geographic Diversification:** Mundra dependence reduced; East Coast now handles **40%** of total cargo. 4. **Cash Flow Robustness:** Annual Fund Flow from Operations (FFO) expected to exceed ₹**16,000 Cr**, comfortably covering capex.
Rated Instruments	• **NCDs:** ₹17,252 Cr (AAA/Stable) • **Bank Loan Facilities:** ₹10,020 Cr (AAA/Stable) • **Commercial Paper:** ₹6,700 Cr (A1+)
Key Observations	• **Positives:** Industry-leading operating margins of **~60%**; 56% of cargo is "sticky" (long-term contracts); turnaround time of **0.7 days** vs national average. • **Positives:** Logistics revenue doubled to ₹**2,224 Cr** (H1FY26), creating an end-to-end moat. • **Positives:** Strong financial flexibility with **60%** debt in USD bonds and natural hedges (25-30% revenue in USD). • **Risks:** Pending **A$3,975 million** acquisition of NQXT (Australia) involves taking over **US$2.2 billion** affiliate debt. • **Risks:** Exposure to global trade volatility and competition from adjacent state-owned ports. • **Risks:** Ongoing regulatory investigations remain a monitorable for long-term governance.
Investor Impact	• **Growth:** Aggressive inorganic expansion (Gopalpur, Vizhinjam, Tanzania) is now funded by internal accruals rather than fresh equity dilution. • **Margins:** High port margins (70%) cross-subsidize the lower-margin but high-growth logistics/marine business. • **Leverage:** Management committed to capping Net Debt/EBITDA at **2.5x**, ensuring no credit-led equity shocks.
Agency / Cross Analysis	**Same Agency:** Reaffirmed AAA. Since the last review, Revenue grew 14% to ₹**30,741 Cr** and PAT Margin expanded from 30% to **36%**. Interest coverage improved significantly from **6.28x to 8.09x**. **Conclusion: Improvement.** The business has successfully absorbed recent acquisitions while simultaneously strengthening the balance sheet.
Final Inference	**Real Improvement.** APSEZ has achieved a rare "fortress balance sheet" status (AAA) while maintaining double-digit growth. The transition from a port operator to a global transport utility reduces cyclical risk and justifies a valuation premium.

Financial Snapshot (FY25): * **Revenue:** ₹30,741 Cr * **PAT:** ₹11,061 Cr * **Adjusted Gearing:** 0.71x * **Annual Capex Plan:** ₹12,000 – ₹18,000 Cr (fully funded by FFO/Cash)