Adani Ports & Special Economic Zone Ltd — 07 Jul 2025 Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd. (CareEdge)
Rating Action	**Reaffirmed** (CARE AAA; Stable / CARE A1+)
Outlook	**Stable** (Current) vs **Stable** (Previous)
Key Drivers of Change	1. **De-leveraging:** Net External Debt/PBILDT improved from 3.14x (FY23) to **~2.0x** (FY25) due to organic cash flow. 2. **Scale Growth:** Revenue (TOI) rose to **₹30,477 Cr** (FY25) vs ₹26,763 Cr (FY24) driven by 15% cargo CAGR. 3. **Market Dominance:** Handled **27%** of India's total seaborne cargo and **46%** of container cargo in FY25. 4. **Strategic M&A:** Acquisition of NQXT Australia (**₹21,500 Cr EV**) via non-cash equity swap adds 50 MMT capacity.
Rated Instruments	• **LT/ST Bank Facilities:** ₹10,020 Cr (AAA; Stable / A1+) • **NCDs:** ₹16,252 Cr (AAA; Stable) • **Commercial Paper:** ₹6,700 Cr (A1+) • **Term Loans:** ₹2,500 Cr (AAA; Stable)
Key Observations	• **Operational Efficiency:** Industry-leading PBILDT margins of **~61%**; domestic port margins at **71%**. • **Reduced Concentration:** Mundra Port's share of total volume dropped from 66% (FY19) to **45%** (FY25). • **Sticky Revenue:** **56%** of cargo is under long-term "sticky" contracts, ensuring cash flow visibility. • **Forex Hedge:** 82% of debt is FX-denominated but protected by **natural hedge** from USD-linked revenues. • **Regulatory Overhang:** Legal scrutiny by **SEBI** and **US DoJ/SEC** indictments are key monitorables (sub-judice). • **Geopolitical Risk:** Haifa Port (Israel) performance remains moderate due to ongoing regional tensions.
Investor Impact	• **Equity Dilution:** NQXT acquisition involves issuing **14.38 Cr shares**, increasing promoter holding by **2.13%**. • **Growth:** Expansion into "Integrated Transport Utility" (132 trains, 12 MMLPs) reduces reliance on pure port ops. • **Leverage:** Strong interest coverage (**7.29x**) and ₹8,991 Cr cash balance minimize refinancing/default risk.
Agency / Cross Analysis	**Same Agency:** Ratings held firm at AAA despite aggressive M&A (Gopalpur, Tanzania, Astro, NQXT). **Drivers:** Shift from "Recovery" to "Growth" phase. CARE highlights that the NQXT acquisition is **non-cash**, preserving the liquidity buffer. **Conclusion: Improvement.** Financial metrics (Net Debt/EBITDA) are now significantly better than pre-2023 levels.
Final Inference	**Real structural improvement.** APSEZ has successfully hit the "AAA" threshold by halving its leverage ratio while expanding capacity. For equity investors, the main risk is no longer the balance sheet, but the **regulatory/legal outcome** of US and SEBI investigations.