

Adani Ports & Special Economic Zone Ltd — 29 Apr 2025 Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	Reaffirmed / Assigned (CARE AAA; Stable / CARE A1+; No notches moved)
Outlook (Current vs Previous)	Stable vs Stable
Key Drivers of Change	Market Dominance: Handles ~27% of India's seaborne and 47% of container cargo; volume CAGR of 15% (FY20-25) vs. 4% national average. Aggressive De-leveraging: Net External Debt/PBILDT improved from 3.14x (FY23) to 2.12x (9MFY25) due to EBITDA expansion. Revenue Visibility: 60% of cargo is "sticky"; NQXT acquisition adds 40 MMT "take-or-pay" contracted capacity. Geographic De-risking: Mundra volume concentration fell from 66% (FY19) to 45% (9MFY25), achieving East-West coast parity.
Rated Instruments	NCDs: ₹16,252 Cr (CARE AAA; Stable) Bank Facilities (LT/ST): ₹10,020 Cr (CARE AAA; Stable / A1+) Term Loan (LT): ₹2,500 Cr (CARE AAA; Stable) Commercial Paper: ₹6,700 Cr (CARE A1+)
Key Observations	Strengths: - Integrated utility model (132 trains, 12 MMLPs) drives end-to-end logistics margins. - Healthy interest coverage of 5.86x (9MFY25); 75% of debt is fixed-rate, mitigating interest volatility. - Strong natural hedge as ~80% debt is USD-denominated but backed by USD-linked marine revenue. Risks/Concerns: Legal/Regulatory: US DoJ indictment and SEBI investigations remain sub-judice; negative outcomes could impair financial flexibility. Margin Dilution: Logistics (26% margin) and International (11% margin) scale-up may drag overall domestic port margins (70%). Geopolitical: Haifa Port (Israel) performance remains moderate due to regional tensions.
Investor Impact	Dilution Risk: Preferential allotment of 14.38 Cr shares for NQXT acquisition increases promoter stake by 2.13% but preserves cash. Leverage: Acquisition is non-cash (equity-swap); Net Debt/PBILDT expected to remain below 2.5x threshold. Growth: Strategic pivot to international transshipment (Colombo, Tanzania) to drive future volumes.
Agency / Cross Analysis	Consistency maintained by CARE. Reaffirmation of AAA despite US DoJ/SEC news indicates the agency views the standalone credit profile and cash flows as sufficiently insulated from legal head-group risks.
Final Inference	Real Improvement. APSEZ is successfully decoupling its growth from Mundra and reducing leverage despite heavy M&A. Equity holders should view the NQXT deal as a "balance-sheet neutral" growth play, though regulatory overhang remains the primary valuation cap.