Adani Ports & Special Economic Zone Ltd — Rating update 1d Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd (CareEdge)
Rating Change	**CARE AAA; Stable / CARE A1+** (Reaffirmed; no notches moved)
Outlook (Current vs Previous)	**Stable vs Stable**
Key Drivers of Change	• **Market Dominance:** Handled 501 MMT cargo in FY26 (~27% of India's total); market share in containers hit 46%, driving a 27% YoY revenue jump to ₹38,736 Cr. • **Asset Diversification:** Mundra port concentration fell to 38% (from 66% in FY19), reducing single-location risk and achieving East-West coast parity. • **De-leveraging Profile:** Net External Debt/PBILDT remained robust at 2.0x (FY26), well below the negative trigger threshold of 2.5x–2.75x. • **Strategic M&A:** Acquisition of NQXT (Australia) and MSC partnership (US$1.39bn) at Vizhinjam provide long-term volume visibility and financial flexibility.
Rated Instruments	• **Bank Facilities:** ₹10,020 Cr (AAA; Stable / A1+) • **NCDs:** ₹16,152 Cr (AAA; Stable) • **Commercial Paper:** ₹6,700 Cr (A1+) • **Term Loans:** ₹2,500 Cr (AAA; Stable)
Key Observations	**Strengths:** • Outpaced industry growth (15% vs 6% CAGR FY21-26). • High revenue visibility: 53% of cargo is "sticky" (long-term contracts). • Logistics segment grew 55% YoY, transitioning APSEZ to an integrated transport utility. • Strong liquidity with ₹9,480 Cr cash and long debt maturity (avg. 5.4 years). **Risks:** • Event-based risk from large-scale acquisitions (e.g., NQXT EV/EBITDA of ~17x). • Large ongoing capex for Vizhinjam Phase 2 and Colombo expansion. • Ongoing monitorable regarding US DOJ/SEC legal scrutiny of the group.
Investor Impact	• **Growth:** High; 23% Revenue CAGR (FY23-26) suggests continued compounding alpha. • **Margins:** Stable; Domestic port margins at ~73%, overall PBILDT at 59%. • **Leverage:** Improving; Net debt steady at 2x despite major acquisitions. • **Dilution Risk:** Minimal; NQXT acquisition was via preferential equity, increasing promoter stake to 68.02% with **nil pledge**.
Agency / Cross Analysis	**Same Agency:** CARE has consistently maintained AAA since April 2024. The latest review reflects a shift from "recovering from sentiment volatility" to "fundamental expansion." **Financial Alignment:** Rating is tightly linked to the 2.5x Net Debt/EBITDA ceiling. Revenue growth (up 27%) and PAT (up 15% to ₹12,782 Cr) support the top-tier rating despite increased interest costs (Interest coverage slightly moderated to 5.95x from 6.65x). **Conclusion: Improvement.** The business is now more diversified and less reliant on Mundra, with a higher promoter skin-in-the-game.
Final Inference	**Real fundamental improvement.** APSEZ has decoupled its credit profile from group-level noise through robust operational cash flows and "sticky" cargo volumes. For equity investors, the 2.0x leverage provides a massive cushion for the next phase of global expansion.