

March 12, 2021

Adani Ports and Special Economic Zone Limited: Update on Entity

Summary of ratings outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Non Convertible Debentures	7,000	7,000	[ICRA]AA+(Stable)
Bank Facilities	10,020	10,020	[ICRA]AA+(Stable)
Commercial Paper Programme	6,700	6,700	[ICRA]A1+
Total	23,720	23,720	

*Instrument details are provided in Annexure-1

Rationale

On March 3, 2021, Adani Ports and Special Economic Zone Limited's (APSEZL's) board approved the acquisition of 31.5% stake in Gangavaram Port Limited (GPL) from Windy Lakeside Investment Ltd (an affiliate of Warburg Pincus) at an equity value of Rs. 1,954 crore subject to regulatory approvals. The company also announced a Composite Scheme of Arrangement to fully acquire Sarguja Rail Corridor Private Limited (SRCPL), a promoter-owned entity, at an enterprise value of Rs. 5,977 crore subject to approvals from minority shareholders, creditors and regulatory authorities.

The ratings remain unchanged at [ICRA]AA+(Stable)/A1+ and ICRA does not expect these transactions to materially impact company's credit profile over the medium-term.

While APSEZL is currently in process of acquiring minority equity in GPL, ICRA notes that APSEZL is also in discussions to acquire the majority shareholder's 58.1% stake in GPL. GPL is a multi-purpose port with capability of handling a mix of dry and bulk commodities. The acquisition of GPL would result in diversification of the target hinterland and cargo mix, increase in market share, improve volume parity between east and west coast and bring other operational synergies for APSEZL. GPL has registered a volume CAGR of 15% over past 5 years and handled a volume of 34.5 million MT in FY2020. The acquisition of GPL will be funded by the available cash balance and internal accruals of APSEZL.

SRCPL operates a 70-kilometer railway-line in Chhattisgarh. The acquisition of SRCPL along with its parent Brahmi Tracks Management Services Private Limited (BTMSPL) as part of the scheme is aimed at consolidating all of the Adani group's rail assets under one entity to achieve operational efficiency and economies of scale. SRCPL and BTMSPL are owned by the Adani family. The acquisition involves no cash payout and will be funded through fresh equity issuance and take-over of the outstanding debt, which will result in an increase in the promoter holding in APSEZL. This transaction is in accordance with the group's related party transaction policy, with valuation and fairness reports from independent parties.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Rating Methodology for Ports Corporate Credit Rating Methodology
Parent/Group Support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of APSEZL. As on March 31, 2020, the company had 30 direct subsidiaries, 38 step-down subsidiaries and six JVs that are enlisted in Annexure-2.

About the company

APSEZL is the largest private sector developer and operator of ports in India with 10 operational ports/terminals. It commenced commercial operations at Mundra port in 2001 under a 30-year concession agreement with the Gujarat Maritime Board, valid till February 2031. Since then, the company has grown rapidly in terms of cargo handling capacity with operational ports/terminals at Mundra, Dahej, Hazira, Dhamra, Kattupalli, Krishnapatnam, Mormugao, Kandla, Vizag and Ennore. The ports offer handling services for all kinds of cargoes viz. dry bulk, liquid bulk, crude and containers. Apart from its port operations, APSEZL is the approved developer of a multi-product SEZ at Mundra, Dhamra and Kattupalli and its surrounding areas. Further, through its majority/wholly-owned SPVs, the company has a presence in the logistics business (container trains and inland container depots).

Key financial indicators (audited)

APSEZL Consolidated	FY2019	FY2020
Operating Income (Rs. crore)	10,925	11,873
PAT (Rs. crore)	4,045	3,789
OPBDIT/OI (%)	64.7%	63.7%
RoCE (%)	15.4%	12.3%
Total Outside Liabilities/Tangible Net Worth (times)	1.2	1.4
Total Debt/OPBDIT (times)	3.9	4.0
Interest Coverage (times)	5.1	4.2

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2021)				Chronology of Rating History for the past 3 years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding as of Sep 30, 2020 (Rs. crore)	Date & Rating in Mar 12, 2021 Nov 13, 2020	Date & Rating in FY2020		Date & Rating in FY2019 Mar 6, 2019 Sep 7, 2018	Date & Rating in FY2018 Sep 7, 2017
						Jan 14, 2020	Aug 23, 2019 May 27, 2019		
1	Non Convertible Debentures	Long Term	7,000	6,626	[ICRA]AA+ (Stable)	[ICRA]AA+@; rating on watch with negative implications	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
2	Bank Facilities	Long Term	10,020	3,849	[ICRA]AA+ (Stable)	[ICRA]AA+@; rating on watch with negative implications	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
3	Commercial Paper	Short Term	6,700	294	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

@= Under watch with negative implications

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [click here](#)

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
INE742F07171	Non Convertible Debentures	30-06-2016	10.50%	Three annual equal instalments commencing from February 25, 2021	494	[ICRA]AA+(Stable)
INE742F07361	Non Convertible Debentures	26-05-2016	9.35%	Redeemable on July 4, 2026	252	[ICRA]AA+(Stable)
INE742F07346 & INE742F07353	Non Convertible Debentures	23-03-2016	9.35%	Two annual instalments of Rs. 100 crore on May 26, 2023 and May 27, 2026 respectively	200	[ICRA]AA+(Stable)
INE742F07411	Non Convertible Debentures	27-02-2013	8.24%	Three annual equal instalments commencing from November 29, 2024	1300	[ICRA]AA+(Stable)
INE742F07429	Non Convertible Debentures	08-03-2017	8.22%	Redeemable at three annual equal instalments commencing from March 7, 2025	1000	[ICRA]AA+(Stable)
INE742F07437	Non Convertible Debentures	30-10-2017	7.65%	Redeemable in three equal instalments in October 2025, October 2026 and October 2027	1600	[ICRA]AA+(Stable)
INE742F07445 & INE742F074552	Non Convertible Debentures	28-02-2020	7.5%	Rs. 70 crore redeemable on April 23, 2021 and Rs. 85 crore redeemable on June 15, 2021	155	[ICRA]AA+(Stable)
INE742F07478	Non Convertible Debentures	20-03-2020	7.5%	Redeemable on June 15, 2021	125	[ICRA]AA+(Stable)
INE742F07460	Non Convertible Debentures	13-04-2020	8.5%	Redeemable on April 13, 2030	1500	[ICRA]AA+(Stable)
NA	Non Convertible Debentures (Proposed)	-	-	-	374	[ICRA]AA+(Stable)
NA	Bank Facilities	April 2014	-	February 2022	10020	[ICRA]AA+(Stable)
NA	Commercial Paper	-	-	1-365 days	6700	[ICRA]A1+

Source: Company

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Adani Ports and Special Economic Zone Limited	Rated Entity	Full Consolidation
Adani Logistics Limited	100.00%	Full Consolidation
MPSEZ Utilities Private Limited	100.00%	Full Consolidation
Mundra SEZ Textile and Apparel Park Private Limited	55.28%	Full Consolidation
Karnavati Aviation Private Limited	100.00%	Full Consolidation
Adani Petronet (Dahej) Port Private Limited	74.00%	Full Consolidation
Adani Murmugao Port Terminal Private Limited	100.00%	Full Consolidation
Mundra International Airport Private Limited	100.00%	Full Consolidation
Adani Hazira Port Private Limited	100.00%	Full Consolidation
Madurai Infrastructure Private Limited	100.00%	Full Consolidation
AdinathPolyfills Private Limited	100.00%	Full Consolidation
Adani Vizag Coal Terminal Private Limited	100.00%	Full Consolidation
Adani Kandla Bulk Terminal Private Limited	100.00%	Full Consolidation
Adani Warehousing Services Private Limited	100.00%	Full Consolidation
Adani Ennore Container Terminal Private Limited	100.00%	Full Consolidation
Adani Hospitals Mundra Private Limited	100.00%	Full Consolidation
The Dhamra Port Company Limited	100.00%	Full Consolidation
Shanti Sagar International Dredging Private Limited	100.00%	Full Consolidation
Adani Harbour Services Private Limited	100.00%	Full Consolidation
Adani Vizhinjam Port Private Limited	100.00%	Full Consolidation
Adani Kattupalli Port Private Limited	100.00%	Full Consolidation
Dholera Infrastructure Private Limited	49.00%	Full Consolidation
Abbot Point Operations Pty Limited	100.00%	Full Consolidation
Mundra International Gateway Terminal Private Limited	100.00%	Full Consolidation
Adani International Terminals Pte Ltd	100.00%	Full Consolidation
Adani Bhavanapadu Port Private Limited	100.00%	Full Consolidation
Marine Infrastructure Developer Private Limited	97.00%	Full Consolidation
Adani Mundra Port Holding Pte. Limited	100.00%	Full Consolidation
Adani Tracks Management Services Private Limited	100.00%	Full Consolidation
Adani Pipelines Private Limited	100.00%	Full Consolidation
Adani Bangladesh Ports Private Limited	100.00%	Full Consolidation
Abbot Point Bulkcoal Pty Limited	Step-down subsidiary (100.00%)	Full Consolidation
Dholera Port and Special Economic Zone Limited	Step-down subsidiary (100.00%)	Full Consolidation
Hazira Infrastructure Private Limited	Step-down subsidiary (100.00%)	Full Consolidation
Blue Star Realtors Private Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Mundra Port Pte. Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Abbot Port Pte. Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Yangon International Terminal Company Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (MP) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Harda) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Hoshangabad) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Satna) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Ujjain) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Dewas) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Katihar) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Kotkapura) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Kannauj) Limited	Step-down subsidiary (100.00%)	Full Consolidation

Company Name	Ownership	Consolidation Approach
Adani Agri Logistics (Panipat) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Raman) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Nakodar) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Barnala) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Bathinda) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Mansa) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Moga) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Borivali) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Dahod) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Dhamora) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Samastipur) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Agri Logistics (Darbhanga) Limited	Step-down subsidiary (100.00%)	Full Consolidation
Dermot Infracon Private Limited	Step-down subsidiary (100.00%)	Full Consolidation
Dhamra Infrastructure Private Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani Logistics Services Private Limited	Step-down subsidiary (98.29%)	Full Consolidation
Adani Noble Private Limited	Step-down subsidiary (98.29%)	Full Consolidation
Adani Forwarding Agent Private Limited	Step-down subsidiary (98.29%)	Full Consolidation
Adani Cargo Logistics Private Limited	Step-down subsidiary (98.29%)	Full Consolidation
Adani Logistics Infrastructure Private Limited	Step-down subsidiary (98.29%)	Full Consolidation
Bowen Rail Operations Pte Limited	Step-down subsidiary (100.00%)	Full Consolidation
Bowen Rail Company Pty Limited	Step-down subsidiary (100.00%)	Full Consolidation
Adani International Container Terminal Private Limited	Joint Venture (50.00%)	Equity Method
Adani CMA Mundra Terminal Private Limited	Joint Venture (50.00%)	Equity Method
Adani NYK Auto Logistics Solutions Private Limited	Joint Venture (51.00%)	Equity Method
Dhamra LNG Terminal Private Limited	Joint Venture (50.00%)	Equity Method
Adani Total Private Limited	Joint Venture (50.00%)	Equity Method
Total Adani Fuels Marketing Private Limited	Joint Venture (50.00%)	Equity Method

Source: APSEZL annual report

Note: ICRA has taken a consolidated view of the parent (APSEZL), its subsidiaries and associates while assigning the ratings.

ANALYST CONTACTS

Sabyasachi Majumdar

+91 124 4545 304

sabyasachi@icraindia.com

Prashant Vasisht

+91 124 4545 322

Prashant.vasisht@icraindia.com

Ankit Patel

+91 79 4027 1509

ankit.patel@icraindia.com

Parth Shah

+91 79 4027 1527

parth.shah@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

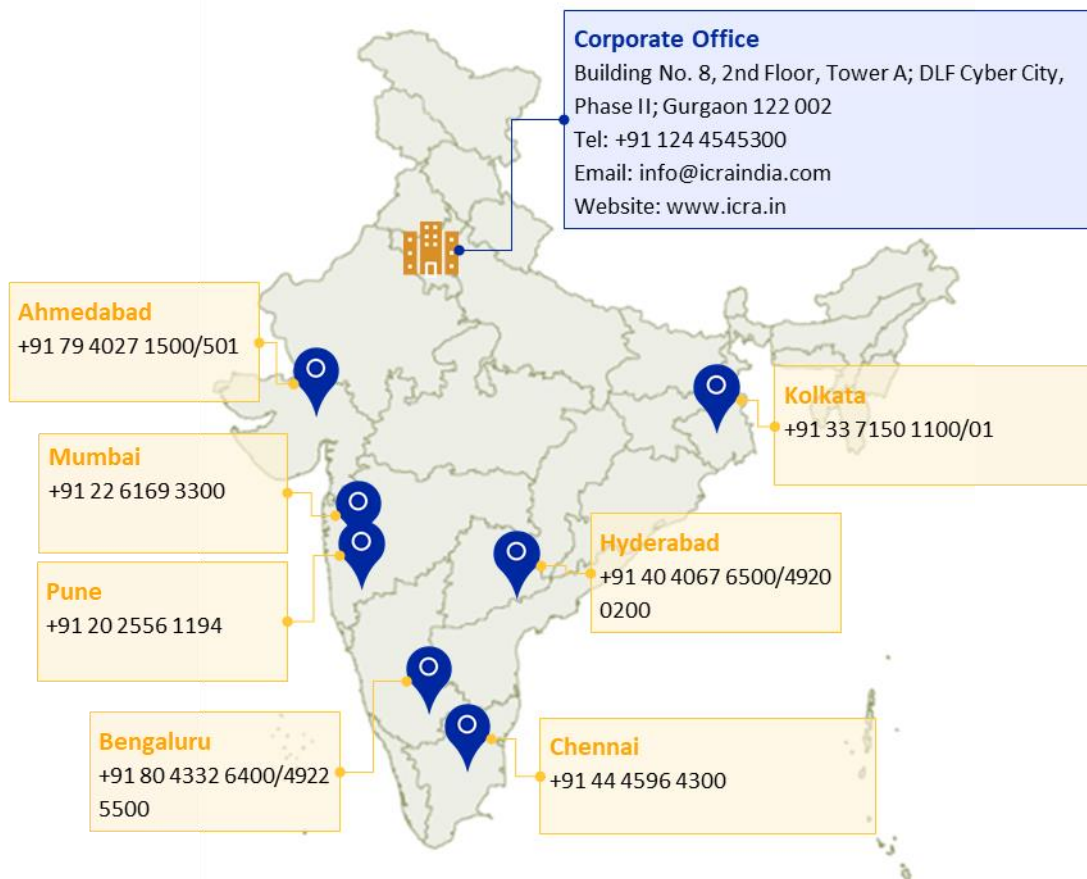


Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001
Tel: +91 11 23357940-50



Branches



© Copyright, 2021 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.