

August 21, 2025

## Kakinada Seaports Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund based - Cash credit	25.00	25.00	[ICRA]A- (Stable); reaffirmed
Short term – Non-fund based facilities	175.00	175.00	[ICRA]A2+; reaffirmed
<b>Total</b>	<b>200.00</b>	<b>200.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The reaffirmation of the ratings of Kakinada Seaports Limited (KSL) factors in the operating strengths of the Kakinada Deep Water Port (KDWP), including its advantageous location and all-weather conditions, its strategic proximity to the KG basin that results in high-margin offshore supply vessel (OSV) traffic and tariff flexibility. ICRA also takes into consideration KSL's strong financial risk profile, characterised by stable revenues, healthy operating margins, and comfortable gearing and debt protection metrics. KDWP also has the benefit of a well-developed primary industrial hinterland, which gives it assured volumes of captive cargo, namely, fertiliser raw materials (FRM), crude edible oil, and raw and bagged sugar.

The ratings are, however, constrained by the sizeable advances extended to third-party entities which are estimated to be ~62% of the net worth as on March 31, 2025. KSL extended inter-corporate deposits (ICDs)/inter-corporate loans (ICLs) of Rs. 1,287.7 crore as on March 31, 2025, up from Rs. 1,068.5 crore as on March 31, 2024 though the same reduced to Rs. 1,182.5 crore as on August 03, 2025. Any further increase in advances and the recoverability of the same, as and when due, will remain a key rating sensitivity.

The ratings are also constrained by the vulnerability of the cargo volume to the broader economic trend and the commodity demand cyclicality. ICRA also notes the high competition for bulk cargo on the eastern coast. Nevertheless, the risk is partly mitigated by KSL's tie-ups with major cargo handling agents and the lead time for setting up a new port.

The Stable outlook on the long-term rating reflects ICRA's opinion that KSL's revenues and profitability is expected to remain healthy in the near to medium term, supported by benefits arising from the port's favourable location, a diversified cargo profile and its tie-up with major cargo handling agents.

### Key rating drivers and their description

#### Credit strengths

**Favourable location and all-weather port conditions support operational performance** – The Kakinada Deep Water Port (KDWP) is a non-major port on the eastern coast of India in Andhra Pradesh. The deep water port has the natural advantage offered by the Godavari sand spit (Hope Island), further enhanced by the construction of a short island breakwater of 1,050-metre length. As a result, the port enjoys tranquil weather conditions, enabling smooth vessel movement throughout the year and is not prone to cyclonic or monsoon-related disruptions that are common on the eastern coast. Moreover, its strategic proximity to the KG basin ensures high-margin offshore supply vessel (OSV traffic).

**Established hinterland** – KDWP has the benefit of a well-developed primary industrial hinterland, which gives it assured volumes of captive cargo. The cargo includes fertiliser raw materials (FRM) for the manufacturing facilities of Coromandel International in Kakinada that make diammonium phosphate (DAP); crude edible oil imported by the various refineries in Kakinada; and the import of raw sugar and export of bagged sugar from the sugar refinery of the Murugappa Group-owned EID Parry (India) Ltd. A well-established multi-modal connectivity by road, rail and pipelines (for liquid cargo) for cargo evacuation further supports the port's competitive positioning. Apart from the core port operations, Kakinada has been the hub of action for the last few years as a transit base for exploration and production (E&P) majors prospecting oil and gas in the KG basin and this business has resulted in high-margin income from the OSV traffic.

**Healthy financial risk profile** – The financial risk profile of the company remains healthy. The operating income improved to Rs. 734 crore in FY2025 from Rs. 706 crore in FY2024. The revenue rose majorly on account of higher OSV revenues, supported by regular increase in tariff rates. The throughput volumes remained stable at 17.8 million tonnes in FY2025 compared to 17.9 million tonnes in FY2024. The operating profitability remained healthy in the range of 59-60% in the last three years. The capital structure remained comfortable with a gearing of 0.13 times as on March 31, 2025. The company does not have external debt as on March 31, 2025. The interest coverage ratio has been healthy at 16.43 times for FY2025.

### Credit challenges

**High investments and ICDs/ICLs to unrelated parties** – The company extended ICDs/ICLs of Rs. 1,287.7 crore as on March 31, 2025 to third-party corporate groups, up from Rs. 1,068.5 crore as on March 31, 2024. As on August 03, 2025, the ICDs stood at Rs. 1,182.5 crore. The ICDs/ICLs are estimated to be ~62% of the net worth as on March 31, 2025. The investments stood at Rs. 138.71 crore as on March 31, 2025. Any further increase in the advances and the recoverability of the same, as and when due, will remain a key rating sensitivity.

**Cargo vulnerable to broader economic trend and commodity demand cyclicality** – KSPL handles a mix of bulk cargo such as fertilisers (17-20% of sales) and coal (20-25% of sales), along with alumina and sugar. The remaining revenue is driven by granite block, edible oil, diesel, sulphuric acid, etc. The cargo handled and, consequently, the financial performance remains vulnerable to the broader economic trend and its impact on export/import traffic at the ports and the demand cyclicality for specific commodities.

**High competition from existing and upcoming ports** – KSPL faces intense competition from the neighbouring ports along the eastern coast of India, particularly for bulk cargo like coal. Major ports such as Visakhapatnam, Ennore and Chennai, along with non-major ports like Krishnapatnam and Gangavaram, pose significant competitive pressure due to their deeper drafts and higher installed capacities. Additionally, a new commercial port is under development in the region, expected to handle coal, general cargo and liquid cargo over its concession period. However, KSPL's management anticipates minimal impact on its volumes, citing that the upcoming port is primarily intended to serve the Kakinada SEZ and will cater to SEZ-specific import/export requirements. Moreover, the new project is likely to take 3–4 years to become operational due to the substantial capex and execution challenges. KSPL's competitive tariffs, supported by its depreciated asset base, strong hinterland connectivity, assured cargo demand and established partnerships with cargo handling agents, are expected to mitigate the impact of rising competition in the near to medium term.

## Liquidity position: Adequate

KSL's liquidity position is expected to be adequate with healthy cash flows from operations, free cash and bank balances and liquid investments of ~Rs. 245 crore as on March 31, 2025, and comfortable buffer in working capital limits from banks. KSL has nil debt repayment obligations and minimal capex plans in the future, which is expected to be funded from internal accruals.

## Rating sensitivities

**Positive factors** – The ratings may be upgraded if the company reduces/recovers its investments in unrelated companies in a timely manner. Further, a considerable increase in the overall cargo throughput from the current levels on a sustained basis would lead to a sustained improvement in profitability and return indicators and could result in an upgrade.

**Negative factors** – Pressure on KSPL's ratings may arise if there are any large write-offs on unrelated investments or any significant increase in advances extended to third parties, or any large dependence on the debt-funded capex that may impact the credit profile or liquidity. Further, any significant reduction in cargo volumes, lowering the revenue and profitability on a sustained basis, would deteriorate the credit metrics and weigh on the ratings.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Ports</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of KSL. Refer to Annexure II for the list of entities considered for consolidation.

## About the company

Kakinada Seaports Limited (KSPL; the company), incorporated on December 16, 1998, is an SPV engaged in the operation of the Kakinada Deep Water Port (KDWP) in Andhra Pradesh, under a concession agreement with the Government of Andhra Pradesh (GoAP) which is valid till March 2029 with an option to extend in two blocks of 10 years each. The revenue share with the GoAP is 22%. The port handles a mix of bulk, break bulk, liquid and project cargo, in addition to providing port services to offshore supply vessels (OSV) and other vessels.

As per the current shareholding structure, as of January 2025, Kakinada Infrastructure Holdings Private Ltd (KIHPL) has acquired back its stake from Aurobindo Realty and Infrastructure Pvt. Ltd. i.e. 41.12 % in KSPL. In FY2021, Aurobindo Realty & Investments Pvt Ltd had acquired a 41.12% stake from KIHPL. Besides this, Konsortium Ports Pte Ltd holds a 17.35% stake and V.R. Investments (a group of NRIs) holds 30% which are held by relatives and friends of Mr. K.V. Rao. The other entity - South India Infrastructure Development Co. Pvt Ltd - holds the balance 11.13%. KSPL's operations are headed by Mr. K. V. Rao as its Chairman and Managing Director.

**Key financial indicators (audited)**

Standalone	FY2024	FY2025
Operating income	705.9	733.8
PAT	291.1	325.2
OPBDITA/OI (%)	59.2%	59.4%
PAT/OI (%)	41.2%	44.3%
Total outside liabilities/Tangible net worth (times)	0.2	0.2
Total debt/OPBDITA (times)	0.6	0.6
Interest coverage (times)	13.4	16.4

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: 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 (FY2026)				Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
<b>Fund based - Cash credit</b>	Long term	25.00	Aug 21, 2025	[ICRA]A-(Stable)	Jul 25, 2024	[ICRA]A-(Stable)	May 16, 2023	[ICRA]A-(Stable)	Apr 29, 2022	[ICRA]A (Negative)
		-	-	-	Dec 11, 2024	[ICRA]A-(Stable)	-	-	-	-
<b>Non-fund based facilities</b>	Short term	175.00	Aug 21, 2025	[ICRA]A2+	Jul 25, 2024	[ICRA]A2+	May 16, 2023	[ICRA]A2+	Apr 29, 2022	[ICRA]A1
		-	-	-	Dec 11, 2024	[ICRA]A2+	-	-	-	-
<b>Unallocated limits</b>	Long term	-	-	-	Jul 25, 2024	-	May 16, 2023	[ICRA]A-(Stable)	Apr 29, 2022	[ICRA]A (Negative)
		-	-	-	Dec 11, 2024	-	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund based - Cash credit	Simple
Short term – Non-fund based facilities	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance/Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term - Fund based - Cash credit	NA	NA	NA	25.00	[ICRA]A- (Stable)
NA	Short term – Non-fund based facilities	NA	NA	NA	175.00	[ICRA]A2+

Source: Company

**Annexure II: List of entities considered for consolidated analysis**

Company name	KSL ownership	Consolidation approach
Kakinada Seaports Limited	100% (rated entity)	Full consolidation
Kalinga International Coal Terminal Paradip Private Limited	33.34%	Equity method
Kakinada Container Terminal Private Limited	50.00%	Equity method

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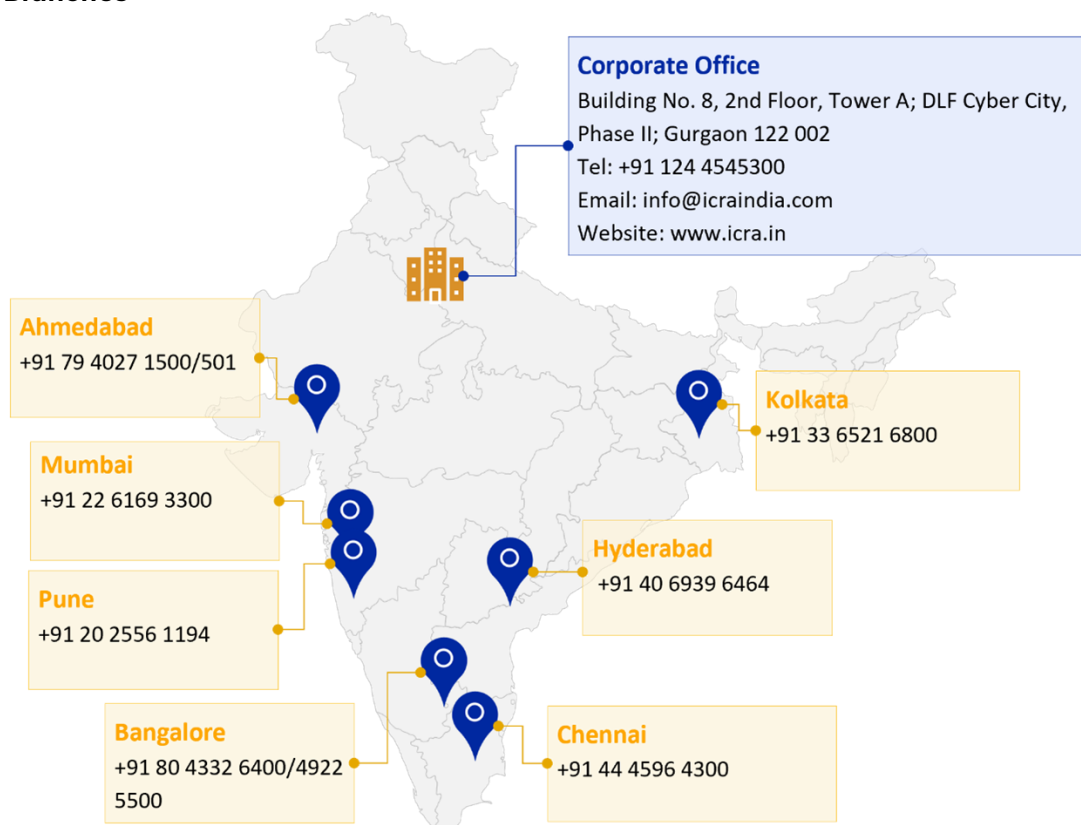


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