

February 01, 2023

Adani Ports and Special Economic Zone Limited: Update on Material Event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debentures	7000	7000	[ICRA]AA+(Stable); outstanding
Long Term - Fund based/Non Fund based	10,020	10,020	[ICRA]AA+(Stable); outstanding
Commercial paper programme	6700	6700	[ICRA]A1+; outstanding
Total	23,720	23,720	

*Instrument details are provided in Annexure-1

Rationale

On January 24, 2023, Hindenburg Research, a USA based research firm published a report, which had several adverse observations regarding accounting practices, related-party transactions, concentrated shares ownership by few overseas investments firms and share price movement of Adani group of companies including Adani Ports and Special Economic Zone Limited (APSEZL). Subsequent to the release of this report, the share prices of all the listed Adani group companies including APSEZL have witnessed a steep decline. On January 29, 2023, Adani group released their detailed response to the observations made by Hindenburg, refuted the allegations and stating that most of the observations relate to matters that have been duly disclosed by the Adani portfolio companies in the past.

ICRA is monitoring the impact of these developments on its rated portfolio in Adani group, especially the financial flexibility of the group with key monitorables being access to domestic and international capital markets and banking channels, pricing of debt, tightening of debt covenants, recall or acceleration of debt facilities and refinancing. While the ICRA-rated Adani group entities do not have any immediate refinancing requirement, it is expected for some of the entities from FY2025 onwards. However, comfort is drawn from the high visibility on cashflows for these entities supported by the long tenure of the off-take contracts in case of Adani Transmission Limited (ATL), favorable demand prospects, dominant market position and long-term customer contracts for APSEZL and favourable economics of conversion in the CGD sector for Adani Total Gas Limited (ATGL) and the strong liquidity position maintained by the group. While the large debt funded capex programme of the group remains a key challenge, ICRA notes that some of the planned capex is discretionary in nature and can be deferred depending on the liquidity position. ICRA also notes that the planned follow-on public offer (FPO) of Adani Enterprises Limited has been fully subscribed as per the disclosure on January 31, 2023. ICRA would continue to monitor and review the ratings based on the movement in credit metrics of the rated entities and impact of the latest events on their financial flexibility.

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

Analytical Approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Ports
Parent/Group support	Not Applicable

Consolidation/Standalone

For arriving at the rating, ICRA has considered the consolidated financials of APSEZL. As on March 31, 2022, the company had 76 subsidiaries/step-down subsidiaries and 15 associate/JVs as enlisted in Annexure-2.

About the Company

APSEZL is the largest port developer and operator in India by volume, with an annual capacity of ~538 MMT. It commenced with the Mundra Port in Gujarat, under a 30-year concession agreement with the Gujarat Maritime Board (GMB). Since then, the port company has rapidly grown to become the largest in the country in terms of cargo handling capacity with 11 operational ports/terminals at Mundra, Dahej, Hazira, Dhamra, Kattupalli, Krishnapatnam, Mormugao, Tuna, Dighi, Gangavaram 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 is present in the logistics business (container trains and inland container depots) which it has been expanding to become an integrated transport utility company.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Current rating (FY2023)		Chronology of Rating History for the past 3 years				
			Amount outstanding as on Sep 30, 2022 (Rs. crore)	Date & rating in FY2023		Date & rating in FY2022		Date & rating in FY2021	
				Feb 01, - 2023	Nov 30, 2022	Apr 1, 2021 Apr 13, 2021 Sep 02, 2021 Nov 30, 2021	Nov 13, 2020 Mar 12, 2021	Jan 14, 2020	Aug 23, 2019 May 27, 2019
1 Non-convertible debentures	Long-term	7000.0	6016.6	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+@	[ICRA]AA+ (Stable)
2 Fund based/Non Fund based	Long-term	10020	-	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+@	[ICRA]AA+ (Stable)
3 Commercial paper	Short term	6700	Nil	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

"@"; rating on watch with negative implication.

Complexity level of the rated instruments

Instrument	Complexity Indicator
NCD	Very Simple
Fund based /Non Fund based	Simple
Commercial Paper	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	Amount Rated (Rs. crore)	Current Rating and Outlook
INE742F07171	Non-Convertible Debentures	Feb 27, 2013	10.5	Mar 02, 2023	494.00	[ICRA]AA+(Stable)
INE742F07361	Non-Convertible Debentures	June 30, 2016	9.35	June 04, 2026	252.00	[ICRA]AA+(Stable)
INE742F07346	Non-Convertible Debentures	May 26, 2016	9.35	May 26, 2023	100.00	[ICRA]AA+(Stable)
INE742F07353	Non-Convertible Debentures	May 26, 2016	9.35	May 27, 2023	100.00	[ICRA]AA+(Stable)
INE742F07411	Non-Convertible Debentures	Nov 29, 2016	8.24	Nov 27, 2026	1300.00	[ICRA]AA+(Stable)
INE742F07429	Non-Convertible Debentures	Mar 08, 2017	8.22	Mar 08, 2027	1000.00	[ICRA]AA+(Stable)
INE742F07437	Non-Convertible Debentures	Oct 31, 2017	7.65	Oct 30, 2027	1600.00	[ICRA]AA+(Stable)
INE742F07460	Non-Convertible Debentures	Apr 13, 2020	8.5	Apr 13, 2030	1500.00	[ICRA]AA+(Stable)
NA	Non-Convertible Debentures (Proposed)	-	-	-	654.00	[ICRA]AA+ (Stable)
NA	Bank Facilities	-	-	-	10020.00	[ICRA]AA+ (Stable)
Yet to be Placed	Commercial Paper	-	-	-	6700.00	[ICRA]A1+

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company Name	APSEZL Ownership	Consolidation Approach
Adani Petronet (Dahej) Port Pvt. Ltd.	74.00%	Full Consolidation
The Adani Harbour Services Ltd.	100.00%	Full Consolidation
Adani Hazira Port Ltd.	100.00%	Full Consolidation
Adani Logistics Ltd.	100.00%	Full Consolidation
Adani Murmugao Port Terminal Pvt. Ltd.	100.00%	Full Consolidation
Adani Ennore Container Terminal Pvt. Ltd.	100.00%	Full Consolidation
Adani Vizag Coal Terminal Pvt. Ltd.	100.00%	Full Consolidation
Adani Kandla Bulk Terminal Pvt. Ltd.	100.00%	Full Consolidation
Adani Vizhinjam Port Pvt. Ltd.	100.00%	Full Consolidation
Shanti Sagar International Dredging Ltd	100.00%	Full Consolidation
The Dhamra Port Company Ltd.	100.00%	Full Consolidation
Karnavati Aviation Pvt. Ltd.	100.00%	Full Consolidation
Marine Infrastructure Developer Pvt Ltd.	97%	Full Consolidation
Adani Kattupalli Port Ltd.	100.00%	Full Consolidation
Mundra SEZ Textile and Apparel Park Pvt. Ltd	55.28%	Full Consolidation
Mundra International Airport Pvt. Ltd	100.00%	Full Consolidation
Adani Warehousing Services Pvt. Ltd.	100.00%	Full Consolidation
Adani Hospitals Mundra Pvt. Ltd.	100.00%	Full Consolidation
Madurai Infrastructure Pvt. Ltd.	100.00%	Full Consolidation
HDC Bulk Terminal Ltd.	100.00%	Full Consolidation
Adani Ports Technologies Pvt. Ltd	100.00%	Full Consolidation
Mundra Crude Oil Terminal Pvt. Ltd.	100.00%	Full Consolidation
Adani Tracks Management Services Pvt. Ltd.	100.00%	Full Consolidation

Company Name	APSEZL Ownership	Consolidation Approach
Adani Pipelines Pvt. Ltd.	100.00%	Full Consolidation
Adani Gangavaram Port Pvt. Ltd.	100.00%	Full Consolidation
Dighi Port Ltd.	100.00%	Full Consolidation
Aqua Desilting Pvt. Ltd.	100.00%	Full Consolidation
Adinath Polyfills Pvt. Ltd.	100.00%	Full Consolidation
Adani Krishnapatnam Port Ltd.	100.00%	Full Consolidation
Adani Krishnapatnam Container Terminal Pvt. Ltd.	100.00%	Full Consolidation
Seabird Distriparks (Krishnapatnam) Pvt. Ltd	100.00%	Full consolidation
Hazira Infrastructure Ltd.	100.00%	Full consolidation
Adani Agri Logistics Ltd	100.00%	Full consolidation
Adani Agri Logistics (Dahod) Ltd.	100.00%	Full consolidation
Adani Agri Logistics (Samastipur) Ltd.	100.00%	Full consolidation
Adani Agri Logistics (Darbhanga) Ltd	100.00%	Full consolidation
Blue Star Realtors Ltd.	100.00%	Full consolidation
Dermot Infracon Pvt. Ltd.	100.00%	Full consolidation
Dhamra Infrastructure Pvt. Ltd	100.00%	Full consolidation
Shankheshwar Buildwell Pvt. Ltd.	100.00%	Full consolidation
Sulochana Pedestal Pvt. Ltd.	100.00%	Full consolidation
NRC Ltd	100.00%	Full consolidation
Adani Logistics Services Pvt. Ltd	98.39%	Full consolidation
Adani Cargo Logistics Ltd.	98.39%	Full consolidation
Adani Noble Pvt. Ltd.	98.39%	Full consolidation
Adani Forwarding Agent Pvt. Ltd.	98.39%	Full consolidation
Adani Logistics Infrastructure Pvt. Ltd.	98.39%	Full consolidation
Adani Agri Logistics (MP) Ltd	100.00%	Full consolidation
Adani Agri Logistics (Harda) Ltd.	100.00%	Full consolidation
Adani Agri Logistics (Hoshangabad) Ltd	100.00%	Full consolidation
Adani Agri Logistics (Satna) Ltd.	100.00%	Full consolidation
Adani Agri Logistics (Ujjain) Ltd.	100.00%	Full consolidation
Adani Agri Logistics (Dewas) Ltd.	100.00%	Full consolidation
Adani Agri Logistics (Panipat) Ltd	100.00%	Full consolidation
Adani Agri Logistics (Katihar) Ltd.	100.00%	Full consolidation
Adani Agri Logistics (Kotkapura) Ltd.	100.00%	Full consolidation
Adani Agri Logistics (Kannauj) Ltd.	100.00%	Full consolidation
Adani Agri Logistics (Barnala) Ltd.	100.00%	Full consolidation
Adani Agri Logistics (Bathinda) Ltd.	100.00%	Full consolidation
Adani Agri Logistics (Moga) Ltd.	100.00%	Full consolidation
Adani Agri Logistics (Mansa) Ltd.	100.00%	Full consolidation
Adani Agri Logistics (Nakodar) Ltd.	100.00%	Full consolidation
Adani Agri Logistics (Raman) Ltd.	100.00%	Full consolidation
Adani Warehousing Ltd.	100.00%	Full consolidation
Adani Agri Logistics (Dhamora) Ltd.	100.00%	Full consolidation
AYN Logistics Infra Pvt. Ltd.	100.00%	Full consolidation
Abbot Point Operations Pty Ltd., Australia	100.00%	Full consolidation
Abbot Point Bulkcoal Pty Ltd., Australia	100.00%	Full consolidation
Coastal International Terminal Pte Ltd.,Singapore	100.00%	Full consolidation
Adani Yangon International Terminal Company Ltd, Myanmar	100.00%	Full consolidation
Anchor Port Holding Pte. Ltd.	100.00%	Full consolidation
Noble Port Pte Ltd., Singapore	100.00%	Full consolidation

Company Name	APSEZL Ownership	Consolidation Approach
Pearl Port Pte Ltd., Singapore	100.00%	Full consolidation
Adani Bangladesh Ports Private Limited, Bangladesh	100.00%	Full consolidation
Adani Logistics International Pte Ltd., Singapore	100.00%	Full consolidation
Adani International Ports Holdings Pte Ltd., Singapore	100.00%	Full consolidation
Adani KP Agriwarehousing Pvt. Ltd	74.00%	Equity Method
EZR Technologies Pvt. Ltd.	51.00%	Equity Method
Adani NYK Auto Logistics Solutions Pvt. Ltd.	51.00%	Equity Method
Colombo West International Terminal (Private) Ltd.	51.00%	Equity Method
Adani International Container Terminal Pvt. Ltd.	50.00%	Equity Method
Adani CMA Mundra Terminal Pvt. Ltd	50.00%	Equity Method
Adani Total Pvt. Ltd.	50.00%	Equity Method
Dhamra LNG Terminal Pvt. Ltd	50.00%	Equity Method
Total Adani Fuels Marketing Pvt. Ltd.	50.00%	Equity Method
Dighi Roha Rail Ltd.	50.00%	Equity Method
Gangavaram Port Limited	41.90%	Equity Method
Dholera Infrastructure Pvt. Ltd.	49.00%	Equity Method
Dholera Port and Special Economic Zone Ltd	49.00%	Equity Method
Mundra Solar Technopark Pvt. Ltd.	49.00%	Equity Method
Gangavaram Port Services Pvt. Ltd.	41.90%	Equity Method

Source: Annual report

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