AMNS Ports Hazira Limited

April 29, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	398.00	CARE AA; Stable / CARE A1+	Assigned
Short-term bank facilities	2.00	CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of AMNS Ports Hazira Limited (APHL) derive strength from parentage of Arcelor Mittal Nippon Steel India Private Limited (AMNSIL, rated 'CARE A1+'), with APHL being wholly owned subsidiary of the latter and strong linkages between the entities in terms of operations, common management, finance teams, and access to group treasury. AMNSIL's operations are highly integrated with APHL, with AMNSIL's plant conceptualised with ports as captive assets and thus the port is integral for overall logistics efficiency and operating cost of steel plant resulting in high strategic importance to AMNSIL. Given the strategic importance of the port asset of APHL with AMNSIL, CARE Ratings Limited (CARE Ratings) expects AMNSIL to provide need-based support to APHL.

Ratings factor in strong global presence and brand reputation of the ultimate promoters with AMNSIL owned by a consortium comprising Arcelor Mittal SA, Luxembourg (AMSA- 60%) and Nippon Steel Corporation, Japan (NSC - 40%). Both AMSA and NSC are among the largest integrated steel manufacturing companies in the global steel industry with a combined total capacity of over 120 million metric tonnes per annum (MMTPA) (as on March 31, 2024).

Ratings also factor in increasing cargo volumes and minimal pricing risk, given the presence of fixed price agreement with annual escalation clauses, healthy operating margins, comfortable capital structure with NIL external debt (as on December 31, 2024), and a strong liquidity profile. The port is operating at a throughput utilisation of 90% in FY24 and 90% in 9MFY25 with strong profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of 60.86% in FY24.

AMNSIL, inter alia, invested funds aggregating ₹1,947.34 crore in APHL for acquisition of the asset from the Essar group. Funds of ₹1,824.18 crore were invested by way of compulsorily cumulative preference shares (CCPS), and in H1FY25, CCPS of ₹1,020.50 crore has been bought back by APHL. APHL has no major un-envisaged debt-funded capex, which results in the moderation in the debt coverage indicators which would be a key rating monitorable.

However, the rating strengths are tempered by absence of minimum off-take agreement, high dependence on steel cycle, and operations of AMNSIL.

APHL has undertaken capacity augmentation capex to complement the expansion plans of AMNSIL, with the entire capex being funded through cash reserves and internal accruals. While the project risk is perceived to be low, any steep cost overrun impacting the financial position would be important.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increased third-party cargo throughput at its port, resulting in reduced revenue concentration risk towards group companies and improvement in the cargo mix.
- Improvement in credit profile of AMNSIL.

Negative factors

- Significant debt-funded project expansion resulting in debt/PBILDT above 3.5x.
- Deterioration in the business linkages and financial profiles of the AMNSIL, impacting the cargo performance.
- Significant decline in the cargo handling rate and/or volumes, impacting business operation/profitability.
- Any negative change in credit profile of sponsor.

Analytical approach: Standalone, factoring in linkages with parent, AMNSIL.

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Outlook: Stable

The Stable outlook reflects CARE Ratings' expectation that APHL will continue to maintain its healthy operational performance in the medium term, marked by its strategic importance to AMNSIL. The financial position is also expected to remain strong driven by low leverage and absence of major debt-funded capex.

Detailed description of key rating drivers:

Key strengths

Strong parentage and brand reputation globally
APHL is subsidiary of AMNSIL, which is one the leading steel producers in India and is owned by a consortium of AMSA (60%) and NSC (40%). Both AMSA and NSC remain among the largest integrated steel manufacturing companies in the global steel industry with a combined total capacity of over 120 MMTPA (as on March 31, 2024).

Strategic importance for AMNSIL with operational and financial linkages
The port is a captive port for AMNSIL corresponding to a 25 MMTPA jetty at the all-weather, deep draft bulk port terminal at Hazira, Gujarat. The port has a design built up capacity to accommodate cargo of 50 MMTPA. In line with the capacity of expansion of AMNSIL, APHL is also expanding the capacity to 50 MMTPA. APHL operates terminal for handling activities such as storage, import and export of raw materials/finished goods for the Hazira Steel plant of AMNSIL. APHL has the capacity to cater to 100% requirement of raw materials for steel production at the steel plant at Hazira, and AMNSIL's operations are highly integrated with APHL. The port is integral for the overall logistics efficiency and operating cost of steel plant resulting in high strategic importance to AMNSIL.
APHL and AMNSIL have also entered a fixed price tariff agreement with in-built y-o-y price escalation/variation clause, negating the price fluctuation risk. While there is no Minimum Guaranteed Tonnage (MGT), port's utilisation is linked to steel plants operation, given its integral role in plant operations. This apart, there exists linkages in terms of common management & finance teams and access to group treasury.

Satisfactory operational and financial performance
APHL's utilisation levels have been satisfactory and throughput volumes have increased in FY24 driven by strong operational performance reported by AMNSIL. The capacity utilisation of the port has improved from 74% in FY23 to 90% in FY24 and 9MFY25. In line with same, revenue grew by 23% and 8.33%, respectively, in FY23 and FY24 each. However, despite capacity utilisation standing at 90%, the revenue has moderated to ₹809 crore in 9MFY25 due to reduction in cargo handling charges by AMNSIL.
The PBILDT margin of the company improved to 61% for FY24 from 42.91% in FY23. In 9MFY25, the PBILDT margin of the company stood at 58.11%. The margins are expected to remain strong in the medium term.

Satisfactory capital structure and debt coverage indicators
APHL's capital structure is strong with the company having NIL external debt. In November 2022, AMNSIL acquired APHL from Essar group and repaid off the outstanding debt. As a part of the transaction, AMNSIL, inter alia, invested funds aggregating ₹1,947.34 crore in APHL. Funds of ₹1,824.18 crore were invested by way of CCPS. In H1FY25, CCPS of ₹1,020.50 crore has been bought back by APHL. Despite the buyback, the leverage and coverage metrics are expected to remain comfortable, with no additional external debt proposed by the entity. Any significant un-envisaged incremental debt impacting the financial position of the company is a key monitorable.
At present, APHL is undertaking capex to increase the capacity from 25 MMTPA to 50 MMTPA. The capex shall be funded through the available cash reserves and internal accruals.

Key weaknesses

Dependence on steel cycle and absence of minimum offtake agreement
The company derives 100% of its revenue from AMNSIL, which is the sole-off-taker without third-party cargo (at present) and thus highly depends on the steel cycle. With the absence of minimum off-take agreement, any deterioration in AMNSIL leading to lower production would have direct impact on the cargo volumes and financials performance of APHL.

Liquidity: Strong
The liquidity of APHL is strong with reserve cash balance with no debt repayment obligation in the future periods. The cash balance of the company stood at ₹497 crore as on December 31, 2024. APHL has collection period of 104 days in FY24 and AMNSIL makes payments within four-five months. With the integrated group treasury functions, the liquidity is expected to remain comfortable with resort to the common treasury in case of contingencies.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria
Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Port & Port services
Financial Ratios – Non financial Sector
Infrastructure Sector Ratings
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport services	Transport-related services

APHL (formerly known as Essar Bulk Terminal Limited - EBTL) was incorporated in 2006. APHL and Gujarat Maritime Board (GMB) entered a license agreement on March 25, 2010, for construction and use of 550 mts. of deep-water Captive Jetties at Hazira, Gujarat (Magdalla port). The project achieved commercial operations date (COD) on May 2010 with a maximum capacity of 50.00 MMTPA. Concession for construction and use of additional 1100 mts Deep Water Captive Jetty and 140 Ha storage area was signed on July 13, 2017. The agreement is valid for 25 years till July 13, 2042. At present, APHL has a capacity to handle cargo of 25 MMTPA.
The company was setup as captive port as for erstwhile Essar Steel Limited. AMNSIL has acquired APHL in November 2022 from the erstwhile promoters. As a part of the take-over, AMNSIL has acquired 97.78% stake in APHL and has infused funds aggregating to ₹1,947.34 crore (in form of equity and CCPS).

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (U/A)
Total operating income	1,103	1,195	809
PBILDT	474	728	470
PAT	115	378	464
Overall gearing (times)	0.03	0.02	NA
Interest coverage (times)	3.33	3.05	5.55

A: Audited U/A: Unaudited; NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based/Non-fund-based-LT/ST	-	-	-	-	398.00	CARE AA; Stable / CARE A1+
Non-fund-based - ST-Loan Equivalent Risk	-	-	-	-	2.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Debentures-Non-convertible debentures	LT	-	-	-	-	-	1)Withdrawn (30-Jan-23) 2)CARE A (RWP) (27-Dec-22) 3)CARE A (CW with Positive Implications) (01-Sep-22)
2	Commercial Paper-Commercial Paper (Standalone)	ST	-	-	-	-	-	1)Withdrawn (30-Jan-23) 2)CARE A1 (RWP) (27-Dec-22) 3)CARE A1 (CW with Positive Implications) (01-Sep-22)
3	Fund-based/Non-fund-based-LT/ST	LT/ST	398.00	CARE AA; Stable / CARE A1+				
4	Non-fund-based - ST-Loan Equivalent Risk	ST	2.00	CARE A1+				

LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based/Non-fund-based-LT/ST	Simple
2	Non-fund-based - ST-Loan Equivalent Risk	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Rajashree Murkute Senior Director **CARE Ratings Limited** Phone: + 91-22-6837 4474 E-mail: rajashree.murkute@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Puja Jalan Director **CARE Ratings Limited** Phone: 914040020131 E-mail: puja.jalan@careedge.in Tej Kiran Ghattamaneni Assistant Director **CARE Ratings Limited** Phone: 914040020131 E-mail: tej.kiran@careedge.in

About us:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

For detailed Rationale Report and subscription information, please visit www.careedge.in