

Rating Rationale

Jawaharlal Nehru Port Trust (JNPT)

14 Nov 2017

Brickwork Ratings reaffirms the rating of Jawaharlal Nehru Port Trust's Tax Free, Secured, Redeemable, Non-convertible Bonds issue up to Rs. 2000.00 Crs with subscribed amount of Rs. 41.32 Crs.

Particulars

Instrument	Issue Date	Amount	Coupon	Maturity Date	ISIN Particulars	Rating*	Rating Action
Tax Free Bonds	26.03.2013	Up to Rs. 2000 Cr (Subscribed Rs. 41.32 Cr)	6.82 % payable annually (7.32% for initial retail subscribers)	25.03.2023	INE281G07053	BWR AAA (Outlook: Stable)	Reaffirmed

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings : Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating continues to factor JNPT's strong business and financial profile and linkages to the government of India. These strengths are partially offset by competition faced from other private ports in the western part of the country.

BWR has noted that out of the issue size up to Rs. 2000.00 Cr, only Rs. 41.32 Crs have been raised and the trust requires fresh permission of GOI for any new issues.

Description of Key Rating Drivers

Credit Strengths:

- **Strong business profile:** JNPT has a market share of around 55% of the total container cargo handled by major ports in India, long term BOT contracts with private terminal operators ensuring long term cash flows. The business profile is further strengthened by ongoing plans of capacity expansion & improvement in port infrastructure.
- **Linkages to the government of India:** JNPT is under the direct administrative control of the ministry of shipping (MoS). The trust's board has members representing Ministry Of Shipping, Department of Customs, and Directorate General of Shipping. Moreover due to the importance of ports in economic growth and JNPT being the largest container-handling cargo port, government support is likely to continue.

Credit Risks:

- **Competition from private ports :** JNPT will continue to face competition from nearby



private ports on the western coast, which have facilities for berthing larger vessels and developed infrastructure.

Rating Outlook: Stable

BWR believes the company's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. Going forward JNPT's ability to implement all the planned expansion programs and improve its profitability will be key rating sensitivities.

About the Company

Jawaharlal Nehru Port Trust (JNPT) is governed by the Major Port Trusts act, 1963 and commenced its operations in May 1989. It is fully owned by Government of India. JNPT is Located in Navi Mumbai, Maharashtra and is accessed via Thane Creek. It handles containers, liquid bulk & cement ships. Currently it handles the highest container traffic among all the major ports in the country.

JNPT handled 4.83 million TEUs (4,833,397 TEUs) of container traffic during FY 17-18, which is the highest ever container traffic since inception of the port. The growth is 7.3% over the FY 16-17 container traffic of 4.50 million TEUs (4,500,149 TEUs).

It has JNPCT (Jawaharlal Nehru Port Container Terminal) as dedicated container terminal. The private terminals operators include NSICT (Nhava Sheva International Container Terminal), GTIPL (Gateway Terminals India Pvt Ltd), and NSIGT (Nhava Sheva (India) Gateway Terminals Pvt Ltd). The port also has one liquid cargo berth operated by BPCL & IOCL and a shallow water berth.

Bond Structure

The non-convertible tax free bond has 6.82% coupon (7.32% for initial retail subscribers) payable annually and has a tenor of 10 years. The proceeds of the bonds issue were utilised to partly fund the Phase – 1 dredging activities and increase the draught from 12.5m to 14 m, which would allow large vessels to enter the port.

Company Financial Performance

JNPT has registered a net profit of Rs. 952.04 Crores on an operating income of Rs. 1890.88 Crores for FY 17-18 as against a net profit of Rs. 879.32 Crores on an operating income of Rs. 1700.97 Crores for FY 16-17. The company's net worth is Rs. 8860.06 Crores and has a cash and bank balance of Rs. 4672.13 Crores as on 31.03.2018.

Key Financials:

Key Parameters	Units	2017	2018
Result Type		Audited	Audited
Total Operating Income	₹ Cr	1700.97	1890.88
PAT	₹ Cr	879.32	952.04
Tangible Net worth	₹ Cr	7935.66	8860.06
Total Debt/TNW	Times	0.07	0.21
Current Ratio	Times	2.83	2.81

Rating History for the last three years (including withdrawn/suspended ratings)

SI No:	Instrument/ Facility	Current Rating			Rating History		
		Type (Long Term/Short Term)	Amount (Rs. Crs)	Rating	17 Nov 2017	19 Oct 2016	29 Sep 2015
	Fund Based						
1	Tax Free Bonds	Long Term	2000.00 (Subscribed Rs. 41.32 Cr)	BWR AAA (Outlook: Stable)	BWR AAA (Outlook: Stable)	BWR AAA (Outlook: Stable)	BWR AAA (Outlook: Stable)
Total			2000 (Subscribed Rs 41.32 Cr)				

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)

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Note on complexity levels of the rated instrument:

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About Brickwork Ratings

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BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

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