

Press Release

Brickwork Ratings assigns ‘BWR AAA’ rating for Jawaharlal Nehru Port Trust’s (JNPT) proposed tax-free, secured, redeemable and Non-Convertible Bonds Issue of ₹ 2000 Crores

Bonds Issue Rating: BWR AAA

Outlook : Stable

Brickwork Ratings has assigned “**BWR AAA**” rating for Jawaharlal Nehru Port Trust’s (JNPT) proposed Tax Free, secured Redeemable and Non-convertible Bonds issue of ₹ 2000 Crores. Instruments with this rating are considered to have **highest degree** of safety regarding timely servicing of financial obligations. Such instruments carry **lowest credit risk**.

The rating has, inter alia, factored JNPT’s position as the largest port in India with full ownership and control of the Government of India, Robust market share of around 60% of the total container cargo handled in India and high financial flexibility on account of the current debt free balance sheet .

JNPT was formed under the Major Port Trusts act, 1963 and commissioned its operations in May 1989. It is a fully government owned entity. The Jawaharlal Nehru Port Trust has been a primary gateway for the movement of containerized trade from India. JNPT helped in decongesting Mumbai Port in major way. It operates a dedicated container terminal at Navi Mumbai, situated across the Mumbai Port in the island city. Currently it is ranked 24th among top 100 container ports in the world and handles about 60% of total containers handled by all Major Ports in India.

Collectively JNPT handled 65.75 million tonnes of cargo in 2011-12 including 4.32 million TEU's (Twenty Foot Equivalent Unit) containers. JNPT is planning to handle 20 mn TEUs capacity by 2020-21 and looking forward to expand into a multipurpose port. Operations of JNPT include handling containers, liquid bulk & cement ships and providing requisite infrastructure to two private terminal operators. JNPT has mainly three dedicated container terminals namely

JNPCT, DP World (NSICT) & APM Terminal (GTIPL). The latter two are private terminal operators.

JNPT is managed by a 16 member Board of Trustees with Shri L Radhakrishnan as Chairman of the Trust. The Board has representation from Ministry of Shipping, Indian Railway's, Department of Customs, Defence services etc. and all the Trustees are appointed by the Government of India.

JNPT's operating income grew by 4% to Rs 1167 Cr in FY12 as against 7.7% increase in FY11 (Rs 1123 Cr). This was mainly due to reduced bulk handling & storage income and flat income from BOT contracts. The operating expenditure did not decline in line with operating income. It grew at 12.4% (as against 12.9% growth in FY11) to Rs 499.6 Cr as against Rs 444.4 Cr in FY11. In absolute terms the expense was higher due to high container & storage changes and high management / admin expenses. This led to slight decline in operating surplus by -1.6% to Rs 667.5 Cr from Rs 678.2 cr in FY11. But this decline was more than covered by higher interest and miscellaneous income which led to PAT growth of 13.5% in FY12 as against 0.4% in FY11.

As on FY12, JNPT is a debt free company with cash balance of Rs 2759 Cr which is almost 57% of its balance sheet size. The D/E ratio may move to around 0.4x if JNPT is successfully able to raise the proposed Rs 2000 Cr Tax free Bonds. RoCE for JNPT is been declining since FY10 and currently stands at around 14%.

Analysts Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.