

Rating Rationale

Brickwork Ratings reaffirms “BWR AAA” rating for Jawaharlal Nehru Port Trust’s (JNPT) Tax Free, Secured, Redeemable, Non-convertible Bonds issue up to ₹ 2000.00 Cr with outstanding amount of ₹ 41.32 Cr

Brickwork Ratings has reaffirmed **BWR AAA (Pronounced BWR Triple A)** (Outlook: **Stable**) **Rating¹** for Jawaharlal Nehru Port Trust’s (JNPT) Tax Free, secured Redeemable and Non-convertible Bonds issue up to Rs.2000.00 Crs with outstanding amount of Rs. 41.32 Crs. 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 continues to factor JNPT’s position as the largest container port in India with full ownership and control of the Government of India; robust market share of around 55% of the total container cargo handled by major ports in India; addition of a new container terminal during FY 15-16; ongoing capacity expansion & improvement in port infrastructure coupled with strong financial profile marked by negligible debt and large cash balance. These strengths are partially offset by competition faced from other public and private ports of the country.

BWR has essentially relied upon the audited financials up to FY 15-16, publicly available information and information & clarifications provided by the JNPT.

BWR has noted that out of the issue size up to Rs. 2000.00 Crs, only Rs. 41.32 Crs have been raised, and further issuance under this scheme is not permissible.

Background

JNPT was formed under the Major Port Trusts act, 1963 and commissioned its operations in May 1989. It is fully owned by Government of India. 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 a major way. Currently it handles the highest container traffic among all the major ports in the country.

Collectively JNPT handled 64.03 million tonnes of cargo in FY 15-16 including 4.49 million TEU’s (Twenty Foot Equivalent Unit) containers. JNPT has four dedicated container terminals namely JNPCT (Jawaharlal Nehru Port Container Terminal), NSICT (Nhava Sheva International Container Terminal), GTIPL (Gateway Terminals India Pvt Ltd), NSIGT (Nhava Sheva (India) Gateway Terminals Pvt Ltd). The later three are private terminal operators. The fourth terminal, NSIGT has started operation in FY 15-16 and is operated by Port of Singapore Authority.

The port also has one liquid cargo berth operated by BPCL & IOCL and a shallow water berth.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Board of Trustees

JNPT is managed by a 17 member Board of Trustees with Shri Anil Diggikar, IAS as the Chairman and Shri Niraj Bansal, IRS as Dy. Chairman of the Trust. The Board has representation from Ministry of Shipping, Indian Railways, Department of Customs, Defence Services and other industry bodies. All the Trustees are appointed by the Government of India.

Financial Performance

JNPT's Total operating income grew 10.41% in FY 15-16 to Rs. 1665.10 Crs against Rs. 1508.08 Crs in FY 14-15. The operating profit increased to Rs. 971.99 Crs in FY 15-16 with an operating margin of 58.37% against Rs. 836.56 Crs in FY 14-15. The PAT stood at Rs. 718.69 Crs in FY 15-16 against Rs. 556.09 Crs in the previous year. The Net worth of the company stood at Rs. 7037.73 Crs at the end of FY 15-16. The Company did not have any long term debt other than the outstanding tax-free bonds resulting in a negligible gearing. The Cash and bank balance of the company was at Rs. 3414.99 Cr at the end of Mar'2016, indicating strong liquidity position. Overall JNPT has strong financial profile on account of its large net worth, negligible borrowings and high cash & cash equivalents, giving it strong financial flexibility in making future investment decisions.

Rating Outlook

The rating outlook for the next one year is expected to be stable. The firm continues to maintain negligible debt and large cash balance giving it strong financial flexibility. Going forward JNPT's ability to implement all the planned expansion programs and improve its operating income will be key rating sensitivities.

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