

Rating Rationale

Brickwork Ratings Reaffirms 'BWR AAA' rating for Jawaharlal Nehru Port Trust's (JNPT) Tax Free, Secured, Redeemable & Non-convertible Bonds issue of ₹ 2000 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 of ₹2000 Crs with outstanding amount of ₹41.32 Cr.

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 in India and strong financial profile marked by negligible debt and large cash balance. These strengths are partially offset by overall economic scenario in India and the stiff competition faced from other public and private ports in the country.

BWR has essentially relied upon the audited FY14 results, provisional FY15 results, publicly available information and information and clarifications provided by the JNPT.

BWR has noted that out of the issue size of ₹2000 Cr, Bonds worth ₹41.32 Cr only 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. It operates a dedicated container terminal at Navi Mumbai, situated across the Mumbai Port in the island city. Currently it handles the highest container traffic among all Major Ports in India.

Collectively JNPT handled 63.80 million tonnes of cargo in 2014-15 including 4.47 million TEU's (Twenty Foot Equivalent Unit) containers. JNPT is planning to handle 10 mn TEUs capacity by 2018-19 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.

Board of Trustees

JNPT is managed by a 19 member Board of Trustees with Shri Anil Diggikar, IAS as the Chairman and Shri Neeraj Bansal as Dy.Chairman of the Trust.

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

The Board has representation from Ministry of Shipping, Indian Railways, Department of Customs, Defence Services etc. and all the Trustees are appointed by the Government of India.

Financial Performance

JNPT's operating income grew 12.10% in FY 15 to 1508.08 Crs against ₹1345.29 Crs in FY14. The same was on account of higher income from container handling & storage charges. The operating profit increased to ₹836.56 Crs in FY15 with an operating margin of ~55% against ₹ 734.26 Cr in FY14. The PAT stood at 556.09 Crs against ₹506.33 Cr. The Networth stood at ₹6319.04 Cr for FY15. The Company did not have any long term debt other than the outstanding tax-free bonds resulting in a negligible gearing. The Cash and Cash equivalent balance also was healthy at ₹3121.22 Crs in FY15, indicating ample liquidity. Overall JNPT has strong financial profile on account of its large networth, negligible borrowings and high cash/cash equivalents on hand giving very good financial flexibility to the port.

Rating Outlook

JNPT is the largest container port in India and fully owned and controlled by Government of India. As of FY14, it has negligible debt and large cash balance giving adequate financial flexibility. JNPT's ability to successfully implement all the planned expansion programs and improve its operating income are the key rating sensitivities.

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