



Indian port sector: Growth plans ambitious but uncertainty hangs over implementation

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SUMMARY OPINION

- Cargo growth at Indian ports was moderate in 2010-11, with the overall increase in throughput at 4% year-on-year (yoy). This resulted from the low growth in cargo volumes at the major ports (1.6% yoy increase) because of a significant reduction in volumes of iron ore, a major cargo category, following Karnataka's banning of iron ore exports since August 2010. Cargo growth at the non-major ports however continued to be robust, with volumes increasing by 9% on yoy basis. In market share terms, the non-major ports increased their share marginally from 34% of the total cargo in 2009-10 to 35% in 2010-11. The outlook for cargo growth remains favourable, given the robust domestic demand from key end-user industries. The main cargoes, the volumes of which are expected to drive growth, include coal; crude oil and containers. Accordingly, port ventures with an exposure to these cargo categories stand to gain.
- The last fiscal saw the completion of the first phase of some major projects, including the mega container transshipment terminal at Vallarpadam (Kochi), bulk terminals at Dahej; Mundra and Hazira (all in Gujarat) while the first phase at Dhamra (Orissa), a greenfield port, was completed in May 2011. These success stories notwithstanding, progress on the award and execution of new projects at both the major and non-major ports remained below par because of various systemic impediments. With many of these hurdles yet to be overcome and the backlog of projects being large, supply addition in the port sector is expected to lag demand growth over the medium to long term, resulting in high capacity utilisation for incumbents.
- The regulatory and institutional environment in the Indian port sector is currently undergoing changes with new laws and policy measures being formulated. The National Maritime Agenda 2010-20 unveiled in January 2011 outlines the framework for the development of the port sector over the next decade and includes in its ambit capacity creation projects (target capacity of over 3 billion tonnes by 2020 with most of the projects being executed and funded by the private sector) and certain policy related initiatives to improve the operating efficiency and competitiveness of Indian ports. The Draft Port Regulatory Authority Bill, 2011, *inter alia* seeks to bring tariffs and the performance of non-major ports under regulatory purview, and these proposals if accepted could have an adverse impact on the business and financial risk profiles of non-major ports that have hitherto enjoyed high pricing flexibility and operational freedom. This apart, policies relating to regulation of monopoly in the port sector and captive port projects, have been framed and certain initiatives have been taken for improvement in the operating environment for the port sector including review and proposed refinement of the Model Concession Agreement; review of the tariff setting process; and facilitation of land acquisition through the Land Acquisition Bill 2011 amongst others.

- While the favourable demand –supply scenario in the Indian port sector augurs well for industry participants, from a credit perspective ICRA believes that its rated portfolio of companies is faced with certain challenges the most prominent of which include: project execution risks given that many companies are in a moderate to large scale capital expenditure mode; the hardening interest rate environment; regulatory risks emanating from an evolving policy environment; cargo concentration risk particularly for entities having a high exposure to iron-ore cargo given the ongoing uncertainties on iron-ore mining activities in various states; possibility of temporary capacity overhang in some cargo segments and incremental risks associated with expansion in scope of business/inorganic growth.

Background

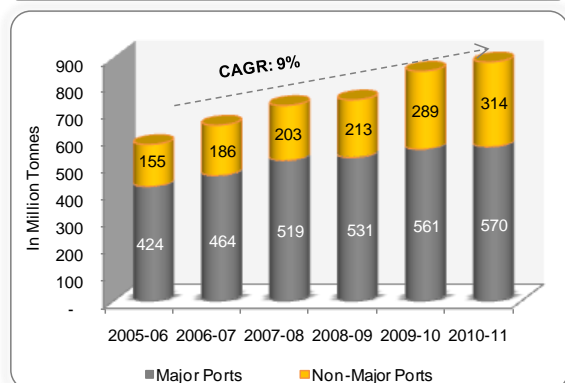
India's long coastline of over 7,500 km is home to the country's 13 major ports¹ and around 200 non-major ports located along the western and eastern corridors. While the number of non-major ports is large, only about one-third of them undertake regular commercial operations; these ports are located mainly in Gujarat, Andhra Pradesh, Goa, and Maharashtra. Since the last decade, the Indian port sector has been witnessing certain structural changes, with state monopoly (viz. the major ports) gradually giving way to greater private sector participation in port investment activity. The change is being driven by several factors, including the large investments required to scale up port capacity, besides the need to improve service levels and efficiency. Private participation in ports is also being facilitated by an open policy regime (which, inter alia, allows 100% FDI investment in port projects and provides taxation benefits to players investing in port infrastructure) and the prospects of robust returns on investment, given the favourable long-term outlook for the sector. The trend is expected to gain traction with the major ports increasingly moving to a landlord/asset ownership model, allowing the private sector a dominant role in capacity additions and port services and operations. Further, considering the criticality of the port sector to overall economic growth and to bring about an orderly development of the sector, some regulatory and policy initiatives have also been taken of late, the most notable being the National Maritime Agenda 2010-20 and the Draft Port Regulatory Authority Bill, 2011. While the policy measures augur well for the development of the Indian port sector, at the ground level the gap between planning and implementation remains significant because of various procedural and systemic issues; the resolution of these remains critical for the full realisation of the sector's potential.

Cargo Trends & Outlook

Cargo growth moderates in 2010-11 following decline in iron ore volumes: Cargo traffic at Indian ports increased to 883 million tonnes (mmt) in 2010-11 from 850 mmt in 2009-10. The lower yoy increase in cargo at 4% in 2010-11 (14% yoy growth in 2009-10) may be attributed partly to the larger cargo base and partly to the low growth (2% yoy in 2010-11) in the volume of cargo handled by the major ports. The weak performance of the major ports followed mainly the decline in volumes of one of the principal commodities, iron ore, by 13% yoy to 87 mmt in 2010-11 from 100 mmt in 2009-10 with iron ore exports being banned in Karnataka. The non-major ports on the other hand reported a 9% yoy increase in cargo volumes and as a result gained market share (35% in 2010-11 as against 34% in 2009-10). Over the five-year period from 2005-06 to 2010-11, cargo at Indian ports reported a 9% compounded annual growth rate (CAGR), with the major ports achieving a CAGR of 6% and the non-major ports of 15% (refer *Figures 1 and 2*).

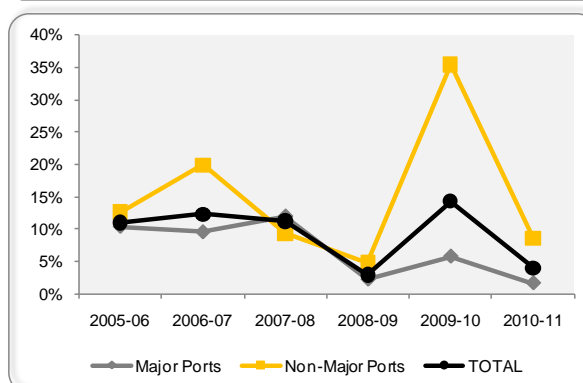
¹ The major ports include: Chennai, Ennore and Tuticorn (in Tamil Nadu); Cochin (in Kerala); Kandla (in Gujarat); Kolkata (in West Bengal); Mumbai and Jawaharlal Nehru Port Trust [JNPT] (in Maharashtra); Mormugao (in Goa); New Mangalore (in Karnataka); Paradip (in Orissa); Vishakhapatnam (in Andhra Pradesh) and Port Blair (in the Andaman & Nicobar Islands).

Figure 1: Cargo Volumes at Indian Ports



Source: Industry Reports and ICRA's Analysis

Figure 2: Trend in Cargo Growth



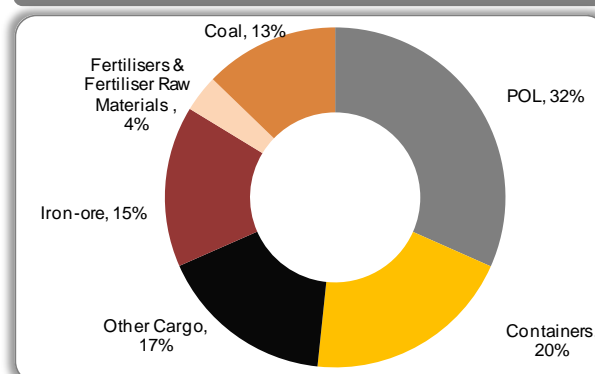
Source: Industry Reports and ICRA's Analysis

Among the major ports, Kandla in Gujarat continued to lead in terms of cargo volumes (82 mmt in 2010-11, at 3% yoy growth) followed by Vishakhapatnam in Andhra Pradesh (68 mmt at 4% yoy growth). While cargo volumes at all the major ports increased in 2010-11, although in single digits, the volumes at New Mangalore and Paradip reported a dip of 11% and 2% yoy respectively, primarily because of their high exposure to iron ore. Among the non-major ports, Mundra Port and Special Economic Zone Limited located in Gujarat was the largest operator (52 mmt in 2010-11), followed by Essar Ports (40 mmt) which has two facilities at Vadinar and Hazira, both located in the state of Gujarat.

By cargo mix, petroleum, oil & lubricants (POL) continued to account for the largest share of 32% in 2010-11 (31% in 2009-10), followed by containers (20% against 18%). The share of iron ore dipped from 18% to 15% of the total volumes over the same horizon while the share of coal remained stable at 13%. (Refer Figure 3 for the cargo composition at major ports.)

Over the period April-July 2011, the major ports have cumulatively handled cargo volumes of 193 mmt, which marks a 5% increase over the corresponding previous. While volumes of iron ore and fertilisers have seen a decline (12% and 46%, respectively) during this period, the increase in volumes of coal (20%) and fertiliser raw material [FRM] (18%) have enabled an overall growth in throughput.

Figure 3: Cargo Mix of Major Ports – 2010-11



Source: Industry Reports and ICRA's Analysis

ICRA's view on cargo growth over the medium to long term remains positive based on the level of activities in the key end-user industries. Going forward, growth of traffic at Indian ports is expected to be driven mainly by higher volumes of coal (to meet the requirements of the large number of current and proposed thermal power projects based on imported coal); containers (given the market under-penetration and potential for cost savings); crude oil and POL (large upcoming refinery capacity); fertilisers (strong domestic demand and low self-sufficiency); and steel (mega projects proposed in the eastern part of the country). In line with the expected growth, most of the incremental investments in port capacity are being designed to specifically service these cargo categories. In this regard, it may be noted that most of the expected traffic growth in India is largely based on domestic demand drivers that are fundamentally stronger and more stable compared with international trade related demand, which is a function of global conditions and may be volatile and uncertain. This favourable demand environment is also expected to spur growth in various port-related logistics and service activities although competitive pressures in these business lines would remain high.

According to the estimates of the Ministry of Shipping (MoS), cargo volumes in India are expected to breach the 1 billion tonne mark in the current fiscal (2011-12); the 2 billion tonne mark by 2016-17 (seven-year CAGR of 13%); and 2.4 billion tonnes by 2019-20 (10-year CAGR of 11%). Growth at the non-major ports is expected to outpace that at the major ports, with the former commanding a 51% share of the total cargo in a decade's time. By composition, coal (expected 10-year CAGR of 18%) and containers (expected

10-year CAGR of 15%) are expected to drive much of the growth, as *Table 1* shows. Thus, port ventures with a higher exposure to these cargo categories are favourably placed.

Table 1: Key Cargoes Categories—Projected Growth

Cargo Volumes All Ports (mmt)	2009-10 Actuals	2011-12 Projected	2016-17 Projected	2019-20 Projected	7-year CAGR (FY10-17)	10-year CAGR (FY10-20)
Coal	113	187	476	570	23%	18%
POL	320	333	528	660	7%	7%
Iron-ore	149	156	228	259	6%	6%
Containers	116	148	384	486	19%	15%
Others	151	208	403	520	15%	13%
TOTAL CARGO	850	1,032	2,019	2,495	13%	11%

Source: *Maritime Agenda 2010-20*

Supply side constraints persist with progress being tardy on proposed developments at major and non-major ports: On the supply side, the Indian port sector has seen certain major milestones being reached in the recent past, including the commissioning of the first phase of operations at: International Container Transshipment Terminal, Vallarpadam; solid cargo port terminal, Dahej; coal terminal, Mundra; bulk terminal, Hazira; and a greenfield port, Dhamra. On the award and bidding front for PPP projects at major ports, there has been some progress with the finalisation of eight projects in 2010-11, although most of these are spillovers from earlier years. However, these achievements notwithstanding, the gap remains significant between the requirements/envisaged development of the port sector and the actual progress made because of various systemic issues (refer *Box 1*). The ambitious National Maritime Development Programme (NMDP) has failed to live up to expectations because of the absence of various enabling factors and is due to complete its tenure in March 2012. To replace it, the MoS has formulated the Maritime Agenda 2010-20, outlining the next decades' programme for the development of the Indian maritime sector (discussed later in this note). Similarly, the greenfield port ventures in the private sector have made slow progress because of a host of problems at the bidding, pre-construction and post-completion stages, the most prominent being delays in land acquisition and statutory clearances (coastal, forest, pollution and environmental). For the full potential of the sector to be realised, ICRA believes the processes need to be simplified and systemic bottlenecks cleared so that the proposal to implementation ratio improves.

Box 1: PPP Projects Yet To Pick Up Pace

PPP projects were introduced in the Indian port sector in the late 1990s to enable scaling up of capacity, given that the surplus with the major ports was inadequate for the incremental investments needed and reliance only on budgetary support for the required large-scale capital expenditures was unsustainable. Also, the involvement of the private sector was expected to result in improvements in the operating efficiency and performance standards of the major ports. Till March 31, 2011, a total of 29 PPP projects entailing a total investment of over Rs. 92 billion had been completed and were in operation at the major ports (includes both captive and commercial projects). The prominent commercial projects among these include: the Nhava Sheva Container Terminal at JNPT (commissioned in 1999); the third container terminal at JNPT (commissioned in 2006); the second container terminal at the Chennai port (commissioned in 2009); the recently commissioned facilities (2011) including an iron ore and a coal terminal at Ennore; and the ICTT at Cochin, Vallarpadam. Another 20 projects entailing an investment of over Rs. 100 billion are under way at various major ports. These include: construction of offshore container berths and a BOT terminal at Mumbai (awarded in 2009); development of a container terminal at Ennore (awarded in 2010); three deep-draught berths at Paradip, including one each for coal and iron ore (both awarded in 2009), and the third for clean cargo including containers (awarded in 2010); and two berths at the Vizag port for coal handling (awarded in 2011). Around 24 projects with a proposed outlay of Rs. 140 billion are currently in the planning/bidding stage, including the ones for the construction of a mega container terminal at the Chennai port and a fourth container terminal at JNPT. These are proposed to be finalised in the current year (2011-12), which appears somewhat unrealistic, considering the track record and the progress till date.

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Box 1: PPP Projects Yet To Pick Up Pace**Contd. from previous page**

The progress of PPP projects in the Indian port sector has not been up to the mark because of various policy related impediments, both at the pre- and post-award stages. In the pre-award stage, the problems initially arose because of lack of clarity on the bidding framework, qualification criteria, and concession terms; these were later resolved with the finalisation of model documents. In the bidding stage, the process has tended to be protracted with the bureaucratic procedures at most major ports often leading to cancellations and re-bidding. Post-award, there have been delays in execution because of the time taken to obtain environmental and other statutory clearances. Post-commissioning, BOT terminals have had to face operational problems because of their high dependence on the port trust for common facilities like capital dredging, pilotage and vessel movement; these have had an adverse impact on their efficiency and competitiveness. Also, the tariff fixing methodology under Tariff Authority for Major Ports (TAMP) has had a negative impact on the profitability and returns of PPP project developers because of several factors. These include the lengthy process of tariff fixing and review; anomalies in the tariff setting mechanism (like not allowing full pass-through of revenue share); low rate of allowed tariff increase because of indexation to inflation; and uncertainty on whether the operator would be allowed a tariff increase if its investment was higher than originally envisaged (because of changes in the scope of the project, etc). Going forward, the success of the PPP framework in the port sector hinges on the way these issues are addressed; some progress on this front has been made with certain regulatory and policy initiatives being taken (refer following section).

Some institutional improvements initiated to clear bottlenecks: As a part of its efforts to improve the institutional framework for PPP projects at major ports, the Central Government constituted a committee under the Chairmanship of Mr. B.K. Chaturvedi in February 2010 to review and recommend revisions in the Model Concession Agreement (MCA), which is the basic contractual framework governing the PPP model in India. The key recommendations of the committee (made in September 2010) include the following:

- A three-pronged strategy may be adopted to improve the tariff setting mechanism as follows: streamlining TAMP procedures and building in-house capacity in the short term; delegating the tariff setting function to the respective port trusts over the medium term and allowing market forces to determine tariffs over the long term with the role of the port authorities being limited to oversight.
- The provision relating to a cap on number of applicants to be shortlisted for second stage bidding of PPP projects (generally six to seven) may be done away with as it unnecessarily prolongs the process; limits competition and frequently results in litigations.
- The environmental clearance process may be simplified in order to speed up project execution.
- The performance requirement relating to 'Minimum Guaranteed Cargo' (MCG) as prescribed in the MCA may be replaced with 'Minimum Guaranteed Revenue' (MRG). As per current provisions the failure to meet MCG requirement can trigger termination of the contract. In order to provide some flexibility to the private party in handling business in accordance with the changing trade patterns and business requirements it is felt that MRG is a better criterion than MCG.
- The bar for invocation of conflict of interest clause with respect to shareholding pattern of BOT projects may be raised from 5% as of now to 25%.

Apart from the above, the recommendations also seek to provide clarity on certain issues in order to limit the port trusts liability like method of determination of total project cost which has implications for termination and other payments to concessionaire and protection from risks arising from inadequacy of tariffs due to errors in projections/estimates and/or order of TAMP.

Further, the Land Acquisition, Rehabilitation and Resettlement Bill 2011 recently approved by the Union Cabinet, seeks to remove impediments in the way of land acquisition by empowering the government to acquire land on behalf of private parties taking up public-purpose projects like those in railway, port, and power sectors. However, given the market value based compensation payable to landowners, the cost of greenfield port projects would go up moderately as ports require large tracts of land (typically 1,000-2,500 acres) for storage areas, loading/unloading facilities and evacuation infrastructure. While ICRA does not expect the viability of port projects to be adversely impacted by the additional land cost, as that would be governed more by other strategic considerations such as cargo potential, extent of handling infrastructure, and draught, the higher land cost is likely to lead to higher capital intensity, which in turn would lead to some moderation in the return on capital employed.

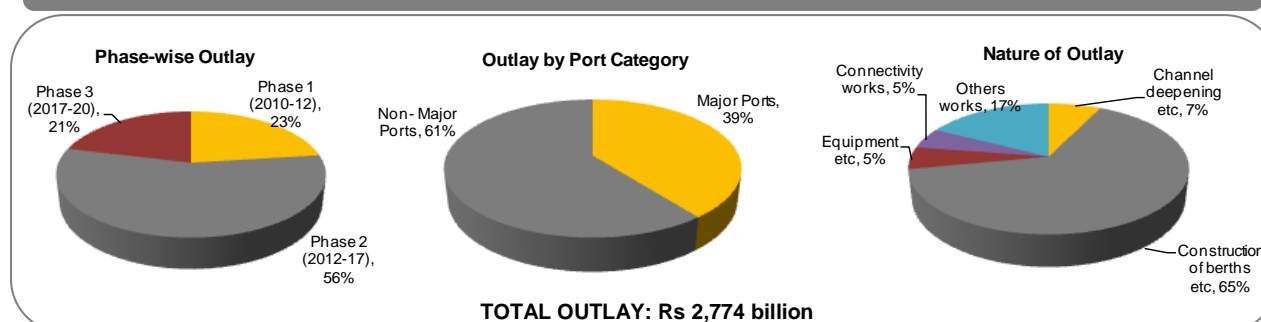
For TAMP based tariff related grievances, in response to the industry's plea, the MoS has recently appointed The Energy and Research Institute (TERI) to review the existing tariff design philosophy and recommend a new model. ICRA also notes that the government-appointed Committee on National

Transport Development Policy under the chairmanship of Mr. Rakesh Mohan is expected to review the existing PPP framework and if required suggest ways of modifying it further.

National Maritime Agenda 2010-20 unveiled: On January 13, 2011, the MoS outlined its 10-year plan for the development of the Indian maritime sector under the Maritime Agenda 2010-20. The salient features of the agenda with reference to the port sector are discussed here.

Scale and scope of port sector projects: The Maritime Agenda envisages a cumulative investment of around Rs. 2,774 billion in the port sector over the next 10 years in three phases. The non-major ports are expected to account for 61% of the proposed investment, and the major ports for the rest. Capacity expansion by way of construction of new berths and jetties accounts for 65% of the total outlay, and other support works for the rest (refer Figure 4).

Figure 4: Details of Proposed Investment Outlay under Maritime Agenda 2010-20



Source: Maritime Agenda 2010-20

With the envisaged capital expenditure being made, the capacity of the port sector would likely increase to over 3 billion tonnes by 2019-20; the non major ports would account for 53% of the enhanced capacity and the major ones for the rest 47%. The projected capacity expansion and the expected cargo growth would bring down the utilisation levels at the major ports from the current 90% levels to around 80%, paving the path for better service. (Refer Table 2 for projected cargo and capacity details.)

Table 2: Projected Cargo and Capacity Scenario

In Million Tonnes	2011-12	2016-17	2019-20
Major Ports			
Cargo	630	1032	1215
Capacity	741	1328	1460
% Utilisation	85%	78%	83%
Non-Major Ports			
Cargo	403	988	1280
Capacity	499	1264	1670
% Utilisation	81%	78%	77%
Cumulative			
Cargo	1032	2019	2495
Capacity	1240	2592	3130
% Utilisation	83%	78%	80%

Source: Maritime Agenda 2010-20

The funding of the projects envisaged under the Maritime Agenda is expected to be done primarily by the private sector. In the case of the major ports, of the total envisaged investment of Rs. 1,095 billion over a 10-year period, around 33% is expected to come from internal sources and Budgetary support, and the bulk 67% from private sector investment (by way of PPP projects). For non-major ports, of the total outlay of Rs. 1,700 billion, 97% would come via private funding and the rest 3% from internal sources and Budgetary support.

Policy related initiatives: Apart from investments in capacity creation, the Maritime Agenda also envisages certain policy related improvements aimed at strengthening the port sector. The prominent among these include the following:

- Major ports to be turned into landlord ports completely by 2020 with their role being to provide the port infrastructure, while operations and services would be provided by the private sector participants.
- Major ports to be corporatised, beginning with JNPT in the first phase. Deserving ports to be considered for Navaratna or Mini-ratna status. Further, major ports to be given substantial autonomy in functioning; professional management to be inducted and greater reliance to be placed on market funding instead of government support.
- TAMP guidelines to be reassessed and modified in 2010-11.
- Key policies and framework agreements to be reviewed periodically and modified from time to time including the policy for land use; model documents like RFQ, RFP, and MCA and the guidelines for fixing of tariffs.
- Regulator to be established to oversee the activities and tariffs of the non-major ports.
- Greater focus to be placed on environmental aspects and an environment clearance mechanism to be instituted to expedite progress of projects.
- Hub ports to be developed to receive 13,500+ TEU² containerships; at least two such hubs to be established on the eastern coast (Chennai and Visakhapatnam) and two on the west coast (Jawaharlal Nehru and Cochin ports).
- A specialised Maritime Finance Corporation to be formed with the equity of ports and financial institutions to appraise and fund port projects, given their specialised nature and requirements.
- A special purpose vehicle, Indian Ports' Global, to be set up to make investments in ports overseas.
- A monitoring and feedback mechanism to be instituted to track progress at the level of the ports and at the government's level so that timely action on slippages in progress and implementation can be taken.

While the Maritime Agenda, like its predecessor NMDP, has a broad vision, the capacity projections that it makes would be achieved only if the various impediments in the way of project execution are removed expeditiously. In principle, the suggested policy measures augur well for the development of the port sector, but it is the implementation aspect that would have to be watched closely.

Evolving regulatory environment poses event risk: On the regulatory front, over the last one year there have been some developments that seek to shape the future competitive landscape for the port sector. The Draft Port Regulatory Authority Bill 2011 has been made public and the MoS has sought comments on the draft from various stakeholders. The Bill, *inter alia*, seeks to bring the functions of tariff setting and performance monitoring for the non-major ports under the ambit of the respective State port regulatory authorities. The rationale behind this is to provide a level playing field to all players, the major ports and the non-major ones, which is not the case at present: now, the major ports function under a highly regulated environment even as the non-major ports enjoy a high degree of regulatory freedom and pricing flexibility. Thus, if enacted, the Bill would have significant implications particularly for the non-major ports as they would lose the flexibility to set tariffs (currently a function of capital costs, operational capabilities, and market competitiveness) and may have to follow a cost plus return based approach (which the major ports do) or some other approach specified by the regulator. Further, regulatory tariff setting and revision being cumbersome and time consuming processes (going by the experience of the major ports) and vulnerable to mismatches between revenue and cost increases, the profitability and returns on investment of the non-major ports could come under pressure in a tightly regulated environment. Moreover, with the performance of the non-major ports also intended to be brought under the scrutiny of the regulatory authority, with penalties being imposed on defaults and violations, the operating freedom of the non-major ports could get constrained and business and financial risks could increase. At present, there are various grey areas on the modalities of implementation of the Bill, apart from opposition from the various affected parties, both of which are likely to delay its implementation.

Apart from the above, another recently formulated policy is the Policy for Prevention of Monopoly at Major Ports, 2010, which seeks to restrain operators with existing facilities at a port from bidding for similar terminal development projects within the same port and/or within a radius of 100 km of it. The intention is to allow development of healthy market competition and prevent capacity concentration, which may impact pricing and performance standards. Further, a Draft Captive Policy 2011 has recently been formulated, which seeks to allow major port users (port-based industries) to set up their own dedicated berths at the major ports on a nomination basis. This could potentially jeopardise the business prospects of the nearby private terminals that have been set up on a BOT basis and is being seen by the incumbent terminals as a

² Twenty foot equivalent unit

breach of the concession agreements already signed, which normally give a grace period³ for setting up the next competing terminal.

The evolving regulatory environment thus presents quite a few challenges and risks for the industry participants and would be a key event risk from a credit perspective.

Key credit challenges for ICRA-rated port companies: While the favourable industry conditions are a credit positive, ICRA believes that its portfolio of rated companies is faced with certain challenges which present a downside risk. For port companies in the midst of medium to large scale capital expenditure programmes⁴, managing project execution risks, and pressure on capital structure and returns would be critical. The financial metrics of these companies could come under stress in the event of substantial delays in project execution; cost overruns and mismatches between commencement of debt repayments and revenue generation. Further, the rising interest rate scenario is an additional challenge for developers of new projects, and would test their ability to secure debt funding, maintain project viability, and service debt. ICRA also notes that the business risk profile of some of the rated port players is exposed to high cargo concentration risk because of the cargo specific nature of their handling facilities and/or high dominance of particular cargoes in overall volumes. This increases their vulnerability to downturns in trade flows and/or regulatory changes that may impact particular cargoes (like the ban on iron ore exports in Karnataka and uncertainty on mining contracts in Goa). Moreover, incremental business and financial risks may be associated with port companies expanding their scope of business to investments in other port ventures, in India or overseas. Further, some cargo segments like containers may be exposed to risks of temporary supply overhang because of the bunching of capacities in close proximity which could prolong the gestation period and impact returns on investment.

Conclusion

The demand-supply balance in the Indian port sector is expected to remain favourable over the medium to long term, given the strong demand situation and the significant slip-ups in capacity addition because of various systemic and procedural hindrances. As for the Maritime Agenda 2010-20, while the programme outlines ambitious plans for the development of the port sector, the extent to which these can be realised will hinge on the structural and systemic improvements made. On the regulatory front, some changes are being made, and these could have a bearing on the business and financial risk profiles of the industry participants and pose event-based risks. From a credit point of view, other key risks for ICRA-rated universe of port companies include that of time and cost over-runs on ongoing and proposed capital expenditure programmes; tight interest rate environment; high cargo concentration; expected temporary over capacity in some segments like containers and significant expansion in scope of business/ inorganic growth activities.

September 2011

³ normally 5-6 years from COD or achievement of 60% capacity utilisation, whichever is earlier

⁴ Within the universe of ICRA-rated port companies, the following are in the capital expenditure mode: The Dhamra Port Company Limited; Adani Petronet (Dahej) Port Private Limited; Krishnapatnam Port Company Limited; Sical Iron Ore Terminals Limited; and Mundra Port and Special Economic Zone Limited; Kakinada Seaports Limited; and Chennai International Terminals Private Limited.

ANNEXURE: ICRA's Portfolio of Rated Port Sector Entities

Company	Ratings Outstanding*
Port Companies	
Mundra Port and Special Economic Zone Limited	LAA@ and A1+@
Ennore Port Limited	LA (Stable)
Mormugao Port Trust	LA (Stable)
Kakinada Seaports Limited	LA- (Stable) and A2+
Krishnapatnam Port Company Limited	LBBB (Stable)
The Dhamra Port Company Limited	LBBB+@ and LBBB@
Adani Petronet (Dahej) Port Private Limited	LBBB- (Positive)
Port Terminal Operators	
TM International Logistics Limited	IrAA- (Stable)
Chennai International Terminals Private Limited	[ICRA]AA (SO) (Stable) and [ICRA]A1
Nhava Sheva International Container Terminal Private Limited	LA+ (Stable) and A1+
Chennai Container Terminal Limited	LA (Stable) and A1
Mundra International Container Terminal Private Limited	LA (SO) (Stable) and A2
Sical Iron Ore Terminals Limited	[ICRA]BB+ (Negative) and [ICRA]A4+
International Seaports Haldia Private Limited	LBBB+ (Stable) and A2+
Vizag Seaports Limited	LBBB- (Stable)
Ennore Tank Terminals Private Limited	A4+
Port Service Providers	
Ocean Sparkle Limited	[ICRA]A+(Stable) and [ICRA]A1
Seabird Marine Services Private Limited	LA (Stable) and A1
Sealion Sparkle Maritime Services Limited	[ICRA]A- (Stable)
Sealion Sparkle Port & Terminal Services (Dahej) Limited	[ICRA]A- (Stable) and [ICRA]A2+
IMC Limited	A2+
Polestar Maritime Limited	LBBB
TM Harbour Services Private Limited	LBBB(Stable) and A3+
International Seaport Dredging Limited	LBBB- (Stable) and A3
Adani Logistics Limited	LBBB- (Stable)
Navkar Corporation Limited	LBBB- (Stable)
Pipavav Railway Corporation Limited	LBB+ (Stable)
Saurashtra Containers Private Limited	LC
Triway Container Freight Station Private Limited	LB

*As on September 26, 2011

Note: "@" indicates Rating Watch with Negative Implications

^SO indicates Structured Obligation

It may be noted that with effect from June 15, 2011, pursuant to SEBI directions, ICRA has revised its rating symbols and definitions. Each of the previous Rating Symbols now corresponds to a new one with [ICRA] as the prefix. A switch from a previous Rating Symbol to a new one of the same level is not to be construed as a change in Rating.



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