

December 27, 2024

Transworld Terminals Private Limited: Ratings removed from Issuer Not-Cooperating category and reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term – Fund-based – Term loan^	50.00	50.00	[ICRA]A- (Stable); removed from ISSUER NOT COOPERATING; reaffirmed
Short term – Non-fund based - Working capital facilities^	15.00	15.00	[ICRA]A2+; removed from ISSUER NOT COOPERATING; reaffirmed
Total	65.00	65.00	

* Instrument details are provided in Annexure-I; ^ Proposed

Rationale

ICRA has reaffirmed the ratings and removed Transworld Terminals Private Limited from the Issuer Not-Cooperating category based on adequate information received from the company for carrying out a detailed credit assessment. While arriving at the ratings, ICRA has used the consolidated financials of the company.

The rating reaffirmation reflects TTPL's established relationships with shipping lines and custom house agents as well as its parentage as a part of Transworld Singapore, which has operations spanning the entire value chain of the shipping industry. The ratings also consider the favourable long-term demand outlook for container trade growth at the Mundra Port and Jawaharlal Nehru Port. Moreover, the Group's debt-free operations have resulted in healthy coverage ratios. The ratings further take into consideration an improvement in the cargo volumes at the Kolkata container freight station (CFS), which began operations in FY2019.

The ratings are, however, constrained by the vulnerability of profitability to economic downturns and the intensely competitive CFS market at the Mundra, JNPT (Mumbai) and Kolkata ports. Further, the foray of TTPL into new business segments has increased the marketing risks and the company's ability to operate these businesses at healthy profitability levels remains to be seen as these ventures are yet to scale up to contribute materially.

The Stable outlook on the [ICRA]A- rating reflects ICRA's opinion that the Group's credit profile would remain comfortable, given the healthy container cargo volume handling outlook for the Mundra and JNPT ports which should support the company's cash generation.

Key rating drivers and their description

Credit strengths

Established presence in shipping industry value chain – TTPL enjoys established relationships with several shipping lines as well as custom house agents. It has a strong parentage as a part of Transworld Singapore, whose operations have spanned the entire value chain of the shipping industry for over three decades. Transworld Singapore consists of several companies handling different aspects of shipping, providing a wide range of services involving shipping agency, vessel operation, freight forwarding, customs clearance, land transportation, container freight stations, break-bulk shipments, container empty depots and container repairs.

Favourable long-term outlook for containerised cargo at Mundra and JNPT ports – As one of the key CFS players at the Mundra and JNPT ports, the Group will benefit from the expected increase in containerised cargo at these ports over the long

term. The healthy demand scenario from the hinterland as well as from the domestic market is expected to support the cargo volumes being handled at these ports, going forward.

Healthy capital structure and coverage indicators – The company didn't have any external debt at the end of H1 FY2025, resulting in a healthy credit profile. The Group is likely to remain debt free in near term, given the robust cash generation and modest capex plans.

Credit challenges

Modest profitability in Kolkata CFS and new business verticals; market risk in new businesses – TTPL set up the Kolkata CFS in February 2019, and since then its scale of business has increased substantially. The Kolkata CFS has turned profitable recently. Further, the company has ventured into several new businesses, such as cold chain transportation, freight forwarding, third-party logistics, repair of refrigerated shipping containers and trading, which are still in their nascent stages. Moreover, even though the capex requirement for the new businesses is low with minimal dependence on external borrowings, the ability of TTPL to tie up with customers and ensure healthy profitability from these businesses remains to be seen.

CFS operations exposed to economic downturns – The profitability of the Group remains vulnerable to economic downturns, which affect the amount of trade flows in and out of a country. The realisation levels of CFS players are also impacted by the fluctuations in world economies. The profitability is also vulnerable to high competitive intensity at the Mundra, JNPT and Kolkata stations. The competition at the Mundra and JNPT ports is very intense, which has led to a build-up of surplus container storage and handling capacity. Further, the Kolkata CFS, which was set up recently, is yet to establish its position and has not captured a strong market share.

Liquidity position: Adequate

TTPL's liquidity profile is adequate with positive fund flow from operations generated over the last three years. On a consolidated basis, the Group is debt free with a free cash balance of Rs. 138.83 crore as on March 31, 2024, while the company has not availed any fund-based working capital facilities. ICRA does not foresee any concerns on liquidity as there are no debt repayments and no major capital expenditure plans in the near term.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company ramps up its scale of operations and improves its profitability margins, while efficiently managing its working capital cycle on a sustained basis.

Negative factors – The ratings may be downgraded if the revenue and profitability declines, affecting the liquidity profile and coverage ratios on a sustained basis. The ratings may be under pressure if the company undertakes any large debt-funded capex or acquisition that would impact the coverage metrics.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable.
Consolidation/Standalone	While arriving at the ratings, ICRA has considered the consolidated financials of Transworld Terminals Pvt Ltd. The subsidiaries of Transworld Terminals are enlisted in Annexure II

About the company

Transworld Terminals Private Limited (TTPL, erstwhile Meridian Shipping Agency Private Limited) is a part of the Transworld Group of Singapore and was incorporated in 1990 to exclusively represent Ignazio Messina & C (Messina) as its sole shipping agent in India. In 2005, TTPL entered into an agreement with Adani Port SEZ Limited (APSEZ) for setting up a CFS business. The CFS, named Transworld-CFS, became operational in September 2007. In April 2013, it shifted the agency business to another

group company - Transworld Shipping and Logistics - and retained only the CFS business and changed its name of MSAPL to TTPL in May 2013. The company currently operates freight stations at three locations i.e. Mundra Port, Nhava Sheva Port and Kolkata Port under standalone operations and one CFS under a subsidiary Transworld Terminals Dadri Pvt Ltd (TTDPL) at Dadri, UP, with ~49% ownership of Container Corporation of India Limited (CONCOR, rated [ICRA]AAA (Stable)/[ICRA]A1+).

TTPL commenced CFS operations in September 2007 and was the ninth player to set up a CFS at Mundra port. The company has leased a total land area of 50,587 sq. metres (12.5 acres) from Gujarat Adani Port Limited and developed 37,800 sq. metres (9.3 acres) at a total cost of Rs. 17 crore in phase I. The maximum container storage & handling capacity at the CFS is 3,000 laden containers. It also has a total warehouse area of 5,289 sq. metres having a covered shed of 2,000 sq. metres.

The Transworld Group consists number of companies with interest in the shipping agency business, operating container vessels, freight forwarding, transportation & logistics solutions, operating container freight stations, container park management, ship repairs and ship handling & transportation.

Key financial indicators (Audited)

Consolidated	FY2023	FY2024
Operating income	335.7	340.4
PAT	31.1	38.9
OPBDIT/OI	22.6%	24.9%
PAT/OI	9.3%	11.4%
Total outside liabilities/Tangible net worth (times)	0.3	0.3
Total debt/OPBDIT (times)	0.9	0.8
Interest coverage (times)	15.5	12.9

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)		Chronology of rating history for the past 3 years							
	Type	Amount rated (Rs. crore)	FY2025		FY2024		FY2023		FY2022	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans*	Long term	50.00	27-Dec-2024	[ICRA]A-(Stable);	-	-	28-Feb-2023	[ICRA]A-	30-Nov-2021	[ICRA]A-
			31-May-2024	[ICRA]A-(Stable); ISSUER NOT COOPERATING	-	-				
Non-fund based*	Short term	15.00	27-Dec-2024	[ICRA]A2+;	-	-	28-Feb-2023	[ICRA]A2+	30-Nov-2021	[ICRA]A2+
			31-May-2024	[ICRA]A2+; ISSUER NOT COOPERATING	-	-				

* Proposed

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term –Fund-based – Term loan	Simple
Short term – Non-fund based - Working capital facilities	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loans*	NA	NA	NA	50.00	[ICRA]A- (Stable)
NA	Non-fund based*	NA	NA	NA	15.00	[ICRA]A2+

Source: Company; * Proposed

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Transworld Terminal Dadri Private Limited	51%	Full Consolidation

Source: Company

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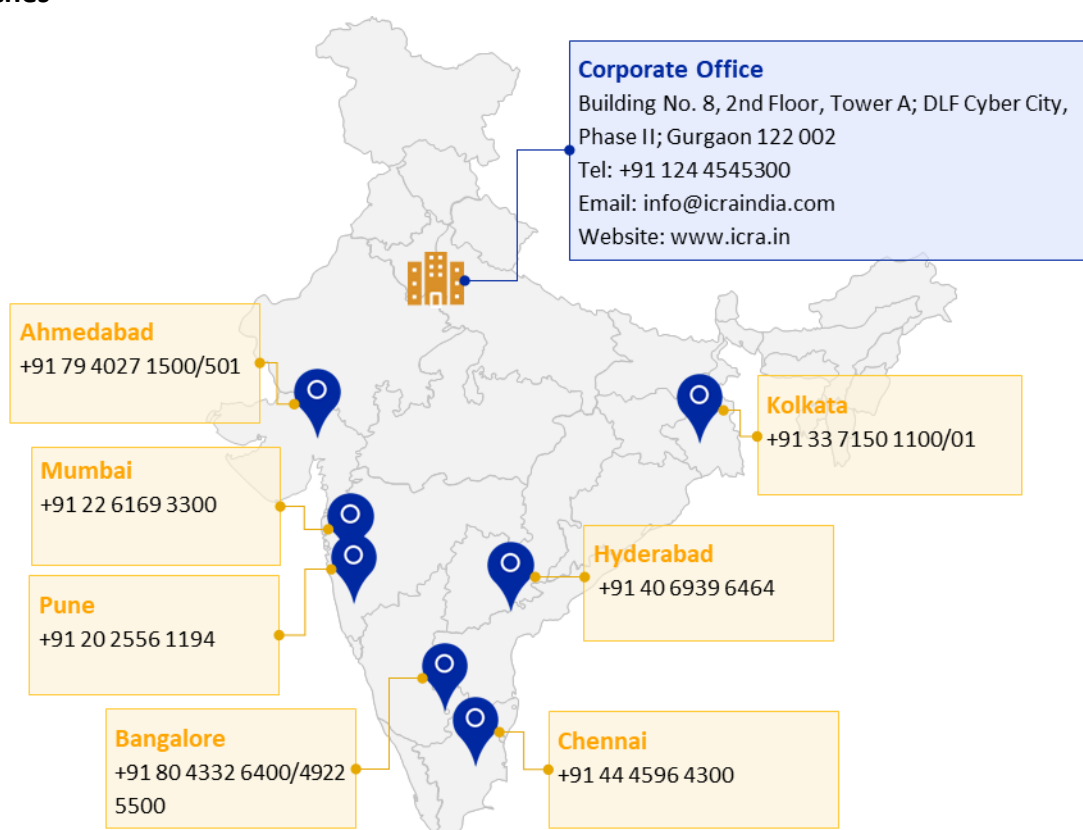
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