

September 02, 2024

Paradip International Cargo Terminal Private Limited: Ratings placed on rating watch with developing implications

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term – Fund based – Term loan	380.33	380.33	[ICRA]A+; placed on Rating watch with developing implications
Short-term – Fund-based limits – Working capital facilities	10.00	10.00	[ICRA]A1; placed on Rating watch with developing implications
Short-term – Non-fund based limits – Working capital facilities	30.00	30.00	[ICRA]A1; placed on Rating watch with developing implications
Long term/Short term – Unallocated limits	13.71	13.71	[ICRA]A+; placed on Rating watch with developing implications / [ICRA]A1; placed on Rating watch with developing implications
Total	434.04	434.04	

*Instrument details are provided in Annexure-1

Rationale

Material Event

J M Baxi Ports & Logistics Private Limited (“**JMBPL**” or the “**Company**”) had initially executed certain transaction documents in January 2023, with Hapag Lloyd Terminal Holding B.V. (“**HLTH**”) (part of Hapag Lloyd Group (HLAG group)) for consummating a series of steps pursuant to which HLTH becomes a shareholder of JMBPL. In furtherance thereof, on August 22, 2024, JMBPL has filed a Scheme of Arrangement (the “**Scheme**”) for reorganisation of the Company's consolidated operations (i.e. including its subsidiaries and JVs) with the National Company Law Tribunal (“**NCLT**”). The Scheme entails a corporate reorganisation of JMBPL to separate its container and non-container business whereby JMBPL (standalone) and its subsidiaries/JVs engaged in certain container businesses shall be demerged into a separate entity - J M Baxi Container Holdings Private Limited (“**JMBCHPL**”) and certain corporate services e.g. treasury operations, human resources, legal, etc shall be demerged into a separate entity - J M Baxi Ports Services Private Limited (“**JMBPSPL**”). JMBPL shall retain all other businesses including the non-container business. Pursuant to the Scheme and the transaction documents executed amongst JMBPL and HLTH, it is intended that (a) the Kotak Family (collectively, the “**Promoters**”) and HLTH will hold 51 percent and 49 percent shareholding in JMBPL, (b) Promoters and HLTH will hold 50 percent shareholding, each in JMBPSPL, and (c) Promoters and HLTH will hold 49 percent and 51 percent shareholding in JMBCHPL. The Scheme also provides for grandfathering of existing support structure by the Company for the current lending arrangements for its subsidiaries and JVs for a period of three years from the date of effectiveness of the Scheme.

Impact of material event

Currently, the Scheme has been submitted for approval to NCLT and will require approval from shareholders and unsecured creditors. Following the announcement, ICRA has placed the ratings of JMBPL and its subsidiaries on watch with developing implications. ICRA will continue to monitor the developments related to the approval and any other developments pertaining to the reorganisation Scheme going forward and will take appropriate rating action as and when the scheme is approved, and the final contours of the Scheme approved.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology – Ports
Parent/Group support	Parent: J M Baxi Ports Limited The ratings take into account the parentage i.e. JMBPL and the company remains strategically important to JMBPL.
Consolidation/Standalone	<u>The ratings are based on the standalone financials of the company.</u>

About the company

Paradip International Cargo Terminal Private Limited (PICT) is a special purpose vehicle (SPV) of JMBPL, which was incorporated on February 14, 2015. The SPV was formed for undertaking the construction and development of a multipurpose berth at Paradip port through the public-private partnership (PPP) mode on a build, operate and transfer (BOT) basis. The multipurpose berth caters to container traffic and clean cargo at the Paradip port. The concession agreement between Paradip Pot Trust (PPT) and PICT was signed on March 7, 2016. PICT achieved commercial operations for the berths in July 2018.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount Rated (Rs Crore)	Current (FY2025)			Chronology of rating history for the past 3 years					
			September 2, 2024	FY2025		FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long Term	380.33	[ICRA]A+; Rating Watch with Developing Implications	04-Jun-24	[ICRA]A+ (Stable)	30-May-23	[ICRA]A+ (Stable)	20-Apr-22	[ICRA]A- (Positive)	-	-
				-	-	-	-	22-Dec-22	[ICRA]A- (Positive)	-	-
				-	-	-	-	28-Feb-23	[ICRA]A- (Positive)	-	-
Fund-based limits – Working capital facilities	Short Term	10.00	[ICRA]A1; Rating Watch with Developing Implications	04-Jun-24	[ICRA]A1	30-May-23	[ICRA]A1	20-Apr-22	[ICRA]A2+	-	-
				-	-	-	-	22-Dec-22	[ICRA]A2+	-	-

				-	-	-	-	28-Feb-23	[ICRA]A2+	-	-
Non-fund based limits – Working capital facilities	Short Term	30.00	[ICRA]A1; Rating Watch with Developing Implications	04-Jun-24	[ICRA]A1	30-May-23	[ICRA]A1	20-Apr-22	[ICRA]A2+	-	-
				-	-	-	-	22-Dec-22	[ICRA]A2+		
				-	-	-	-	28-Feb-23	[ICRA]A2+	-	-
Unallocated limit	Long Term/Short-term	13.71	[ICRA]A+; Rating watch with developing implications/ [ICRA]A1; Rating Watch with Developing Implications	04-Jun-24	[ICRA]A+ (Stable)/ [ICRA]A1	30-May-23	[ICRA]A+ (Stable)/ [ICRA]A1	22-Dec-22	[ICRA]A+ (Positive)/ [ICRA]A2+		
								28-Feb-23	[ICRA]A+ (Positive)/ [ICRA]A2+		
Non-fund based limit (Sublimit of term loan)	Long term	-	-	-	-	-	-	20-Apr-22	[ICRA]A+ (Positive)		

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long term – Fund-based - Term loan	Simple
Short term – Fund-based limits – Working capital facilities	Very Simple
Short term – Non-fund based limits – Working capital facilities	Very Simple
Long term/Short term - Unallocated limits	Not Applicable

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 analyzing 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, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Fund based – Term loan	FY2017	1Y MCLR + 0.05%	FY2039	380.33	[ICRA]A+; Rating Watch with Developing Implications
NA	Fund-based limits – Working capital facilities	NA	NA	NA	10.00	[ICRA]A1; Rating Watch with Developing Implications
NA	Non-fund based limits – Working capital facilities	NA	NA	NA	30.00	[ICRA]A1; Rating Watch with Developing Implications
NA	Unallocated limits	NA	NA	NA	13.71	[ICRA]A+; Rating watch with developing implications / [ICRA]A1; Rating Watch with Developing Implications

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-II: List of entities considered for consolidated analysis – Not Applicable

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About ICRA Limited:

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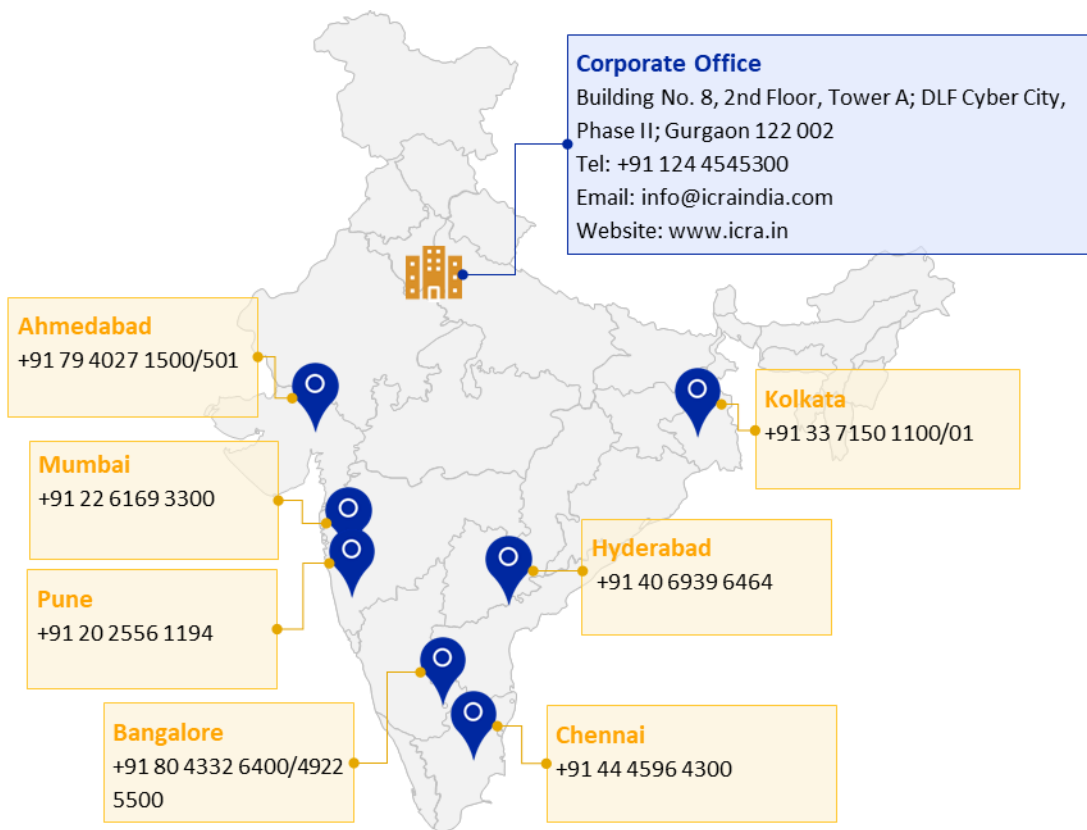
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