September 02, 2024

Visakha Container Terminal Pvt. Ltd.: 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	485.91	485.91	[ICRA]A+; Placed on Rating watch with developing implications
Long term – Fund based – Cash credit	5.00	5.00	[ICRA]A+; Placed on Rating watch with developing implications
Long term – Proposed term loan facilities	293.09	293.09	[ICRA]A+; Placed on Rating watch with developing implications
Long term/Short term – Buyer's credit/LC/FCTL	(521.94)	(521.94)	[ICRA]A+; Placed on Rating watch with developing implications / [ICRA]A1; Placed on Rating watch with developing implications
Long term/Short term – Derivative limits	101.00	101.00	[ICRA]A+; Placed on Rating watch with developing implications / [ICRA]A1; Rating watch with developing implications
Short term – Non-fund based – Bank guarantee	53.00	53.00	[ICRA]A1; Placed on Rating watch with developing implications
Long term/Short term – Unallocated limits	80.09	80.09	[ICRA]A+; Placed on Rating watch with developing implications / [ICRA]A1; Placed on Rating watch with developing implications
Total	**1018.09**	**1018.09**	

**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**: **JM Baxi Ports & Logistics Limited** The ratings take into account the parentage i.e. JMBPL, and the company remains strategically important to JMBPL.
Consolidation/Standalone	The ratings are based on the standalone financials of the company

About the company

Visakha Container Terminal Pvt. Ltd. (VCTPL) was incorporated in 2002 as a joint venture between JMBPL and DP World to operate the container terminal on Build, Operate and Transfer (BOT) basis at Visakhapatnam Port. VCTPL is an all-weather container terminal that has a total yard side capacity of 5,00,000 TEU. VCTPL provides container handling facilities for container ships, berthing facilities for non-container ships visiting the terminal and renders all related support services. JMBPL has acquired 26% stake in VCTPL from DP World in February 2022. VCTPL completed the construction of terminal 2 with a capacity of 5,40,000 in March 2022.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2025)			Chronology of rating history for the past 3 years							
				FY2025		FY2024		FY2023		FY2022	
Instrument	Type	Amount Rated (Rs Crore)	September 2, 2024	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long Term	485.91	[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 – Cash credit	Long Term	5.00	[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)	-	-
Proposed term loan facilities	Long Term	293.09	[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)	-	-
Buyer's credit/LC/FCTL	Long term/ Short term	(521.94)	[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	20-Apr-22	[ICRA]A+ (Positive)/ [ICRA]A2+		
								22-Dec-22	[ICRA]A+ (Positive)/ [ICRA]A2+		
								28-Feb-23	[ICRA]A+ (Positive)/ [ICRA]A2+		
Derivative limits	Long term/ Short term	101.00	[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	20-Apr-22	[ICRA]A+ (Positive)/ [ICRA]A2+		
								22-Dec-22	[ICRA]A+ (Positive)/ [ICRA]A2+		
								28-Feb-23	[ICRA]A+ (Positive)/ [ICRA]A2+		
Short term – Non-fund based –Bank guarantee	Short term	53.00	[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	80.09	[ICRA]A+; Rating watch with developing implications / [ICRA]A1; Rating	04-Jun-24	[ICRA]A+ (Stable)/ [ICRA]A1	30-May-23	[ICRA]A+ (Stable)/ [ICRA]A1	22-Dec-22	[ICRA]A+ (Positive)/ [ICRA]A2+	-	-

			watch with developing implications								
								28-Feb-23	[ICRA]A+ (Positive)/ [ICRA]A2+	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long term – Fund based – Term loan	Simple
Long term – Fund based – Cash credit	Simple
Long term – Proposed term loan facilities	Simple
Long term/Short term – Buyer's credit/LC/FCTL	Very Simple
Long term/Short term – Derivative limits	Very Simple
Short term – Non-fund based – Bank guarantee	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**	FY2016 to FY2022	1-year MCLR + 1.25-2.6%	FY2035	485.91	[ICRA]A+; Rating Watch with Developing Implications
NA	**Fund based – Cash credit**	NA	NA	NA	5.00	[ICRA]A+; Rating Watch with Developing Implications
NA	**Proposed term loan facilities**	NA	NA	NA	293.09	[ICRA]A+; Rating Watch with Developing Implications
NA	**Buyer's credit/LC/FCTL**	NA	NA	NA	(521.94)	[ICRA]A+; Rating Watch with Developing Implications/ [ICRA]A1; Rating Watch with Developing Implications
NA	**Derivative limits**	NA	NA	NA	101.00	[ICRA]A+; Rating Watch with Developing Implications/ [ICRA]A1; Rating Watch with Developing Implications
NA	**Short term – Non-fund based –Bank guarantee**	NA	NA	NA	53.00	[ICRA]A1; Rating Watch with Developing Implications
NA	**Unallocated limits**	NA	NA	NA	80.09	[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

ANALYST CONTACTS

Girishkumar Kadam
+91 22 6114 3441
girishkumar@icraindia.com

Prashant Vasisht
+91 124 4545 322
prashant.vasisht@icraindia.com

Varun Gogia
+91 98 7115 6542
varun.gogia1@icraindia.com

Abhijit Nadkarni
+91 70 4530 9908
abhijit.nadkarni@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

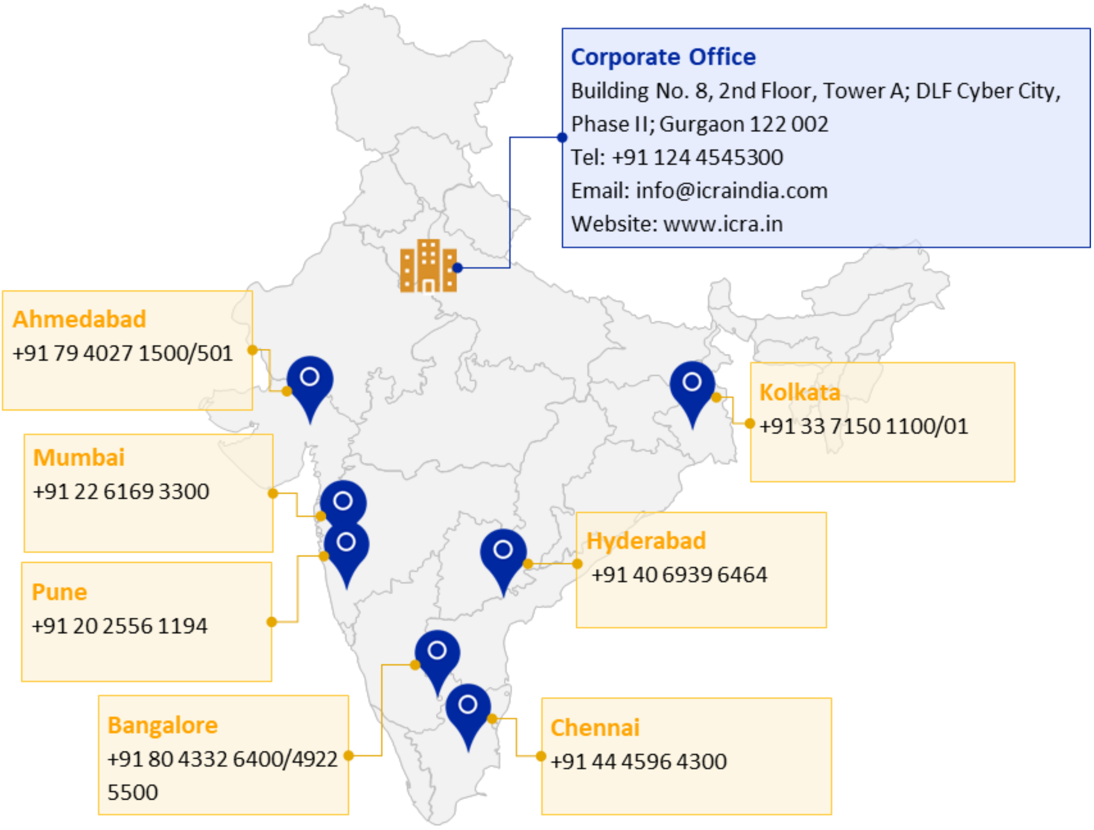
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



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