

Angre Port Private Limited

Instrument	Amount	Rating Action
Long-Term Fund Based - Term Loans	Rs. 175.0 crore	[ICRA]A-(SO) (Stable) reaffirmed
Letter of Credit*	Rs. 100.0 crore	[ICRA]A2+(SO) reaffirmed

*sublimit of term loan facility

ICRA has reaffirmed the long-term rating assigned to the Rs. 175.0 crore¹ term loan facility of Angre Port Private Limited (APPL, previously known as Jaigad Port Infrastructure Private Limited)² at [ICRA]A-(SO) (pronounced ICRA A minus Structured Obligation). ICRA has also reaffirmed the short-term rating assigned to the Rs 100.0 crore Letter of Credit facility (sublimit of term loan facility) of APPL at [ICRA]A2+(SO) (pronounced ICRA A two plus Structured Obligation). The outlook on the long term rating is Stable.

The reaffirmation of ratings continues to favourably factor in the strengths of the sponsors of the project, namely, the Chowgule group, and their commitment for the development of the port facility. The ratings take into account the unconditional & irrevocable undertaking by the financially strong and cash-rich Chowgule & Company Private Limited ([ICRA]A+ (stable) / [ICRA]A1+) to maintain adequate balance in the DSRA for debt servicing until the entire loan is repaid. ICRA notes that Chowgule & Company Private Limited (CCPL) has commenced operations at its mines in Goa from January 2016 which would improve its cash flow position.

The ratings also factor in the port's favourable location between Mumbai and Goa which would allow it to serve as a feeder port to other large hub ports, thus reducing the time and costs for the trade. In addition, it is an all-weather port with tranquil weather conditions and the presence of a hill in the southwestern direction acts as a natural protection from the southwestern monsoon winds. The port, being a non-major port, is not under the purview of TAMP, which gives it flexibility in tariff determination.

The ratings are however constrained by the limited hinterland potential and high competitive intensity for cargo with JSW Jaigarh Port Limited being located in close vicinity of the Jaigad port and well-established JNPT. ICRA notes that the throughput at the port has been low due to weak economic environment and high competition. In ICRA's view, ramping up of cargo volumes would remain the key challenge for the company due to lack of anchor customers. As a result of the above concerns, which are further compounded by an unfavourable royalty structure with 20% y-o-y escalation, the project is expected to have relatively weak credit metrics on a standalone basis.

Company Profile

Angre Port Private Limited (APPL, previously known as Jaigad Ports Infrastructure Private Limited) has developed and operates an all-weather port at Jaigad near Ratnagiri, Maharashtra. A Concession Agreement (CA) was entered into between APPL and Maharashtra Maritime Board (MMB) on 28 March 2008, granting APPL the right to develop Jaigad Port on a build-own-operate-share-transfer (BOOST) basis for a total lease period of 50 years (including a period of five years for construction).

APPL is a wholly-owned subsidiary of Chowgule Ports and Infrastructure Private Limited (CPIPL), which in-turn is owned by Chowgule Group companies, namely, Chowgule & Co. Private Limited (CCPL) and Chowgule Steamship Limited (CSL). Chowgule group envisages development of an integrated maritime complex which would handle container and bulk cargo; ship repair yard and other support infrastructure. The above facilities are being developed over an area of about 300 acres at Jaigad in Maharashtra. While the port and requisite infrastructure have been developed in APPL, the group has set up another SPV named 'Lavgan Dockyard Private Limited (LDPL)' for implementation of the ship repair facility.

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¹ 100 lakhs = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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