

March 19, 2025

## JSW Tuticorin Multipurpose Terminal Private Limited: [ICRA]A+(Stable)/[ICRA]A1 assigned

### Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term - Fund based - Term loan	500.00	[ICRA]A+ (Stable) assigned
Short term - Fund based - Working capital facilities	3.00	[ICRA]A1 assigned
Long term/Short term – Non-fund based - Working capital facility	40.00	[ICRA]A+ (Stable)/[ICRA]A1 assigned
<b>Total</b>	<b>543.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The ratings assigned to the bank lines of JSW Tuticorin Multipurpose Terminal Private Limited (JSW Tuticorin/the company) factor in its strong parentage as it is a wholly-owned subsidiary of JSW Infrastructure Limited (JSWIL/the parent). JSWIL is the second-largest port operator in India in terms of its cargo handling capacity and has witnessed robust growth over the last couple of years, driven by a healthy ramp-up in volumes across its assets along with the various acquisitions undertaken to expand its footprint across the country.

JSWIL recently acquired a majority stake in Navkar Corporation Limited to expand into the port logistics segment and develop itself into an integrated logistics player. JSWIL completed its initial public offering (IPO) in October 2023 wherein it had raised ~Rs. 2,800 crore to repay a major portion of its long-term borrowings and fund certain part of the capital expenditure planned by the Group. As a result, the credit profile of JSWIL has improved significantly with the net debt/OPBDITA at around 0.2x at the end of H1 FY2025 (1.5x at the end of FY2023). The overall scale of operations and cash generation has also improved with the revenue/OPBDITA expanding at a CAGR of 34%/33% during FY2020 to FY2024. Going forward, while the credit profile of JSWIL is expected to moderate amid its sizeable capex plans in the ports and logistics business, the credit profile will remain comfortable.

JSW Tuticorin is expected to benefit from the managerial support from JSWIL, which has strong execution capabilities and deep expertise in the ports business. ICRA also expects JSWIL to provide any need-based financial support to JSW Tuticorin, if required. The ratings also factor in the long concession period of 30 years (starting December 2024) which provides revenue visibility for the company. Additionally, the company has tied up a term loan with a door-to-door tenor of 15 years, thereby providing ample tail period to enable refinancing of the debt, if the need arises.

The ratings also factor in the pricing freedom of setting the tariffs under Tariff Guidelines 2021 for public private partnership (PPP) terminals at the major ports. The guidelines allow PPP terminals concessioned after November 2021 to have the freedom to set the tariff in accordance with the market dynamics, unlike the pre-November 2021 terminals which have to get the tariff approved by the port authorities {earlier by Tariff Authority for Major Ports (TAMP)}.

The ratings, however, are constrained by project execution risk as the project is in an initial phase of execution. The company is mechanising North Cargo Berth-III at the V O Chidambaranar (VOC) Port with a capacity to handle ~6.96 MMTPA of bulk cargo, including coal, gypsum, limestone and rock phosphate. The total capital outlay for the project is Rs. 677 crore and the company has tied up Rs. 500 crore of term debt and has a commitment of Rs. 177-crore sponsor funds from JSWIL. The completion of the project in a timely manner within the expected cost estimates will remain a key monitorable, going forward.

ICRA also notes that the dredging operations for the terminal and the approach channel are in the scope of the VOC Port authority and the port has already awarded the contract to a contractor in November 2024. The timely completion of the dredging will remain a key monitorable. Additionally, the port authority is charging dredging levy on one of the terminals at the VOC Port to recover the cost of dredging. While there is no dredging levy on JSW Tuticorin at present, the imposition and extent of any such charges will remain a key monitorable.

The terminal will be handling bulk cargo with a major share being contributed by coal used by the thermal power plants in the vicinity of the VOC Port, followed by rock phosphate being consumed by the nearby fertiliser plants. ICRA notes that the VOC Port authority now handles the bulk cargo at other berths as the berth at which this cargo was being handled earlier has been converted to a container terminal. Once the JSW Tuticorin terminal becomes operational, the bulk cargo is expected to shift here, driven by the competitive pricing it expects to offer to the cargo owners. However, the company will be exposed to customer concentration risk as it will depend on offtake by a few coal plants. Additionally, the cargo volumes at the terminal will remain exposed to economic cycles. The ratings are also constrained by competition from the nearby ports and terminals e.g. Ennore terminal, Karaikal port and the planned port of Cuddalore.

The Stable outlook on the rating reflects ICRA's expectation of the credit profile of the company remaining stable, supported by completion of fund tie-ups for the execution of the capex and the strong execution capabilities of the JSW Group.

## Key rating drivers and their description

### Credit strengths

**Strong managerial and financial support from parent JSW Infrastructure Limited** – JSW Tuticorin is a wholly-owned subsidiary of a strong parent, JSW Infrastructure Limited (JSWIL)/the parent). JSWIL is the second-largest port operator in India in terms of cargo handling capacity and has witnessed robust growth over the last couple of years, driven by a healthy ramp-up in volumes across its assets along with the various acquisitions undertaken to expand its footprint across the country. JSWIL recently acquired a majority stake in Navkar Corporation Limited to expand into the port logistics segment and develop itself into an integrated logistics player.

JSWIL completed its initial public offering (IPO) in October 2023 wherein it had raised ~Rs. 2,800 crore to repay a major portion of its long-term borrowings and fund a certain part of the capital expenditure planned by the Group. As a result, the credit profile of JSWIL has improved significantly with the net debt/OPBDITA at around 0.2x at the end of H1 FY2025 (1.5x at the end of FY2023). The company's overall scale of operations and cash generation has also improved with the revenue/OPBDITA growing at a CAGR of 34%/33% during FY2020 to FY2024. JSW Tuticorin is expected to benefit from the managerial support from JSWIL, which has strong execution capabilities and deep expertise in the ports business. ICRA also expects JSWIL to provide any need-based financial support to JSW Tuticorin, if the company requires support.

**Long concession period and debt repayment tenor with a healthy tail period** – JSW Tuticorin won the concession agreement by quoting a royalty of Rs. 76/MT with a tenor of 30 years (starting December 2024) which provides revenue visibility for the company. Additionally, the company has tied up a term loan with a door-to-door tenor of 15 years, thereby providing ample tail period to enable refinancing of the debt, if the need arises.

**Freedom to set tariff under Tariff Guidelines 2021 for major ports** – JSW Tuticorin will benefit from the pricing freedom of setting the tariffs under Tariff Guidelines 2021 for public private partnership (PPP) terminals at the major ports. The guidelines allow PPP terminals concessioned after November 2021 to set the tariff based on market conditions, unlike the pre-November 2021 terminals which have to get the tariff approved by the port authorities.

## Credit challenges

**Exposure to project execution risks** – At present, the project is in the initial phases of execution. The company is mechanising North Cargo Berth-III at the V O Chidambaranar (VOC) Port with a capacity to handle ~6.96 MMTPA of bulk cargo, including coal, gypsum, limestone and rock phosphate. The total capital outlay for the project is Rs. 677 crore. The company has tied up Rs. 500 crore of term debt and has a commitment of Rs. 177-crore sponsor funds from JSWIL. The completion of the project in a timely manner within the expected cost estimates will remain a key monitorable, going forward. The timely completion of dredging operations which are in the scope of the port authority will also remain a key monitorable going forward.

**Susceptibility of revenues to customer concentration risks and variations in trade volumes** – The terminal will be handling bulk cargo with a major share being contributed by coal used by the thermal power plants in the vicinity of the VOC Port, followed by rock phosphate being consumed by the nearby fertiliser plants. ICRA notes that the VOC Port authority now handles the bulk cargo at other berths as the berth at which this cargo was being handled earlier has been converted to a container terminal. Once the JSW Tuticorin terminal becomes operational, the bulk cargo is expected to shift here, driven by the competitive pricing it expects to offer to the cargo owners. However, the company will be exposed to customer concentration risk as it will depend majorly on offtake by a few coal plants.

**Competition from nearby ports** – The cargo volumes at the terminal will remain exposed to economic cycles. The ratings are also constrained by competition from the nearby ports and terminals e.g. Ennore terminal, Karaikal port and the planned port of Cuddalore.

## Liquidity position: Adequate

The company's liquidity is expected to remain adequate in the near to medium term, supported by the completion of funding tie-ups for term debt and the equity commitment by JSWIL to meet the capex requirement. The liquidity is also supported by ICRA's expectation of timely support being available from JSWIL for any need-based funding requirement for JSW Tuticorin, post the commissioning of the project.

## Rating sensitivities

**Positive factors** – The rating could be upgraded if the company is able to complete the project without any time/cost overruns and is able to achieve an expected ramp-up in cargo volumes.

**Negative factors** – The ratings may be downgraded if there is significant delay in completing the project, and/or there is a material increase in the cost incurred that would weaken the company's capitalisation and coverage metrics. The ratings may also be downgraded if the credit profile of the parent i.e. JSWIL weakens and/or the linkages with the parent deteriorate.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Ports</a>
Parent/Group support	The parentage of JSW Infrastructure Limited has been factored in while arriving at the ratings for JSW Tuticorin Multipurpose Terminal Private Limited, as it is a wholly-owned subsidiary of JSWIL
Consolidation/Standalone	The ratings are based on the standalone financials of the entity

## About the company

JSW Tuticorin Multipurpose Terminal Private Limited (JSW TMT) is a wholly-owned subsidiary of JSW Infrastructure Limited (JSWIL) and is a part of the JSW Group. The company has won the rights for the mechanisation and operation of the North Cargo Berth III (NCB-III) at the VO Chidambaranar Port (erstwhile Tuticorin Port Trust) with a concession period of 30 years, starting December 2024. The multi-purpose terminal to be developed at NCB-III will be mechanised with a total capex of ~Rs. 677 crore to be funded through a debt of Rs. 500.0 crore and Rs. 177 crore of equity/sponsor contribution and will be commissioned by December 31, 2026. The terminal will be capable of handling dry bulk cargo, majorly coal, limestone and gypsum.

**Key financial indicators (audited): Not applicable as it is a project-based entity**

**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					
				FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Mar 19, 2025	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	500.00	[ICRA]A+ (Stable)	-	-	-	-	-	-
Fund based - Working capital facilities	Short term	3.00	[ICRA]A1	-	-	-	-	-	-
Non-fund based - Working capital facility	Long term/Short term	40.00	[ICRA]A+ (Stable) / [ICRA]A1	-	-	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund based - Term loan	Simple
Short term - Fund based - Working capital facilities	Simple
Long term/Short term – Non-fund based - Working capital facility	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 loan	FY2025	9.25%	FY2040	500.00	[ICRA]A+ (Stable)
NA	Fund based - Working capital facilities	NA	NA	NA	3.00	[ICRA]A1
NA	Non-fund based - Working capital facility	NA	NA	NA	40.00	[ICRA]A+ (Stable)/[ICRA]A1

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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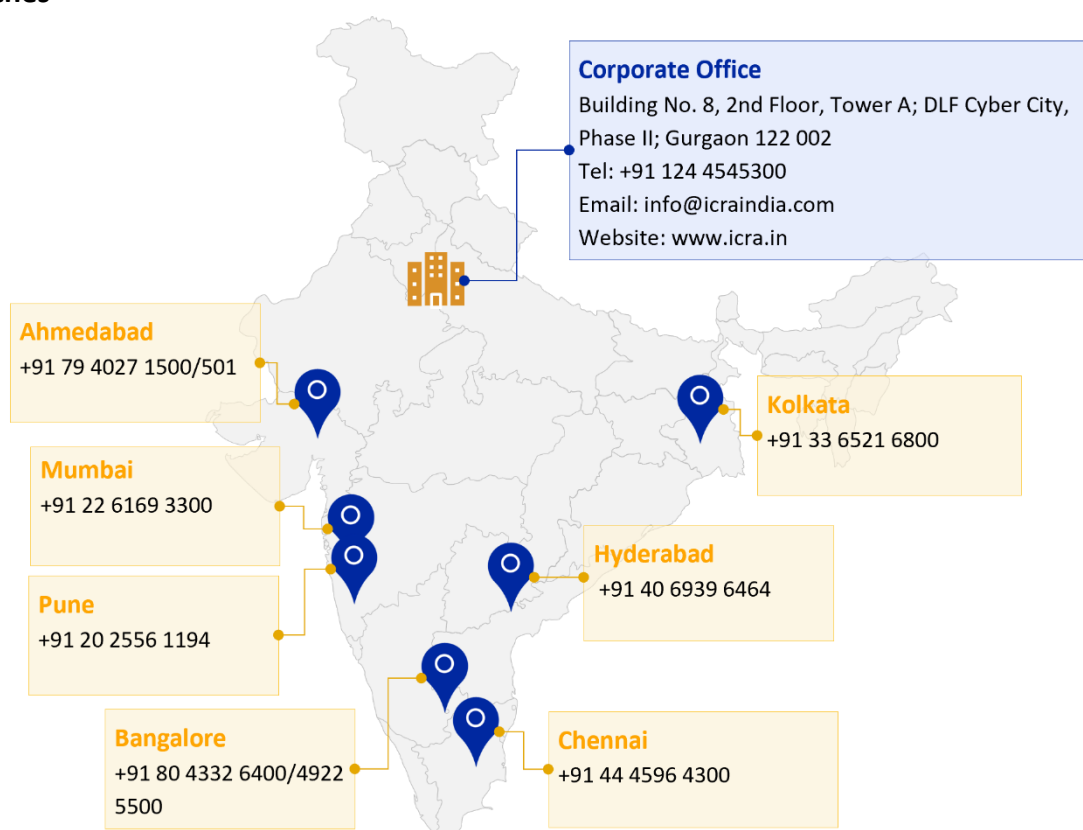
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