

Rating Rationale

January 05, 2023 | Mumbai

Ennore Cargo Container Terminal Private Limited

Rating reaffirmed at 'CRISIL BBB/Stable'; Rated amount enhanced for Bank Debt

Rating Action

Total Bank Loan Facilities Rated	Rs.60 Crore (Enhanced from Rs.30 Crore)
Long Term Rating	CRISIL BBB/Stable (Reaffirmed)

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has reaffirmed its 'CRISIL BBB/Stable' rating on the long-term bank loan facilities of Ennore Cargo Container Terminal Private Limited (ECCT).

The rating continues to reflect the extensive industry experience of ECCT's promoters, moderate working capital cycle, and healthy financial profile. These strengths are partially offset by its modest scale of operations due to intense competition and extensive exposure to group companies.

Key Rating Drivers & Detailed Description

Strengths:

Extensive industry experience of the promoters: The promoters have an experience of over 20 years in shipping freight & logistics industry. This has given them an understanding of the dynamics of the market and enabled them to establish relationships with suppliers and customers. CRISIL Ratings believes that the experience of the promoters and established relationship should benefit the business risk profile over the medium term

Healthy financial profile: ECCT's capital structure has been at healthy level due to lower reliance on external funds yielding gearing at 0.38 time and low total outside liabilities to adj tangible network (TOL/ANW) of 0.82 time as on March 31, 2022. ECCT's debt protection measures have also been at healthy level marked by the interest coverage and net cash accrual to total debt (NCATD) ratio estimated at 9.82 times and 0.61 time for fiscal 2022. ECCT's capital structure and debt protection measures are expected to remain comfortable over medium term.

Weaknesses:

Modest scale of operations due to intense competition: The company faces intense competition from large container freight station (CFS) operators. Most competitors are either owned by, or are affiliated to, dedicated shipping lines and operate from multiple locations. Post implementation of direct port delivery, competition has intensified, constraining the company's revenue and profitability.

Extensive exposure to group companies: ECCTPL have invested Rs.28.68 crore in its group companies in the form of equity, loans and advances as on March 31, 2022, which is around 41 percent of the net worth. CRISIL Ratings believes that any further exposure in the group companies, impinging its own cash accrual may impact liquidity and will remain a rating sensitivity factor.

Liquidity: Adequate

Net cash accruals of Rs 15-28 crore per fiscal for FY 23-25, against repayment around Rs 3-9 crore per annum. Average bank limit utilization was around 87% of the overdraft limit of Rs. 10 crore. ECCT has the financial flexibility to enhance the limit if needed. Unencumbered cash and bank balance was around Rs 3.06 crore as on March 31, 2022.

Outlook: Stable

CRISIL Ratings believes that ECCT will continue to benefit from the extensive experience of its promoter, and established relationships with clients.

Rating Sensitivity factors

Upward factors

- * Sustained improvement in scale of operation and operating margins strengthens the net cash accruals to above Rs 22 crores
- * Sustained working capital cycle and healthy financial risk profile

Downward factors

- * Lower-than-expected revenues or operating margins leading to net cash accruals of less than Rs. 10 crores.
- * Larger than expected debt funded capex or stretched working capital cycle leading to weak financial profile.
- * Any incremental exposure to group companies, constraining ECCT's financial risk profile

About the Company

ECCT was incorporated in 2004. It is engaged in providing logistics services that includes container freight station (CFS) for both import and export cargos, and warehousing, logistics & supply chain solutions to local and global logistic service providers. Company is based in Chennai and promoted by Mr. S. Xavier Britto and Vimala Rani Britto.

Key Financial Indicators

As on / for the period ended March 31		2022	2021
Operating income	Rs crore	105.85	66.26
Reported profit after tax	Rs crore	11.86	6.79
PAT margins	%	11.21	9.20
Adjusted Debt/Adjusted Net worth	Times	0.38	0.47
Interest coverage	Times	9.82	4.49

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs crore)	Complexity levels	Rating assigned with outlook
NA	Overdraft Facility	NA	NA	NA	10.5	NA	CRISIL BBB/Stable
NA	Proposed Fund-Based Bank Limits	NA	NA	NA	6.4	NA	CRISIL BBB/Stable
NA	Term Loan	NA	NA	Mar-28	43.1	NA	CRISIL BBB/Stable

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2023 (History)		2022		2021		2020		Start of 2020
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	60.0	CRISIL BBB/Stable		--	04-07-22	CRISIL BBB/Stable		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Overdraft Facility	10	Axis Bank Limited	CRISIL BBB/Stable
Overdraft Facility	0.5	Kotak Mahindra Bank Limited	CRISIL BBB/Stable
Proposed Fund-Based Bank Limits	6.4	Not Applicable	CRISIL BBB/Stable
Term Loan	30	Kotak Mahindra Bank Limited	CRISIL BBB/Stable
Term Loan	7.44	Axis Bank Limited	CRISIL BBB/Stable
Term Loan	0.49	ICICI Bank Limited	CRISIL BBB/Stable
Term Loan	0.86	Aditya Birla Finance Limited	CRISIL BBB/Stable
Term Loan	4.31	HDFC Bank Limited	CRISIL BBB/Stable

This Annexure has been updated on 05-Jan-2023 in line with the lender-wise facility details as on 04-Jul-2022 received from the rated entity.

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios

[Rating criteria for manufacturing and service sector companies](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[CRISILs Criteria for rating short term debt](#)

[Understanding CRISILs Ratings and Rating Scales](#)

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