

Rating Rationale

March 26, 2024 | Mumbai

Ennore Cargo Container Terminal Private Limited

Rating reaffirmed at 'CRISIL BBB/Stable'

Rating Action

Total Bank Loan Facilities Rated	Rs.60 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 facilities of Ennore Cargo Container Terminal Pvt Ltd (ECCT).

The rating continues to reflect the extensive experience of the promoters in the shipping freight and logistics industry, the efficient working capital management of the company and a healthy financial risk profile. These strengths are partially offset by modest scale of operations amid intense competition and sizeable exposure to group companies.

Key Rating Drivers & Detailed Description

Strengths:

- **Extensive experience of the promoters:** The promoters have experience of over 40 years in the shipping freight and logistics industry. This has given them an understanding of market dynamics and enabled them to establish relationships with suppliers and customers, which will continue to support the business.
- **Healthy financial risk profile:** Capital structure was healthy owing to lower reliance on external debt, yielding gearing and total outside liabilities to adjusted networth ratio of 0.45 time and 0.95 time, respectively, as on March 31, 2023. Debt protection metrics were comfortable, as indicated by interest coverage and net cash accrual to total debt ratios of 9.94 times and 0.50 time, respectively, in fiscal 2023. The financial risk profile will remain healthy over the medium term.

Weaknesses:

- **Modest scale of operations amid intense competition:** The company faces competition from large container freight station (CFS) operators. Most competitors are owned by, or affiliated to, dedicated shipping lines and operate from multiple locations. Following implementation of direct port delivery, competition has intensified, constraining revenue and profitability.
- **Extensive exposure to group companies:** The company had invested Rs 28.68 crore as on March 31, 2023, in group companies in the form of equity, and loans and advances, which is around 38% of its networth. Further exposure in group companies may weaken liquidity and will remain a rating sensitivity factor.

Liquidity: Adequate

Bank limit was utilised at a high 85.09% over the 12 months through February 2024. Cash accrual, expected at Rs 17-23 crore per annum, will sufficiently cover yearly term debt obligation of Rs 5.06-9.72 crore over the medium term. In addition, surplus will cushion liquidity. Current ratio was low at 0.5 time as on March 31, 2023.

Outlook: Stable

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

Rating Sensitivity factors

Upward factors:

- Sustained improvement in scale of operation and operating margin leading to net cash accrual above Rs 18 crore
- Efficient working capital management and healthy financial risk profile

Downward factors:

- Decline in revenue or operating margin leading to net cash accrual less than Rs 10 crore
- Larger-than-expected debt-funded capital expenditure or stretched working capital cycle weakening the financial risk profile
- Further exposure to group companies constraining the financial risk profile

About the Company

Incorporated in 2004, ECCT provides logistics services, including CFS for import and export cargo, warehousing, logistics and supply chain solutions. The company is based in Chennai and is promoted by S Xavier Britto and Vimala Rani Britto.

Key Financial Indicators

As on / for the period ended March 31	Unit	2023	2022
Operating income	Rs crore	147.81	105.85
Reported profit after tax (PAT)	Rs crore	13.01	12.14
PAT margin	%	8.35	11.21
Adjusted debt / adjusted network	Times	0.45	0.38
Interest coverage	Times	9.94	9.82

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 the instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue size (Rs. Crore)	Complexity Level	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-2028	43.1	NA	CRISIL BBB/Stable

Annexure - Rating History for last 3 Years

		Current		2024 (History)		2023		2022		2021		Start of 2021
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	60.0	CRISIL BBB/Stable		--	05-01-23	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	0.86	Aditya Birla Finance Limited	CRISIL BBB/Stable
Term Loan	4.31	HDFC Bank Limited	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

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](#)

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