Hind Terminals Private Limited

December 19, 2024

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	530.00 (Enhanced from 250.00)	CARE A+; Stable	Reaffirmed
Long Term / Short-term bank facilities	30.00	CARE A+; Stable / CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Hind Terminals Private Limited (HTPL) continue to draw comfort from its strong standing in the logistics sector, supported by its association with the UAE-based Sharaf Group. HTPL offers wide range of services in logistics, including container freight stations (CFS) at major Indian ports, inland container depots (ICD) and rail transport operations in major business hubs in India. The ratings continue to factor HTPL's established relationship with leading shipping lines and reputed clientele profile, alongside a healthy business risk profile characterised by steady growth, sustained profitability and resilience despite global disruptions, such as geopolitical instability and the Red Sea crisis. Furthermore, HTPL's financial risk profile remains strong, supported by strong debt coverage ratios, healthy profitability, continued debt reduction, and robust liquidity.

The ratings continue to remain constrained by intense competition in the CFS segment and inherent risks in the logistics industry, including vulnerability to a slowdown in trade volumes due to several global and macroeconomic factors. While execution risks related to capital expenditure projects are moderate, HTPL's proven experience in managing such initiatives is a key strength.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to increase revenue above Rs.2,000 crore with substantial improvement in profitability with operating margins more than 18% on sustained basis
- ROCE above 16% on sustained basis

Negative factors

- Fall in annual revenue to below Rs.1,200 crore with PBILDT margin falling below 13-14%
- Any sizeable time and cost overruns in the planned capex and further capex undertaken by the company adversely impacting its capital structure with overall gearing>1.00x

Analytical approach: Consolidated

For arriving at the ratings, CARE Ratings Limited (CARE Ratings) has considered HTPL's consolidated financials owing to related businesses, strong financial and operational linkages with its subsidiary. Subsidiary considered is listed under **Annexure-6.**

Outlook: Stable

CARE Ratings expects HTPL to sustain healthy operating performance by commercialising its under-construction assets. Despite ongoing capex and global trade volatility, the company is likely to maintain a strong financial risk profile.

Detailed description of key rating drivers:

Key strengths

Broad spectrum of services offered by the company in logistics domain

HTPL offers integrated logistics services, including CFS, ICDs, multimodal transport, warehousing, and rail operations, catering to diverse customer needs. The company's expertise in handling cargo types, such as hazardous materials, metals, and agricultural products, positions it as a leader in the sector. It focuses on expanding value-added services to enhance its role as a comprehensive logistics provider. The company is one of the few private players in India with a pan-India container train operations license. Since commencing rail services in 2007, it has utilised its Category-1 license to operate flexibly across the

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

country, running its own rakes and showcasing innovation in rail logistics. It currently operates 31 rakes, with 22 owned and the remainder leased.

Growth in scale of operations with healthy profitability
HTPL's revenue is primarily driven by its profitable CFS/ICD operations, with rail transport services contributing slightly lower margins due to high haulage costs. In FY24, the company reported revenue of ₹1,745.28 crore, reflecting an increase from ₹1,458.32 crore in FY23, supported by higher volumes and strategic service expansions. Its PBILDT margins, although declined to 15.24% in FY24 from 17.88% in FY23, primarily due to increased freight costs and container handling and repair expenses, remained at a healthy level. The company faced volume and revenue challenges in H1FY25 due to global disruptions such as the Red Sea crisis and the Russia-Ukraine conflict. Despite headwinds, operations have stabilised, and the company is expected to post modest revenue growth with minimal impact on its profitability margins for FY25.

Strategic capex plans to strengthen distribution network and drive growth
HTPL is expanding its logistics network by establishing new CFS, ICD, and MMRLP facilities at Dhanakya (Rajasthan), Dhirpur (Haryana), Chirner (Maharashtra), Tuticorin (Tamil Nadu), and Dalpatpur (Uttar Pradesh). Capital investments for the Chirner CFS, and ICDs at Dhirpur and Dhanakya have been completed, with operations anticipated to start by January 2025, subject to customs approval. CFS at Tuticorin became operational in May 2024, following HTPL's acquisition of SANS CFS Limited. The ICD at Dalpatpur is projected to begin operations by April 2025. HTPL has finalised railway infrastructure upgrades for dedicated freight corridor (DFC) connectivity at the Palwal facility. Double-stack operations at this facility are planned to commence by Q4 FY25, supported by acquisition of five additional rakes in FY25.

Robust debt metrics, capex to be majorly funded by internal accruals
HTPL maintains a strong financial risk profile, with a net worth of ₹1,091.44 crore in FY24. The company reduced its total debt to ₹177.85 crore in FY24, down from ₹260.38 crore in FY23, resulting in an improved gearing ratio of 0.16x compared to 0.28x the previous year. In FY24, HTPL prepaid ~₹83 crore of its term loans from banks. For FY25, HTPL plans to invest ~₹225 crore, primarily for acquiring five new rakes and expanding its warehouses and yards at Mundra and Chennai. It will also extend the railway line at Kila Raipur. Capital expenditure will be funded mainly through internal accruals and bank debt.

Liquidity: Strong
HTPL maintains a strong liquidity position, with scheduled debt repayments of ₹28.24 crore in the next four quarters and a healthy gross cash accrual (GCA) of ₹211.30 crore in FY24, ensuring the company can meet its financial obligations. It also has access to an undrawn term loan of ₹75 crore, and a ₹280 crore term loan in the pipeline. As of March 31, 2024, the company held ₹135.46 crore in cash and cash equivalent. Negative operating cycle demonstrates its ability to fund operations through payables, minimising reliance on external working capital debt.

Key weaknesses

Susceptible to fluctuations in global EXIM trade dynamics
HTPL is vulnerable to fluctuations in global EXIM trade, influenced by geopolitical instability, natural disasters, and other disruptions. Events such as the Red Sea crisis, the Russia-Ukraine war, and other geopolitical tensions have caused vessel rerouting and increased transit times, disrupting supply chains and affecting freight volumes and operational costs. While freight rates spiked in mid-2024, they began to stabilise by November. However, the company faced challenges in volume and revenue in H1FY25 due to these disruptions. Consequently, a slowdown in global trade or trade flow volatility could reduce demand for HTPL's services, affecting profitability and operational efficiency.

Moderate capex risk
HTPL has planned capital expenditure (capex) across several locations in India, supported by sufficient resources to complete projects. The timely and cost-effective execution of these investments will be closely monitored. CARE Ratings considers off-take risk for these facilities to be minimal, owing to the management's confidence in generating strong cargo volumes.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Service Sector Companies
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport Services	Logistics Solution Provider

Hind Terminals Private Limited (HTPL), part of the UAE-based Sharaf Group, HTPL is a logistics and supply chain solutions provider in India. Its services include cargo handling, warehousing, and transportation of containerised goods. The company operates Container Freight Stations (CFS near ports at Panvel, Chennai, Hazira, and Mundra, and Multi-Modal Rail-Linked Logistics Parks (MMRLP) at Palwal and Kila Raipur, integrating rail and road transport for efficient cargo movement. As one of the few private players with a pan-India container train operations license, HTPL is actively expanding its CFS, ICD, and MMRLP network.

Brief Financials (₹ crore) – Consolidated	FY23 (A)	FY24 (A)	7MFY25* (UA)
Total operating income	1,458.32	1,745.28	985.79
PBILDT	260.73	265.92	134.45
PAT	119.31	144.76	86.54
Overall gearing (times)	0.28	0.16	NA
Interest coverage (times)	10.67	12.61	NA

A: Audited UA: Unaudited; Note: these are latest available financial results; *Standalone financials; NA: Not available

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instruments / facilities: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Non-fund-based - LT/ ST-BG/LC		-	-	-	30.00	CARE A+; Stable / CARE A1+
Term Loan-Long Term		-	-	31/03/2027	250.00	CARE A+; Stable
Term Loan-Long Term-Proposed		-	-	-	280.00	CARE A+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Non-fund-based - LT/ ST-BG/LC	LT/ST	30.00	CARE A+; Stable / CARE A1+	-	1)CARE A+; Stable / CARE A1+ (26-Mar-24) 2)CARE A+; Stable / CARE A1+ (03-Apr-23)	1)CARE A; Positive / CARE A1 (26-May-22)	1)CARE A; Stable / CARE A1 (04-Mar-22)
2	Term Loan-Long Term	LT	250.00	CARE A+; Stable	-	1)CARE A+; Stable (26-Mar-24) 2)CARE A+; Stable (03-Apr-23)	1)CARE A; Positive (26-May-22)	1)CARE A; Stable (04-Mar-22)
3	Term Loan-Long Term-Proposed	LT	280.00	CARE A+; Stable	-	-	-	-

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Non-fund-based - LT/ ST-BG/LC	Simple
2	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Zircon Marine Services Private Limited	Full	Subsidiary with strong linkages

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in	Hardik Manharbhai Shah Director **CARE Ratings Limited** Phone: +91-22-6754 3591 E-mail: hardik.shah@careedge.in Arti Roy Associate Director **CARE Ratings Limited** Phone: +91-22-6754 3657 E-mail: arti.roy@careedge.in Nihar Shah Lead Analyst **CARE Ratings Limited** E-mail: nihar.shah@careedge.in

About us:
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