JSW Infrastructure Limited

January 18, 2018

Ratings

Facilities	**Amount (Rs. crore)**	**Rating[1]**	**Rating Action**
Long term Bank Facilities	85.00	**CARE AA- (Double A Minus) (Under credit watch with developing implications)**	**Placed on credit watch with developing implications**
Short term Bank Facilities	80.00	**CARE A1+ (A one Plus) (Under credit watch with developing implications)**	**Placed on credit watch with developing implications**
Total facilities	**165.00 (Rupees one hundred sixty five crore only)**		
Long term Non-Convertible Debenture	196.00	**CARE AA- (Double A Minus) (Under credit watch with developing implications)**	**Placed on credit watch with developing implications**

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has placed the ratings assigned to the various facilities of JSW Infrastructure group 'under Credit Watch with developing implications' following the Goa state pollution control board's (GSPCB) order revoking the consent to operate granted to South West Port Ltd (SWPL) with immediate effect, for excess handling of coal at Mormugoa Port Trust (MPT) and causing air pollution in Vasco. The port had consent to operate 7.5 MMTPA of Coal/Coke cargo. However, as of now GSPCB order is for the entire coal operations and not limited to the excess cargo over that permitted. The company is under the process of filing fresh application seeking variation/modification of the consent to operate and the clarity in respect of coal volume and cargo mix is expected to emerge only by March 2018.

CARE is in the process of seeking additional information and clarifications from JSW Infrastructure group, on the basis which, CARE will take a view on the ratings once the exact implications of the above development on the business and overall credit risk profile of the company are clear.

Analytical approach:

CARE has followed consolidated approach on account of operational and financial linkages with subsidiaries. The subsidiaries viz. JSW Dharamtar Port Pvt. Ltd. (JSW DPPL), Jaigarh Port Ltd. (JSWJPL), South West Ports Ltd. (SWPL), JSW Paradip Terminal Private Limited (JSWPTPL) and JSW Paradip EQ Coal Terminal Ltd. have been consolidated with the holding company JSW Infrastructure Ltd (JSWIL). They together are referred to as JSW Infrastructure group.

Applicable Criteria

Criteria for placing rating on credit watch
Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Rating Methodology - Infrastructure Sector Ratings
Financial ratios – Non-Financial Sector

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

[CARE's methodology for Ports sector]
[Rating Methodology: Factoring Linkages in Ratings]

About the Company (JSWIL)

JSWIL, incorporated in the year 2006, is part of the JSW Group and is engaged in the business of developing infrastructure for ports, shipyard, roads and rail connectivity across India. JSWIL, through its subsidiaries, has three operating ports viz. South West Ports Ltd in Goa, JSW Jaigarh Port Ltd, JSW Dharmatar Port in Maharashtra. JSWIL acts a holding company for investments into port infrastructure being developed by the JSW group, provides project management services to the SPVs formed for the specific projects during the implementation of the project and also provides cargo handling services at ports after commissioning. JSWIL has entered into agreements with SWPL and JSWJPL for cargo handling and maintenance of handling equipment.

Brief Financials (Rs. crore) (JSWIL Consolidated)	FY16 (A)	FY17 (A)
Total operating income	753.09	934.18
PBILDT	512.21	627.57
PAT	234.10	310.32
Overall gearing (times)	0.93	1.07
Interest coverage (times)	5.10	6.87

A: Audited

Status of non-cooperation with previous CRA:
Not Applicable

Any other information:
Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Non-fund-based - ST-Bank Guarantees	-	-	-	80.00	CARE A1+ (Under Credit watch with Developing Implications)
Fund-based - LT-Term Loan	-	-	March 2019	85.00	CARE AA- (Under Credit watch with Developing Implications)
Debentures-Non Convertible Debentures	-	-	January 2019	196.00	CARE AA- (Under Credit watch with Developing Implications)

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Non-fund-based - ST-Bank Guarantees	ST	80.00	CARE A1+ (Under Credit watch with Developing Implications)	1)CARE A1+ (02-Jan-18)	1)CARE A1 (10-Jan-17) 2)CARE A1 (12-Oct-16)	1)CARE A1 (16-Oct-15)	1)CARE A1 (14-Aug-14)
2.	Fund-based - LT-Term Loan	LT	85.00	CARE AA- (Under Credit watch with Developing Implications)	1)CARE AA-; Stable (02-Jan-18)	1)CARE A+; Stable (10-Jan-17) 2)CARE A+ (12-Oct-16)	1)CARE A+ (16-Oct-15)	1)CARE A+ (14-Aug-14)
3.	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (15-Apr-15)	1)CARE A+ (14-Aug-14)
4.	Debentures-Non Convertible Debentures	LT	196.00	CARE AA- (Under Credit watch with Developing Implications)	1)CARE AA-; Stable (02-Jan-18)	1)CARE A+; Stable (10-Jan-17) 2)CARE A+ (12-Oct-16)	1)CARE A+ (16-Oct-15)	1)CARE A+ (14-Aug-14)

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