

Ref: NCL/CS/2024-25/45

Date: October 28, 2024

To,  
The Manager  
Listing Department  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400001  
Script Code: 539332

To,  
The Manager  
Listing Department  
National Stock Exchange of India Limited,  
Plot No. C-1, G – Block,  
Bandra Kurla Complex,  
Mumbai – 400051  
Script Code: NAVKARCORP

Dear Sir / Madam,

**Sub : Intimation of Credit Rating**

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, we wish to inform you that CRISIL Ratings Limited has upgraded its rating as under:

|                                  |   |
|----------------------------------|---|
| Total Bank Loan Facilities Rated | Rs.278 Crore  |
| Long Term Rating                 | CRISIL AA-/Stable (Upgraded from 'CRISIL A-'; Removed from 'Rating Watch with Developing Implications') |
| Short Term Rating                | CRISIL A1+ (Upgraded from 'CRISIL A2+'; Removed from 'Rating Watch with Developing Implications')       |

Copy of the Report is attached herewith.

Request you to take the same on your records and acknowledge.

Yours faithfully,  
**For Navkar Corporation Limited**



**Deepa Gehani**  
Company Secretary & Compliance Officer

Encl: As above

## Rating Rationale

October 28, 2024 | Mumbai

### Navkar Corporation Limited

*Ratings upgraded to 'CRISIL AA-/Stable/CRISIL A1+'; Removed from 'Watch Developing'*

#### Rating Action

|   |  |
|---|--|
| <b>Total Bank Loan Facilities Rated</b> | <b>Rs.278 Crore</b>  |
| <b>Long Term Rating</b>                 | <b>CRISIL AA-/Stable (Upgraded from 'CRISIL A-'; Removed from 'Rating Watch with Developing Implications')</b> |
| <b>Short Term Rating</b>                | <b>CRISIL A1+ (Upgraded from 'CRISIL A2+'; Removed from 'Rating Watch with Developing Implications')</b>       |

*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 removed its ratings on the bank facilities of Navkar Corporation Limited (NCL) from **'Rating Watch with Developing Implications'** and has upgraded the ratings to **'CRISIL AA-/CRISIL A1+'** from **'CRISIL A-/CRISIL A2+'** while assigning a **'Stable'** outlook to the long-term rating.

The ratings were placed on watch following the acquisition of NCL's promoter shares by JSW Infrastructure Ltd (JSWIL) through its wholly owned subsidiary, JSW Port Logistics Private Limited (JPLPL). The transfer of shares from NCL's promoters to JPLPL is completed and NCL has hence become a step-down subsidiary of JSWIL.

The upgrade factors in benefits that NCL shall receive from its ultimate parent, JSWIL and the financial flexibility it enjoys from being part of JSW group.

The ratings reflect strong support from the parent, JSWIL and established market position of NCL, along with integrated service offerings, strong presence at the Jawaharlal Nehru Port (JNPT) and strategically located facilities, healthy relationships with shipping lines and expanding customer base, and strong financial risk profile. These strengths are partially offset by exposure to intense competition in CFS (container freight station) operations, susceptibility of revenue to cargo movement and change in customs policy, nascent stage of operations at inland container depot (ICD) in Morbi (Gujarat) impacting profitability, and weak return on capital employed (RoCE).

#### Analytical Approach

The ratings factor in support expected from the ultimate parent, JSWIL. CRISIL Ratings believes that NCL will, in case of exigencies, receive distress support from its parent for timely repayment of the debt obligation. NCL is strategically important to JSWIL with significant management control over the treasury and operations of NCL.

#### Key Rating Drivers & Detailed Description

##### Strengths:

**Support from, and financial flexibility being part of, JSW Group:** It is expected that NCL shall receive financial, operational and managerial support from the parent, JSWIL, and will add to the overall offerings of JSWIL in the port and logistics business. NCL will continue to receive operational and managerial support on an ongoing basis and financial support on need basis from JSWIL.

**Established market position on NCL at JNPT:** Business risk profile is backed by its established market position at the JNPT, healthy relationships with shipping lines, and the ability to offer integrated services. The company has a strong presence in CFS and ICD operations, driven by key competitive advantages, including its own railway siding, warehouse and storage facilities, land and equipment, that enables in servicing its clients in a timely manner. Integrated service offerings and shift towards railway transportation from road transport is providing NCL competitive advantage supporting its volumes as well as margins.

**Increasing scale and diversified operations:** Revenues have grown year-on-year over the past four years and is estimated to increase by 15% in fiscal 2025 to Rs 490-500 crore from Rs 440 crore in fiscal 2024 driven by volume growth as well as healthy realisation levels. NCL's business profile is supported by its integrated presence in inland logistics through CFS, ICDs and rail operations. The integrated services also include additional facilities such as container repair, PQ Labs for inspection, last mile delivery, temperature-controlled chambers for hazardous materials, etc. The CFS and PFT segment is expected to grow with increasing volumes and better utilization of ICD Morbi is expected to support strong growth over the medium term.

**Comfortable financial risk profile:** The financial risk profile is strong as indicated by strong adjusted network of Rs 1953 crore as on March 31, 2024. The company's capital structure has been healthy due to minimal external debt yielding low gearing and total outside liabilities to adjusted tangible network (TOLANW) ratios of 0.11 time and 0.12 times, respectively, as on March 31, 2024. Gearing and TOLANW are estimated at similar range over the medium term. The debt protection measures have been healthy due to moderate profitability. Interest coverage and net cash accrual to total debt (NCATD) ratios are estimated above 3times (4.84 times in fiscal 2024) and 0.20 time, respectively, in fiscal 2025. With no major debt funded capex expected, financial profile is expected to remain strong.

**Weaknesses:**

**Competitive environment in CFS operations and susceptibility of revenue to cargo movement and change in customs policy:** NCL faces intense competition from large CFS operators at JNPT and other ports. Most competitors are either owned by, or affiliated to, dedicated shipping lines. Furthermore, due to direct port delivery gaining traction and overall CFS capacity utilisation coming under pressure, price-based competition has intensified in the CFS as well as inland freight segments, thereby moderating profitability. Also, CFS operations are susceptible to the quantum and mix of cargo movement at the port, which can vary with changes in overall import-export trade, regulations and competition from other ports in the vicinity.

**Nascent stage of operations at ICD, Morbi, impacting profitability:** The company has commenced the operations of ICD Morbi from January 2023 and is being currently operated at moderate capacity utilization along with fixed cost-intensive nature of the business leading to lower profitability. However, with time the volumes are expected to improve with healthy demand and as currently company started logistics of bulk cement and flyash should help in improving scale of operations and profitability. Timely stabilization and increase in scale of operations leading to healthy profitability from ICD Morbi would continue to remain a key monitorable over the medium term.

**Weak RoCE:** The RoCE has remained muted at 1-3% over the three fiscals through 2024 on account of large capital investments and decline in profitability.

**Liquidity: Strong**

Liquidity is aided by expectation of support from the parent to provide ongoing and need-based support, in case of exigencies as Liquidity profile of JSWIL is strong. Bank limit utilisation is moderate at around 46% over the 12 months ended September 2024 Annual net cash accruals is expected to be sufficient against term debt obligation of Rs 33-37 crore over the medium term. In addition, it will act as cushion to the liquidity of the company. Current ratio was healthy at 2.81 times as on March 31, 2024. Company has moderate cash and bank balance of Rs 2 crore as on September 30, 2024. Low gearing and high network support financial flexibility.

**Outlook: Stable**

CRISIL Ratings believes NCL will continue to benefit from the extensive support from its parent.

**Rating Sensitivity Factors**

**Upward factors:**

- Sustained growth in revenue and operating profitability above 20% leading to higher cash accrual
- Sustenance of financial risk profile and better liquidity.
- Upward change in the credit risk profile of JSWIL by one notch could have a similar rating change on NCL or positive change in JSWIL's stance in support to NCL

**Downward factors:**

- Lower-than-expected revenue or profitability below 5% leading to lower cash accrual
- Any large, debt-funded capex or stretch in working capital cycle adversely affecting capital structure.
- Any significant change in support philosophy of JSWIL that may lead to a downward revision in the quantum and timing of support and hence the ratings of NCL

**About the Company**

Incorporated in 2008, NCL is a cargo transit service provider through CFS, ICD, Private Railway Freight Terminal (PFT), and multi-modal logistics park. NCL operates three CFSs, Ajivali CFS 1, Ajivali CFS 2 and Somathane CFS, located in Panvel, Maharashtra, near JNPT. It also provides other services such as packing, labelling, palletizing, shrink wrapping, strapping, jumbo-bags packing and carting. NCL also has an ICD in Morbi and is also facilitated with a PFT. NCL also offers domestic cargo movement through railways under its PFT domestic business.

NCL is listed on the Bombay Stock Exchange and National Stock Exchange.

It was setup by Mehta family and has been acquired by JSWIL in October 2024, through a 100% subsidiary- JPLPL.

**Key Financial Indicators**

| As on/for the period ended March 31 | Unit     | H1 2025 | 2024   | 2023   |
|-------------------------------------|----------|---------|--------|--------|
| Operating income                    | Rs.Crore | 254.92  | 440.72 | 445.58 |
| Reported profit after tax (PAT)     | Rs.Crore | -15.37  | -1.71  | 92.49  |
| PAT margin                          | %        | -6.02   | -0.39  | 20.76  |
| Adjusted debt/adjusted network      | Times    | 0.11    | 0.11   | 0.02   |
| Interest coverage                   | Times    | 1.87    | 4.84   | 4.97   |

**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.

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**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   | Bank Guarantee         | NA                | NA              | NA            | 10                    | NA               | CRISIL A1+                   |
| NA   | Cash Credit            | NA                | NA              | NA            | 60                    | NA               | CRISIL AA-/Stable            |
| NA   | Long Term Loan         | NA                | NA              | 30-Sep-30     | 40                    | NA               | CRISIL AA-/Stable            |
| NA   | Long Term Loan         | NA                | NA              | 30-Sep-30     | 55                    | NA               | CRISIL AA-/Stable            |
| NA   | Long Term Loan         | NA                | NA              | 30-Sep-30     | 30                    | NA               | CRISIL AA-/Stable            |
| NA   | Long Term Loan         | NA                | NA              | 30-Sep-30     | 10                    | NA               | CRISIL AA-/Stable            |
| NA   | Term Loan              | NA                | NA              | 31-Jul-28     | 36.87                 | NA               | CRISIL AA-/Stable            |
| NA   | Term Loan              | NA                | NA              | 31-Jul-28     | 36.13                 | NA               | CRISIL AA-/Stable            |

**Annexure - Rating History for last 3 Years**

| Instrument                 | Current |                    |                   | 2024 (History) |                             | 2023     |           | 2022     |                            | 2021 |        | Start of 2021                       |
|----------------------------|---------|--------------------|-------------------|----------------|-----------------------------|----------|-----------|----------|----------------------------|------|--------|-------------------------------------|
|                            | Type    | Outstanding Amount | Rating            | Date           | Rating                      | Date     | Rating    | Date     | Rating                     | Date | Rating | Rating                              |
| Fund Based Facilities      | LT      | 268.0              | CRISIL AA-/Stable | 25-07-24       | CRISIL A-/Watch Developing  | 23-01-23 | Withdrawn | 27-10-22 | CRISIL A/Watch Developing  |      | --     | Withdrawn (Issuer Not Cooperating)* |
|                            |         |                    | --                | 03-07-24       | CRISIL A-/Watch Developing  |          | --        | 25-08-22 | CRISIL A/Watch Developing  |      | --     | --                                  |
|                            |         |                    | --                | 10-05-24       | CRISIL A-/Positive          |          | --        | 13-04-22 | CRISIL A/Positive          |      | --     | --                                  |
|                            |         |                    | --                | 25-04-24       | CRISIL A-/Positive          |          | --        | 07-04-22 | CRISIL A/Positive          |      | --     | --                                  |
| Non-Fund Based Facilities  | ST      | 10.0               | CRISIL A1+        | 25-07-24       | CRISIL A2+/Watch Developing | 23-01-23 | Withdrawn | 27-10-22 | CRISIL A1/Watch Developing |      | --     | Withdrawn (Issuer Not Cooperating)* |
|                            |         |                    | --                |                | --                          |          | --        | 25-08-22 | CRISIL A1                  |      | --     | --                                  |
|                            |         |                    | --                |                | --                          |          | --        | 13-04-22 | CRISIL A1                  |      | --     | --                                  |
| Non Convertible Debentures | LT      |                    | --                |                | --                          |          | --        |          | --                         |      | --     | Withdrawn (Issuer Not Cooperating)* |

All amounts are in Rs.Cr.

\* - Issuer did not cooperate; based on best-available information

**Annexure - Details of Bank Lenders & Facilities**

| Facility       | Amount (Rs.Crore) | Name of Lender              | Rating            |
|----------------|-------------------|-----------------------------|-------------------|
| Bank Guarantee | 10                | State Bank of India         | CRISIL A1+        |
| Cash Credit    | 60                | State Bank of India         | CRISIL AA-/Stable |
| Long Term Loan | 55                | Kotak Mahindra Bank Limited | CRISIL AA-/Stable |
| Long Term Loan | 30                | State Bank of India         | CRISIL AA-/Stable |
| Long Term Loan | 40                | Axis Bank Limited           | CRISIL AA-/Stable |
| Long Term Loan | 10                | Axis Bank Limited           | CRISIL AA-/Stable |
| Term Loan      | 36.87             | YES Bank Limited            | CRISIL AA-/Stable |
| Term Loan      | 36.13             | Kotak Mahindra Bank Limited | CRISIL AA-/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](#)

[Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support](#)

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