

## Press Release

Arcadia Shipping Limited

November 25, 2022

## Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1.00	-	ACUITE D   Reaffirmed
Bank Loan Ratings	153.91	ACUITE D   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	154.91	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

## Rating Rationale

Acuite has reaffirmed the long term rating at '**ACUITE D' (read as ACUITE D)** and short term rating at '**ACUITE D' (read as ACUITE D)** on the Rs.154.91 crore bank facilities of Arcadia Shipping Limited (ASL).

### Rationale for reaffirmation

As per lender's feedback past delays in term loan have been paid off in October 2022 however as per curing period criteria of defaults recognized Acuite has reaffirmed the rating.

### About the Company

ASL is a Mumbai based company incorporated in 1981. It owns and operates two dry bulk vessels viz. Navdhenu Sun and Navdhenu Purna with an aggregate capacity of 102,400 DWT. Navdhenu Sun was built in the year 2001 and has a capacity of 48,910 DWT while Navdhenu Purna was built in the year 2005 and has a capacity of 53490 DWT.

### Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the ASL to arrive at this rating.

### Key Rating Drivers

#### Strengths

##### Established presence in the shipping industry

Arcadia Shipping Limited (ASL) was incorporated in 1981 by Mr. Mukesh N Shah, (Chairman and Managing Director) who has an experience of over three decades in Shipping Industry and real estate. The board comprises of well qualified directors who are having experience of over three to four decades in the said industry. The company is currently managed by a team of professionals. ASL through its promoters' experience has been able to establish longstanding relation with Government entities such as Department of Fertilizers; GoI, KIOCL

Limited to name a few along with some private players such as JSW, Steel Limited, Essar Group among others. Acuité believes that ASL will continue to benefit from the promoter's established presence in the shipping industry and its improving business risk profile over the medium term.

### **Weaknesses**

#### **Below average financial risk profile**

ASL has below average financial risk profile marked by moderate net worth, high gearing and moderate debt protection matrices. ASL's net worth stood at Rs.18.91 crores as on March 31, 2022 as against Rs.16.26 crore as on March 31, 2021. The company has followed an aggressive financial policy, which is reflected through its gearing and total outside liabilities to tangible net worth (TOL/TNW) levels of 7.77 times and 9.21times respectively as on March 31, 2022. The interest coverage ratio and NCA/TD stood moderate at 2.51 times and 0.12 times for FY2022. Acuité believes the financial risk profile to improve marginally over the medium term in absence of any major debt funded capex plan.

### **Rating Sensitivities**

Regularisation of overdue repayments, following improvement in liquidity profile of the company

Further increase in debt level leading to deterioration of financial risk profile.

### **Material covenants**

None.

### **Liquidity Position**

#### **Poor**

Company's liquidity position is poor due to insufficient net cash accruals to its maturing debt obligations. Liquidity has improved from earlier years and company has been able to meet off past overdues however going forward the position is to be seen. Current ratio has remained low at 0.50 times in FY 2022.

### **Outlook: Not Applicable**

### **Other Factors affecting Rating**

None.

### **Key Financials**

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	68.96	93.50
PAT	Rs. Cr.	2.65	1.35
PAT Margin	(%)	3.85	1.44
Total Debt/Tangible Net Worth	Times	7.77	9.73
PBDIT/Interest	Times	2.51	2.43

### **Status of non-cooperation with previous CRA (if applicable)**

Care Ratings, vide its press release dated 17-05-2019, reaffirmed ASL to CARE D/A4; INC.

### **Any other information**

None.

### **Applicable Criteria**

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### **Note on complexity levels of the rated instrument**

In order to inform the investors about complexity of instruments, Acuité has categorized such

instruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

### Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
27 Aug 2021	Term Loan	Long Term	21.75	ACUITE D (Downgraded from ACUITE BB   Stable)
	Term Loan	Long Term	13.44	ACUITE D (Downgraded from ACUITE BB   Stable)
	Proposed Bank Facility	Long Term	3.57	ACUITE D (Downgraded from ACUITE BB   Stable)
	Term Loan	Long Term	0.24	ACUITE D (Downgraded from ACUITE BB   Stable)
	Term Loan	Long Term	19.31	ACUITE D (Downgraded from ACUITE BB   Stable)
	Secured Overdraft	Long Term	20.00	ACUITE D (Downgraded from ACUITE BB   Stable)
	Term Loan	Long Term	37.13	ACUITE D (Downgraded from ACUITE BB   Stable)
	Term Loan	Long Term	1.08	ACUITE D (Downgraded from ACUITE BB   Stable)
	Term Loan	Long Term	0.26	ACUITE D (Downgraded from ACUITE BB   Stable)
	Term Loan	Long Term	31.35	ACUITE D (Downgraded from ACUITE BB   Stable)
	Term Loan	Long Term	5.78	ACUITE D (Downgraded from ACUITE BB   Stable)
05 Jun 2020	Secured Overdraft	Long Term	20.00	ACUITE BB   Stable (Assigned)
	Letter of Credit	Short Term	1.00	ACUITE A4+ (Assigned)
	Term Loan	Long Term	19.40	ACUITE BB   Stable (Assigned)
	Term Loan	Long Term	38.62	ACUITE BB   Stable (Assigned)
	Term Loan	Long Term	6.99	ACUITE BB   Stable (Assigned)
	Cash Credit	Long Term	13.58	ACUITE BB   Stable (Assigned)
	Term Loan	Long Term	22.68	ACUITE BB   Stable (Assigned)
	Term Loan	Long Term	32.64	ACUITE BB   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Union Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	1.00	ACUITE D   Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	Simple	3.57	ACUITE D   Reaffirmed
Union Bank of India	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	20.00	ACUITE D   Reaffirmed
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	31.35	ACUITE D   Reaffirmed
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	19.31	ACUITE D   Reaffirmed
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	37.13	ACUITE D   Reaffirmed
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	21.75	ACUITE D   Reaffirmed
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	5.78	ACUITE D   Reaffirmed
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.08	ACUITE D   Reaffirmed
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.26	ACUITE D   Reaffirmed
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.24	ACUITE D   Reaffirmed
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	13.44	ACUITE D   Reaffirmed

## Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 <a href="mailto:aditya.gupta@acuite.in">aditya.gupta@acuite.in</a>  Shreyansh Singh Analyst-Rating Operations Tel: 022-49294065 <a href="mailto:shreyansh.singh@acuite.in">shreyansh.singh@acuite.in</a>	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

### About Acuité Ratings & Research

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