



**Press Release**  
**ARCADIA SHIPPING LIMITED**  
**January 23, 2025**  
**Rating Upgraded and Withdrawn**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	101.76	ACUITE B   Stable   Upgraded	-
Bank Loan Ratings	52.15	Not Applicable   Withdrawn	-
Bank Loan Ratings	1.00	-	Not Applicable   Withdrawn
Total Outstanding Quantum (Rs. Cr)	101.76	-	-
Total Withdrawn Quantum (Rs. Cr)	53.15	-	-

**Rating Rationale**

Acuite has upgraded the long-term rating to '**ACUITE B**' (read as **ACUITE B**) from '**ACUITE D**' (read as **ACUITE D**) on the Rs. 101.76 crore bank facilities of Arcadia Shipping Limited (ASL). The outlook is "Stable".

Acuite has also withdrawn the long-term and short-term rating on the Rs. 53.15 crore bank facilities of Arcadia Shipping Limited (ASL) without assigning any rating as the Instrument is fully repaid. The withdrawal is in accordance with Acuite's policy on withdrawal of rating as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company, and NDC (No Dues Certificate) received from the banker.

**Rationale for rating upgrade**

The rating upgrade reflects the timely servicing of interest and principal on term loans and no overdrawings for consecutive 30 days in the cash credit account since April 2024. The rating also benefits from the group's established operational track record of over two decades. However, the rating is constrained on account of deterioration in business risk profile of ASL, moderate financial risk profile of the group and working capital management.

**About the Company**

Arcadia Shipping Limited (ASL) is a Mumbai based company incorporated in 1981. It owns and operates two dry bulk vessels viz. MV Navdhenu Sun and MV 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 with a capacity of 53490 DWT. In April 2024, ASL has sold off MV Navdhenu Purna for USD 8 Million. The proceeds from the same has majorly been utilized for repayment of the existing bank debt.

**About the Group**

**Supreme Offshore Constructions and Technical Services Limited**

Supreme Offshore Constructions and Technical Services Limited (SOCTSL) was incorporated in 1994 and is engaged in the business of project management, Procurement, Manufacturing, Fabrication, Supply Installation Commissioning and Pre-commissioning of various equipment and have been associated with well-established organization dealing with oil & gas platforms, fertilizers, chemicals, petrochemicals, and diving companies. SOCTSL is a wholly owned subsidiary of ASL.

**Unsupported Rating**

Not Applicable

## Analytical Approach

### Extent of Consolidation

- Full Consolidation

### Rationale for Consolidation or Parent / Group / Govt. Support

The team has considered the consolidated view of the business and financial risk profiles of Arcadia Shipping Limited (ASL) and Supreme Offshore Constructions and Technical Services Limited (SOCTSL) to arrive at the rating. The consolidation is in the view of SOCTSL being wholly owned subsidiary of ASL, common line of business, operational synergies, cash fungibility and common management.

### Key Rating Drivers

#### Strengths

##### Timely payment of debt obligations by ASL

ASL was previously downgraded to Acute D on account of overutilization observed in the cash credit facility for more than 30 days. Now, the account has been regularised and there has been no overdrafts in the cash credit account for more than 30 days with timely servicing of interest and principal on term loans since April 2024 as evident in bank statements and banker feedback. The group has managed to pay off term loans worth Rs. 53.15 crore and prepaid the remaining loans to an extent by monetising one of its vessel MV Navdhenu purna for USD 8 Million.

##### Established presence in the shipping industry

The group is led by Mr. Mukesh N. Shah (Chairman and Managing Director), who brings over three decades of experience in the shipping industry and real estate. Established in 1981, the group has built a strong presence in the shipping industry and developed long-standing relationships with government entities such as the Department of Fertilizers, GoI, and KIOCL Limited, as well as private sector players like JSW Steel Limited and the Essar Group, among others. The board is composed of highly qualified directors with three to four decades of industry experience. Acuité believes the group will continue to benefit from the promoter's established presence in the shipping industry and its improving business risk profile over the medium term.

##### Overall improvement in revenues at consolidated level mainly contributed by SOCTSL

The revenue of the group increased and stood at Rs. 288.46 crore in FY24 compared to revenue of Rs. 145.49 crore in FY23. The revenue of the group increased in FY24 on account of an increase in order flow from ONGC. The group has reported a revenue of Rs. 150.78 crores in 8MFY2025. Out of which ASL recorded Rs. 19.56 crore and SOCTSL recorded Rs. 131.22 crore. At present SOCTSL has an unexecuted order book of Rs. 366.11 crore majorly from ONGC which gives revenue visibility for the medium term. The operating profit margin of the group stood lower at 10.74 percent in FY24 compared against 28.17 percent in FY23. The PAT margin of the group deteriorated and stood at (0.57) percent in FY24 compared to 4.55 percent in FY23. In 8MFY2025, the group achieved operating profits of around 33.23 percent.

#### Weaknesses

##### Deterioration in business risk profile of ASL

On a standalone basis, ASLs operating income decline to Rs. 18.43 Crore in FY2024 from Rs. 65.13 Cr. in FY2023. The company has reported revenue of Rs. 19.56 Cr. in FY2025 till November 2024. The decline in revenues is mainly due to monetisation of one vessel (MV Navdhenu Purna) in the month of April 2024 for total consideration of USD 8 Million (~ Rs. 66.40 Crore) with a profit of around Rs. 20 crore. ASL then decided to payoff majority of its term loans from the proceeds. Further, to revive from the setback ASL is planning to purchase a new vessel in Q1FY2026 'MV Golden Liberty' for USD 15 Million (~ Rs. 130 crore) which will be funded by a Term loan of Rs. 105 crore and rest through own funds. Further, ASL also owns another vessel namely, MV Navdhenu Sun, which is leased out under the arrangement of Bareboat charter cum-demise wherein the charterer is now exercising the option of purchasing the vessel for a total consideration of USD 6.25 Million (~Rs. 51.87 crore) out of which around USD 3 Million (~Rs. 24.90 crore) as on 10th January 2025 was utilised to prepay the term loans. The deal is expected to conclude by the end of January 2025. ASL is going to purchase one more vessel by March 2026 to replace MV Navdhenu Sun. Thus, by the end of FY2026, ASL will have a portfolio of 2 vessels which will help the company to revive and recover from the setback.

Acuité believes that the business risk profile of ASL will improve in medium to long term on the back of purchase of new vessels which is expected to further contribute to the overall improvement in the operating performance of the group.

##### Moderate financial risk profile

The group has a moderate financial risk profile marked by moderate net worth, high gearing and average debt protection metrics. The tangible net worth of the group stood at Rs. 59.77 crore as on March 31, 2024 as against

Rs. 61.40 crore as on March 31, 2023 due to losses incurred in the FY24. The gearing stood high at 3.04 times as on March 31, 2024 as against 3.12 times as on March 31, 2023. The Interest coverage ratio of the group stood at 1.96 times in FY24 as compared to 2.37 times in FY23. The DSCR also stood lower at 1.60 times in FY24 as compared to 2.29 times in the previous year. Acuité believes that ability of the group to improve its financial risk profile over the medium term will remain a key rating sensitivity factor.

### **Working capital intensive operations**

The group has an moderately intensive working capital operations with average gross current asset (GCA) days standing over 302 days during FY22 to FY24. GCA days decreased and stood at 212 days in FY2024 against 367 days in FY2023 due to decrease in inventory days. Inventory days stood at 27 days in FY2024 against 98 days in FY2023 on account of lower levels of work-in-progress. The debtor days stood lower at 149 days for FY24 against 237 days for FY23. The creditor days of the group stood at 105 days for FY24 as against 263 days for FY23. The average bank limit utilisation for 08 months period ended November 2024 however stood at ~97.72 per cent for fund-based limits. Acuité believes that the ability of the group to improve its working capital cycle over the medium term will remain a key rating sensitivity factor.

### **Rating Sensitivities**

- Any delays in servicing of debt obligations
- Improvement in revenues and profitability while improving financial risk profile of the group
- Any further elongation in the working capital cycle

### **Liquidity Position**

#### **Adequate**

Liquidity position of the group is adequately backed by its net cash accruals, which stood at Rs. 13.03 crore as on March 31, 2024. Going forward the NCA are expected in the range of Rs. 43.10 crore to Rs. 57.45 crore for period FY2025- FY2026 against its repayment obligation of around Rs. 14.00 crore to Rs. 15.00 crore during the same period. The cash and bank balances of the group stood at Rs. 0.15 crore as on March 31, 2024. The current ratio stood at 1.21 times as on March 31, 2024. The average bank limit utilization for 08 months period ended November 2024 stood at ~97.72 per cent for the fund-based limits. Acuité believes that going forward the liquidity of the group is likely to remain adequate over the medium term on account of sufficient cash accruals against its maturing debt obligations.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	288.46	145.49
PAT	Rs. Cr.	(1.63)	6.63
PAT Margin	(%)	(0.57)	4.55
Total Debt/Tangible Net Worth	Times	3.04	3.12
PBDIT/Interest	Times	1.96	2.37

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

Not Applicable

### Any Other Information

None

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.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. Acuité'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
20 Feb 2024	Letter of Credit	Short Term	1.00	ACUITE D (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	19.31	ACUITE D (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	37.13	ACUITE D (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	21.75	ACUITE D (Reaffirmed & Issuer not co-operating*)
	Secured Overdraft	Long Term	20.00	ACUITE D (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	5.78	ACUITE D (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	1.08	ACUITE D (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	0.26	ACUITE D (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	0.24	ACUITE D (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	13.44	ACUITE D (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	3.57	ACUITE D (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	31.35	ACUITE D (Reaffirmed & Issuer not co-operating*)
25 Nov 2022	Term Loan	Long Term	19.31	ACUITE D (Reaffirmed)
	Term Loan	Long Term	37.13	ACUITE D (Reaffirmed)
	Term Loan	Long Term	21.75	ACUITE D (Reaffirmed)
	Secured Overdraft	Long Term	20.00	ACUITE D (Reaffirmed)
	Term Loan	Long Term	5.78	ACUITE D (Reaffirmed)
	Term Loan	Long Term	1.08	ACUITE D (Reaffirmed)
	Term Loan	Long Term	0.26	ACUITE D (Reaffirmed)
	Term Loan	Long Term	0.24	ACUITE D (Reaffirmed)
	Term Loan	Long Term	13.44	ACUITE D (Reaffirmed)
	Proposed Long Term Loan	Long Term	3.57	ACUITE D (Reaffirmed)
	Term Loan	Long Term	31.35	ACUITE D (Reaffirmed)
	Letter of Credit	Short Term	1.00	ACUITE D (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	Not Applicable Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	44.67	Simple	ACUITE B   Stable   Upgraded ( from ACUITE D )
Union Bank of India	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE B   Stable   Upgraded ( from ACUITE D )
Union Bank of India	Not avl. / Not appl.	Term Loan	01 Sep 2019	Not avl. / Not appl.	31 Mar 2028	10.14	Simple	ACUITE B   Stable   Upgraded ( from ACUITE D )
Union Bank of India	Not avl. / Not appl.	Term Loan	01 Sep 2015	Not avl. / Not appl.	31 Mar 2028	15.91	Simple	ACUITE B   Stable   Upgraded ( from ACUITE D )
Union Bank of India	Not avl. / Not appl.	Term Loan	01 Dec 2009	Not avl. / Not appl.	31 Mar 2028	11.04	Simple	ACUITE B   Stable   Upgraded ( from ACUITE D )
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2028	31.35	Simple	Not Applicable Withdrawn
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2028	5.78	Simple	Not Applicable Withdrawn
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2028	1.08	Simple	Not Applicable Withdrawn
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2028	0.26	Simple	Not Applicable Withdrawn
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2028	0.24	Simple	Not Applicable Withdrawn
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2028	13.44	Simple	Not Applicable Withdrawn

### \*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No.	Company name
1	Arcadia Shipping Limited
2	Supreme Offshore Constructions and Technical Services Limited

## Contacts

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### About Acuité Ratings & Research

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