

Sadhav Shipping Limited

October 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	85.42	CARE BBB-; Stable	Reaffirmed
Short-term bank facilities	16.58	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of Sadhav Shipping Limited (SSL) continues to derive strength from its healthy profitability margins and robust orderbook position, supported by the renewal of medium-to-long-term contracts with key clients. These contracts, and increased charter rates for vessel deployments offer stable revenue visibility. Ratings also factor in moderate capital structure and comfortable debt coverage indicators. Additionally, ratings are supported by long and established track record, promoters' vast experience in the offshore shipping sector, established clientele base with major port trusts, shipping companies, and offshore service providers.

However, these strengths are partially tempered by SSL's moderate scale of operations, customer concentration risk, and vulnerability to contract non-renewals or periods when vessels remain idle. The company is also exposed to seasonal fluctuations in oil and gas exploration activities and operates in a competitive, cyclical, and regulatory risks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Successfully renewing key contracts increasing scale of operations above ₹120 crore on a sustained basis.
- Sustenance of profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 30%.
- Improving debt coverage indicators with total debt to gross cash accruals (TD/GCA) below 3x on a sustained basis.

Negative factors

- Deteriorating PBILDT margin below 20% on a sustained basis.
- Reducing sales to order book ratio below 2x on a sustained basis.
- Deterioration in overall gearing to above 1.3x.
- Cancellation of existing major contracts / project closures or severe economic slowdown affecting offshore activities.

Analytical approach: Standalone

Outlook: Stable

The continuation of "Stable" outlook reflects CARE Ratings Limited's (CareEdge Ratings') belief that SSL will sustain its steady scale of operations and healthy profit margins on the back of its strong order book position and sustainable financial risk profile over near-to-medium term.

Detailed description of key rating drivers:

Key strengths

Experience of promoters in the offshore shipping industry

SSL's promoter, Captain K.K. Choudhury, has extensive experience in the offshore industry through his association with merchant navy, Shipping Corporation of India Limited and ONGC for more than two decades. Captain K.K. Choudhary started his business in lighterage operations and gradually shifted to more lucrative operations such as oil spillage and anchor handling among others. He is assisted by Mr. Vedant Choudhury (Director), a Marine Engineer by profession and associated with the company since 2011. He plays a vital role in starting business verticals of Offshore Supply Vessel and Oil Spill Response. Sadhana K. Choudhury holds a postgraduate degree in Arts and has more than a decade of teaching experience. She has been associated with SSL since inception and manages administration and public relation departments.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Low age profile of fleet leads to higher operating efficiency

The company's fleet is relatively new with an average residue age of ~10-12 years. Owing to lower vessel age, vessels continue to remain a preferred choice, especially with private ports and other offshore services companies. Fleets also garner a premium in chartering rates compared to higher aged vessels. Lower vessel age profile also means limited maintenance and higher re-sale value. The company operates and manages a fleet of 20 vessels, of which it owns 17, whereas the rest are either chartered from third-party owners or owned by clients directly.

Healthy order book position from reputed customers

With two decades of track record of operations, SSL developed established relations with leading shipping companies and offshore services providers such as ONGC, Paradip Port Trust, Mumbai Port trust, New Mangalore Port Trust, and Shipping Corporation of India among others. As on August 31, 2025, the company's unexecuted order book stands at ~₹292.40 crore, which is ~3.02x its FY25 net sales and is expected to be executed over the next two years thus providing strong revenue visibility in the medium term. The company has been awarded the R1 contract for the vessel, Saroja Blessing, valued at ~₹100 crore over the next three years, further expected to strengthen its order book. Notably, the top two unexecuted orders against Vessel Anusha and Vessel Canara Pride account for nearly 81% of the total order book. SSL has secured lucrative contracts in the port services segment with existing clients such as JNPT, Paradip Port Trust, and Mumbai Port Trust. The company's ability to successfully renew key contracts with substantial increases in charter rates remains a critical factor from a credit perspective.

Healthy and improved profit margins

PBILDT margin has continuously improved in the past four years, ending in FY25 and remained in the range of 17.58%- 32.44% in FY22-FY25. The company's PBILDT margin improved from 25.76% in FY24 to 32.44% in FY25 primarily driven by increase in the charter rates for recently awarded projects and a reduction in operational expenses. The cost savings were largely due to maintenance activities, including drydocking of vessels, which enhanced operational efficiency and enabled the execution of contracts with better profitability. SSL's profit after tax (PAT) margin improved from 10.55% in FY24 to 11.83% in FY25 in line with PBILDT margin. Going forward, CareEdge Ratings expects PBILDT margin to continue over 30% in medium term driven by higher charter rate orders to be executed over 2-3 years.

Moderate capital structure and comfortable debt coverage indicators

The company's capital structure moderated with overall gearing stood at 1.11x as on March 31, 2025 (against 0.76x as on March 31, 2024). This increase is primarily due to an increase in term loans availed by the company in FY25 for the procurement of additional vessel and modifications undertaken per the requirements of the customers for upgrading the ship Canara Pride from DP1 to DP2 specifications. The tangible net worth of the company stood moderate at ₹99.47 crore as on March 31, 2025 (against ₹88 crore as on March 31, 2024). Overall gearing is expected to improve further below unity again considering schedule repayment of loan and prepayment of term loan from proceeds received against sale of Vessel Aditri. SSL extended corporate guarantee of ₹16.17 crore to its group entity (Sadhav Offshore Engineering Private Limited) in FY25 (PY: ₹22.47 crore), which resulted in adjusted overall gearing stood moderate at 1.27x as on March 31, 2025 (PY: 1.02x).

Debt coverage indicators continue to remain comfortable, marked by interest coverage of 4.51x in FY25 (PY: 4x). TD/GCA stood moderate at 4.34x in FY25 (PY: 4.30x). However, debt coverage indicators are expected to slightly improve in the near-to-medium term considering an increase in absolute profitability envisaged in projected periods with reduction in total debt.

Key weaknesses

Modest scale of operations

SSL's total operating income (TOI) grew by ~14.98% y-o-y, at ₹96.86 crore in FY25 compared to ₹84.25 crore in FY24. This growth was primarily driven by strong execution in the Offshore Service Vessels segment, where revenue increased from ₹36.41 crore in FY24 to ₹61.04 crore in FY25, supported by higher deployment of vessels with ONGC at higher rates. During the year, the company strategically divested Vessel Aditri, which previously contributed ~20% to total revenue. CareEdge Ratings expects TOI to grow in near-to-medium term due to upward revision in charter rates under renewed contracts.

Client concentration risk

In FY25, over 88% of SSL's total revenue was derived from its top five customers, with ONGC alone contributing ~49%. This indicates a high degree of customer concentration, which poses a business risk. However, the associated counterparty risk is significantly mitigated, as these customers primarily consist of government entities such as public sector undertakings (PSUs) and port authorities backed by medium-to-long-term contracts signed with them.

Foreign exchange fluctuation risk

The company has contracts with ONGC and other major customers in dollars. Its repayment obligations are also in US dollars. Hence, the company has a partial natural hedge position, where the risk arising from foreign exchange fluctuation stood at

minimal. Additionally, SSL's long-standing presence in the industry—spanning over two decades—enables it to factor in anticipated currency movements while bidding for contracts. In FY25, the company has a forex gain of ₹1.49 crore in FY25 (PY: ₹0.17 crore).

Presence in competitive, seasonal, and cyclical industry with direct linkages to prevailing charter rates and prospects in oil and gas industry

SSL operates in the shipping industry, which is fragmented with large number of small players resulting in intense competition. The industry is also seasonal and cyclical with direct linkages to prevailing prospects in the oil and gas industry. Oil price volatility affects charter rates of offshore vessels. The company's profitability and ability to repay debt is affected by charter rates to redeploy its vessels. The company is exposed to seasonality in the shipping industry since the offshore personnel transportation is muted in monsoons. Oil and gas exploration activities are also prone to cyclical, which could have an adverse bearing on the company's dealings.

Risk of non-renewal of contract or vessels not being deployed for a longer period

SSL is exposed to the risk of nonrenewal of multi-year contracts on the conclusion of their tenure, and risk of non-deployment of owned fleet for a longer period. Tender-based bidding process also invites competition from other small and large players, exposing the company to these risks. However, SSL's long-term and cordial relationship with few esteemed clients mitigate risk to an extent. Successful renewal and rate revisions for its key contracts to be expired in the near future remain key monitorable.

Liquidity: Adequate

SSL's liquidity is adequate marked by sufficient projected GCA against expected scheduled repayment obligation for term loans of ₹17 crore to ₹18 crore p.a. for the projected periods. The company has free cash and bank balance of ₹1.50 crore as on March 31, 2025. The company has been generating positive net cash flow from operations at ₹52.17 crore in FY25 (compared to negative cash flow of ₹4.72 crore in FY24). Its current ratio and quick ratio stood at ₹0.50x as on March 31, 2025 (PY: 0.93x). SSL's liquidity profile is marked by high usage of fund-based working capital limits, with month-end utilisation stood at 94% for 12-months ending August 2025.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Shipping Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport services	Shipping

Incorporated in 1996, SSL is promoted by Captain K K Choudhury and owns and operates tanker barges, tugs and vessels and undertake ship management, and repair and maintenance contracts. Since its inception, SSL has been a service provider to ONGC Limited. The company is engaged in coastal logistics, offshore logistics, port security, and ship management. The company operates and manages a fleet of 20 vessels, of which 17 are owned, whereas the rest are either chartered from third-party owners or owned by clients directly.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	84.25	96.86
PBILDT	21.70	31.42
PAT	8.89	11.46
Overall gearing (times)	0.76	1.11
Interest coverage (times)	4.00	4.51

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Brickwork Ratings, vide its press release dated January 10, 2025, has reviewed the credit rating assigned to bank facilities of SSL under non-cooperation category due to non-submission of requisite information.

Any other information: Nil

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: 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
Fund-based - LT-Cash Credit		-	-	-	9.28	CARE BBB-; Stable
Fund-based - LT-Term Loan		-	-	October 2029	76.14	CARE BBB-; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	16.58	CARE A3

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 2025-2026	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
1	Non-fund-based - ST-Bank Guarantee	ST	16.58	CARE A3	-	1)CARE A3 (12-Aug-24) 2)CARE A3 (03-Apr-24)	1)CARE A3 (24-Apr-23)	-
2	Fund-based - LT-Term Loan	LT	76.14	CARE BBB-; Stable	-	1)CARE BBB-; Stable (12-Aug-24) 2)CARE BBB-; Stable (03-Apr-24)	1)CARE BBB-; Stable (24-Apr-23)	-
3	Fund-based - LT-Cash Credit	LT	9.28	CARE BBB-; Stable	-	1)CARE BBB-; Stable (12-Aug-24) 2)CARE BBB-; Stable (03-Apr-24)	1)CARE BBB-; Stable (24-Apr-23)	-

LT: Long term; ST: Short 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	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)**Annexure-6: List of entities consolidated:** Not applicable

Note on complexity levels of rated instruments: CareEdge 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 Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Analytical Contacts Akhil Goyal Director CARE Ratings Limited Phone: 022-67543590 E-mail: akhil.goyal@careedge.in Ashish Kambli Associate Director CARE Ratings Limited Phone: 022-6754 3456 E-mail: Ashish.k@careedge.in Suchita Narkar Lead Analyst CARE Ratings Limited E-mail: suchita.shirgaonkar@careedge.in
---	--

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**