

Sadhav Offshore Engineering Private Limited

April 02, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	65.90 (Reduced from 66.29)	CARE BB+; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	1.10 (Enhanced from 0.71)	CARE BB+; Stable / CARE A4+	Reaffirmed
Short Term Bank Facilities	14.00	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in the ratings assigned to the bank facilities of Sadhav Offshore Engineering Private Limited (SOEPL) are constrained by small although growing scale of operations, moderate profit margins, and working capital intensive nature of operations. The ratings further remain tempered owing to execution and stabilization risk pertaining to on-going debt funded capex, cyclical nature of industry.

However these constraints are partly offset by the strong experience and demonstrated execution capabilities of the promoters, who have a long and established track record in the industry. Additional support to the ratings comes from the company's long-standing relationships with reputed customers, along with its comfortable capital structure and adequate debt-coverage metrics

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations with TOI exceeding Rs.120 crore and improvement in PBILDT margin exceeding 14% on a sustained basis.
- Timely completion of the debt funded capex without any cost and time overrun with subsequent stabilization of the same.

Negative factors

- Significant decline in profitability margin impacting the debt coverage indicators along with total Debt to GCA exceeding 7x on a sustained basis.
- Elongation in working capital cycle exceeding 80 days on a sustain basis
- Any delay in completion of the ongoing capex leading to impact on leverage, coverage and liquidity profile of the company

Analytical approach: Standalone

Outlook: Stable

The continuation of "Stable" outlook reflects CARE Ratings belief that SOEPL shall continue to increase its scale of operations, sustain profitability margins over the medium term and continue to derive benefits from its experienced promoters.

Detailed description of key rating drivers:

Key weaknesses

Small scale of operations

The overall scale of operations remained small marked by total operating income (TOI) stood in the range of ₹34.00 crore to ₹66.99 crore during FY21 to FY25. TOI grew at a compounded annual growth rate (CAGR) of 18.48% in last 5 years ended FY25. It grew by 6% to ₹66.99 crore in FY25 over FY24 on account of improved demand from customers, mainly higher revenue contribution from ship repairs of ~92% of the revenue in FY25 (over ~83% in FY24). Further, it has reported TOI of ₹50.78 crore in 9MFY26 as compared to ₹35.77 crore in 9MFY25. The company has moderate net worth base, which stood at ₹32.69 crore as on March 31, 2025. Scale of operations remained small, which limits the entity's ability to scale up the business significantly. Going forward, completion of the ongoing capex is expected to support a gradual increase in revenues by improving execution capacity and enable it to undertake higher-value and higher-volume ship repair projects. Nevertheless, the same remains key credit monitorable.

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

Moderate despite improvement in profitability margins

The PBILDT margin of SOEPL has remained moderate, ranging from 7.33% to 15.20% in FY21-FY25, and is sensitive to fluctuations in input prices. PBILDT margin improved to 15.20% in FY25 (compared to 11.07% in FY24 and 9.17% in FY23) Profitability improved in FY25 due to a higher share of revenue from higher-margin ship repair revenues and better cost absorption despite modest growth in scale. Further, profit margins vary depending on the nature of work, with some work fetches higher margins. The profit after tax (PAT) margin improved to 9.54% in FY25 (from 6.53% in FY24) in line with PBILDT margin. Going forward, the company's operating profitability is expected to improve gradually over the near to medium term, supported by better operational efficiencies, particularly post stabilization of the ongoing capex.

Working capital intensive nature of operations

SOEPL's operations remained working capital intensive, as indicated by the Gross Current Assets (GCA) period of 197 days in FY25 (PY: 91 days). The high GCA days are primarily due to an extended debtor collection period. The collection period has increased from 34 days in FY24 to 78 days in FY25. The company's debtors stretched primarily due to an increase in scale of operations and a change in revenue mix during the period, with a higher contribution from ship repair projects, particularly from defence and PSU customers. Such customers generally have longer billing, certification, and approval cycles, which results in delayed collection timelines compared to private sector clients coupled with higher year end billing against ongoing projects, leading to increased outstanding receivables at the balance sheet date. The inventory holding period has improved over the years from 41 days in FY24 to 23 days in FY25 on account of faster execution of orders. Also, it receives a credit period of 30-60 days from suppliers, leading to the operating cycle remaining moderate at 39 days in FY25 (vis-à-vis 43 days in FY24).

Project execution and stabilization risks

During FY25, company undertook a major capex for the construction and installation of a floating dry dock at Mumbai Port. The total project cost was estimated at ₹74 crore, out of which around ₹53.50 crore was being funded through term loans, while the balance is being met through equity infusion by private investor and internal accruals for which the company raised ₹24.50 crore through private equity investment. The project was expected to be completed by March 2026 however, the same got extended due to delay in the site approvals from government authorities. Thus, the project is expected to be completed by November 2026, and the scheduled commercial operation is expected by January 2027. However, company witnessed cost escalation of ₹7 crore for which it's in process to avail term loan of ₹5.06 crore in addition to existing sanctioned term loan. Hence, the revised estimated cost of the project now stood at ₹81 crore which is being financed through term loans of ₹58.56 crore and remaining of ₹22 crore being financed through equity infusion and internal accruals. Till date company spent ₹40 crore of which ₹29 crore funded through term loan and remaining through internal accruals and equity funding. Going forward, the projects timely execution to accrue envisaged benefit from its recently completed capex remains crucial from credit perspective and any change in the size of capex or funding pattern having an adverse impact on the solvency, debt coverage indicators or liquidity is a key rating sensitivity.

Cyclical nature of Industry

Ship repair and shipbuilding orders are significantly influenced by economic demand. As the company's operations are primarily tender based, it heavily depends on tenders issued by government shipping companies. Consequently, the company's performance is closely tied to its success in securing these tenders and is also affected by the cyclical nature of the industry, which can be impacted by economic downturns.

Key strengths**Established track record of the company and experienced promoters**

The company has established track records of more than three decades in shipbuilding and ship repair services. The promoters, including Capt. Kamalkant Choudhury, Devahuti Choudhury, and Vedant K. Choudhury, bring extensive experience in the maritime industry. Capt. Kamalkant Choudhury – Chairman & Managing Director, is a Master Mariner and a Management Graduate from NMIMS, with extensive experience in the maritime industry. Devahuti Choudhury – Director, is a graduate of the Indian School of Business, and has been instrumental in expanding the company's operations. Their leadership has been instrumental in driving the company's growth and establishing strong relationships with reputed clients. The management team is well-experienced and includes professional and their combined expertise ensures efficient and effective management of the company's operations.

Association with reputed clients albeit customer concentration risk

With the promoters' extensive industry experience coupled with marketing effort, the company continues to have established strong relationships with its customers. The company's customers include Directorate General of Lighthouses and lightships, Indian Coast Guard, Naval Dockyard etc. and has been able to get repeat orders from these clients and the receipts of sales proceeds from these clientele have been within the credit terms between the parties. Further, Company generates about 80-

90% of revenue from Top 10 customers in the past which has currently declined to 68%, leading to customer concentration risk. Nevertheless, it mitigates to an extent due to repeated orders received from them and long-term association with these parties.

Comfortable capital structure and satisfactory debt coverage indicators

The company's capital structure stood comfortable, as marked by an overall gearing of 0.69x as on March 31, 2025 (0.58x as on March 31, 2024). Its debt profile largely comprises external debt in the form of working capital and term debt. The slight moderation in capital structure was due to increase in term loan to fund on-going capex during FY25. However, the same was partially offset due to equity infusion through private equity and promoter's fund undertaken during the year. The total outside liabilities to net worth stood moderate at 1.25x as on March 31, 2025 (moderated from 1.07x as on March 31, 2024). The debt coverage also deteriorated with total debt to gross cash accruals (TD/GCA) at 3.45x in FY25 (PY: 1.55x) and PBILDT interest coverage improved to 7.02x in FY25 (PY: 4.90x). Improvement during the year was on account of improvement in profitability. Going forward, capital structure of the company is expected to be moderated in the projected period on account of expected availment of additional term loan for capex and increasing needs of working capital requirement.

Liquidity: Stretched

The liquidity position of the company remained stretched, characterized by low cash & bank balance and highly utilized working capital limits. The expected gross cash accruals remained sufficient vis-à-vis repayment obligations in the range of ₹1.60 crore to ₹ 4.70 crore for FY26 and FY27. The company has cash & bank balances which stood at ₹9.41 crore as on March 31, 2025. The average of the maximum utilization of its fund based working capital limits stood at 93.84% and average of maximum utilisation of non-fund-based limits stood at 90% for the past 12 months ended January 2026. The current ratio and quick ratio remained at 1.93 times and 1.86 times respectively as on March 31, 2025 (vis-à-vis 2.10 times and 1.54 times respectively as on March 31, 2024). The net cash flow from operating activities remained positive at ₹0.04 crore in FY25 (vis-à-vis positive of ₹6.72 crore in FY24).

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

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About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Manufacturing	Ship Building & Allied Services

Sadhav Offshore Engineering Private Limited (SOEPL), based in Mumbai, Maharashtra, was incorporated in March 2022 by Kamal Kant Biswanath Choudhury. Sadhav Offshore Engineering Co. was a partnership firm that was established in 1992 and from March 04, 2023, the firm change its constitution from partnership firm to private limited company. The company specializes in the construction, repair, and maintenance of ships and boats and having captive integrated yard infrastructure at Paradip, Odisha.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2025 (UA)
Total operating income	63.30	66.99	50.78
PBILDT*	7.01	10.18	11.18
Profit after tax (PAT)	4.14	6.39	NA
Overall gearing (x)	0.58	0.69	NA
Interest coverage (x)	4.90	7.02	8.34

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA:

- ACUITE has continued the rating assigned to the bank facilities of SOEPL into ISSUER NOT COOPERATING category vide press release dated August 11, 2025, on account of its inability to carry out a review in the absence of requisite information from the company.
- BRICKWORK has continued the rating assigned to the bank facilities of SOEPL into ISSUER NOT COOPERATING category vide press release dated March 20, 2025, on account of its inability to carry out a review in the absence of requisite information from the company

Any other information: Not applicable

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		-	-	-	11.00	CARE BB+; Stable
Fund-based/Non-fund-based-LT/ST		-	-	-	1.10	CARE BB+; Stable / CARE A4+
Non-fund-based - ST-Bank Guarantee		-	-	-	14.00	CARE A4+
Term Loan-Long Term		-	-	March 2035	54.90	CARE BB+; Stable

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	Term Loan-Long Term	LT	54.90	CARE BB+; Stable	1)CARE BB+; Stable (09-Apr-25)	-	-	-
2	Fund-based - LT-Cash Credit	LT	11.00	CARE BB+; Stable	1)CARE BB+; Stable (09-Apr-25)	-	-	-
3	Non-fund-based - ST-Bank Guarantee	ST	14.00	CARE A4+	1)CARE A4+ (09-Apr-25)	-	-	-
4	Fund-based/Non-fund-based-LT/ST	LT/ST	1.10	CARE BB+; Stable / CARE A4+	1)CARE BB+; Stable / CARE A4+ (09-Apr-25)	-	-	-

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/Non-fund-based-LT/ST	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple
4	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

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

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