

Rating Rationale

April 30, 2025 | Mumbai

Shreeji Shipping Global Limited

'Crisil A/Stable/Crisil A1' assigned to Bank Debt

Rating Action

Total Bank Loan Facilities Rated	Rs.300 Crore
Long Term Rating	Crisil A/Stable (Assigned)
Short Term Rating	Crisil A1 (Assigned)

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 assigned its 'Crisil A/Stable/Crisil A1' ratings to the bank facilities of Shreeji Shipping Global Limited (SSGL).

The ratings reflect SSGL's established position in cargo handling operations backed by extensive experience of the promoters, diversified service offerings, strong customer base with various end-user industries and healthy financial risk profile. These strengths are partially offset by dependence on the logistics industry, economic activity and trade volumes and susceptibility to trade-related challenges and competition impacting growth with large working capital requirement.

Analytical Approach

Crisil Ratings has evaluated the standalone business and financial risk profiles of SSGL.

Key Rating Drivers & Detailed Description

Strengths:

Established market position, backed by extensive experience of the promoters: SSGL is promoted by Mr Ashok Kumar Haridas Lal and Mr Jitendra Haridas Lal and is engaged in cargo handling business providing integrated shipping and logistic services since 1995. The company is one of the prominent players in integrated shipping and logistic solution provider for dry bulk cargo handling at all-weather and seasonal ports in India and Sri Lanka under the brand, Shreeji Shipping. The company has provided services at more than 20 ports and jetties including major Indian ports at Kandla (Gujarat), non-major ports at Navlakhi (Gujarat), Magdalla (Gujarat), Bhavnagar (Gujarat), Bedi (Gujarat) and Dharmatar (Maharashtra) and overseas port at Puttalam (Sri Lanka). Extensive experience of the promoters and the company's established market position should continue to support the business.

Strong customer base, backed by diversified end-user industries and varied service offerings resulting in better operating efficiency: SSGL caters to oil and gas, energy and power, fast moving consumer goods, coal and metal industries. It has established an exclusive terminal at Rozi Pier, Bedi Group of Ports, for Reliance Industries Ltd ('Crisil AAA/Stable/Crisil A1+'). The customer base includes established entities such as Adani Enterprises Ltd, Taranjot Resources Pvt Ltd ('Crisil BBB+/Negative/Crisil A2'), Tata International Ltd ('Crisil AA-/Stable/Crisil A1+') and Torrent Power Ltd ('Crisil AA+/Stable/Crisil A1+').

SSGL provides shipping and logistic solutions for dry bulk cargo at various ports and jetties in India and Sri Lanka. Cargo handling operations consists of lightering services, stevedoring services and other port services including cargo management. The company also offers transportation for dry bulk cargo and fleet chartering and equipment rentals services. It has a fleet of more than 75 vessels (including barges, mini bulk carriers, tugboats and floating cranes) and over 380 earthmoving equipment (consisting of material handling machines, excavators, pay loaders, tippers including trailers, tankers and other vehicles).

The operating margin has been healthy at 26-30% for the three fiscals through 2025 and is estimated at a similar range in fiscal 2025 and going forward as well. Healthy operating margin is on account of the company's technical expertise in the industry and the ability to pass on any increase in operating costs to customers through periodic increases in freight rates. Sustenance of the operating margin would be a key monitorable.

Comfortable financial risk profile: The capital structure has been comfortable due to moderate reliance on external funds, yielding gearing of 0.96 time, total outside liabilities to adjusted networth ratio of 1.14 times and networth of over Rs 300 crore as on March 31, 2025. Debt protection metrics have also been comfortable due to moderate leverage and healthy profitability. The interest coverage and net cash accrual to total debt ratios are estimated at 10.79 times and 0.54 time respectively for fiscal 2025. The financial risk profile is expected to improve, with scheduled debt repayment, steady

accretion to reserve and no major withdrawal of capital. Improved network and absence of any large, debt-funded capital expenditure (capex) will be monitorable.

Weaknesses:

Dependence on the logistics industry and large working capital requirement: SSGL provides a variety of services to the logistics industry, which is moderately dependent on the economic cycle. Also, the logistics industry in India is highly fragmented. Due to the recent economic downturn, this segment faced a significant decline in activity.

Gross current assets (GCAs) have been 114-154 days for the three fiscals ended March 31, 2024, and are estimated at 135 days as on March 31, 2025, owing to higher credit provided to customers. GCAs are expected at 130-140 days over the medium term.

Dependence on economic activity and trade volumes; average scale of operations: Demand for shipping and logistics services at ports is linked to international trade, which depends on economic cycles. Hence, any downturn in the economy may have a significant impact on the business and earnings of the company. Operations should remain susceptible to economic downturns over the medium term.

Revenue declined to an estimated Rs 600 crore in fiscal 2025 due to an economic downturn and change in customer profile. Revenue has seen significant jump from previous levels of fiscals 2023 and 2024 due to strong volumes and healthy economic signals. Increase in customer base and overall import/export will aid revenue profile. However, improvement in overall revenue with diversification of the work remains to be seen.

Susceptibility to trade-related challenges and competition impacting growth: While SSGL benefits from better volume-handling capacity and its established position, any disruptions on trade routes given geopolitical or local issues and supply chain interference can hamper volume growth on ports. Also, adverse weather conditions such as cyclones can impact port operations for several days. Nevertheless, these risks are partially mitigated by SSGL's operational efficiency backed by lower turnaround time and strong relationship with customers.

SSGL's port network is surrounded by major state-owned and private ports. Though SSGL has efficient operations, the ports face strong competition from nearby major ports, which may lead to cargo diversion to competing ports or downward pressure on tariffs.

Liquidity: Adequate

Liquidity should remain supported by the ample surplus available in cash accrual and bank lines. Bank limit utilisation was moderate for the 13 months through January 2025. Cash accrual is projected at more than Rs 120 crore per annum, against yearly debt obligation of Rs 11 crore for fiscal 2025 and Rs 4-5 crore for fiscal 2026. Current ratio is estimated at 1.17 times and cash and bank balance (unencumbered) at around Rs 68 crore as on March 31, 2025. The promoters are likely to extend need-based funds (equity and unsecured loans) to aid operations. Low gearing and moderate network will boost financial flexibility.

Outlook: Stable

SSGL will continue to benefit from its established market position and the extensive experience of the promoters.

Rating sensitivity factors

Upward factors

- Revenue growth of more than 20% and sustenance of operating margin, leading to higher-than-expected cash accrual
- Improvement in the working capital cycle and financial risk profile

Downward factors

- Decline in scale of operations and profitability margin dropping below 15%, resulting in lower-than-expected net cash accrual
- Large, debt-funded capex
- Further stretch in the working capital cycle

About the Company

Set up as a partnership firm in 1995, the entity got reconstituted into a private-limited company with the current name in 2024. It provides integrated shipping and logistic services that consists of cargo handling operations including lightering services, stevedoring services and other port services. The company also offers transportation for dry bulk cargo and fleet chartering and equipment rentals services. The services are offered under the brand, Shreeji Shipping.

SSGL has provided services at more than 20 ports and jetties including major Indian ports at Kandla, non-major ports at Navlakhi, Magdalla, Bhavnagar, Bedi and Dharmatar and overseas port at Puttalam. Mr Ashok Kumar Haridas Lal and Mr Jitendra Haridas Lal own and manage the business.

Key Financial Indicators – Crisil ratings adjusted numbers

As on / for the period ended March 31		2024	2023
Operating income	Rs crore	733.61	790.04
Reported profit after tax	Rs crore	90.80	82.76
PAT margins	%	12.38	10.47
Adjusted Debt/Adjusted Net worth	Times	0.69	0.84
Interest coverage	Times	17.68	11.89

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.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Bank Guarantee	NA	NA	NA	7.00	NA	Crisil A1
NA	Cash Credit	NA	NA	NA	43.00	NA	Crisil A/Stable
NA	Foreign Exchange Forward	NA	NA	NA	1.00	NA	Crisil A1
NA	Proposed Fund-Based Bank Limits	NA	NA	NA	15.00	NA	Crisil A/Stable
NA	Working Capital Demand Loan	NA	NA	NA	60.00	NA	Crisil A/Stable
NA	Secured Overdraft against term deposits	NA	NA	NA	150.00	NA	Crisil A/Stable
NA	Term Loan	NA	NA	30-Jun-26	24.00	NA	Crisil A/Stable

Annexure - Rating History for last 3 Years

Instrument	Current			2025 (History)		2024		2023		2022		Start of 2022
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT/ST	293.0	Crisil A1 / Crisil A/Stable		--		--		--		--	--
Non-Fund Based Facilities	ST	7.0	Crisil A1		--		--		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	7	Kotak Mahindra Bank Limited	Crisil A1
Cash Credit	3	ICICI Bank Limited	Crisil A/Stable
Cash Credit	40	Kotak Mahindra Bank Limited	Crisil A/Stable
Foreign Exchange Forward	1	ICICI Bank Limited	Crisil A1
Proposed Fund-Based Bank Limits	15	Not Applicable	Crisil A/Stable
Secured Overdraft against term deposits	150	Kotak Mahindra Bank Limited	Crisil A/Stable
Term Loan	24	ICICI Bank Limited	Crisil A/Stable
Working Capital Demand Loan	60	Kotak Mahindra Bank Limited	Crisil A/Stable

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)

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