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This rating methodology describes the approach that ICRA follows to assess the credit quality of entities in the shipping sector, and supersedes ICRA's earlier methodology document on this subject, published in August 2019. While this revised version incorporates a few modifications, ICRA's overall approach to rating shipping companies remains materially similar.

Overview

The shipping business is marked by high capital intensity, volatile freight rates, commoditised product offering and high level of fragmentation. The business is global in nature because of competition from foreign lines, which are free to operate across the continents. The credit risk profile of entities in the shipping sector is heightened by the generally high level of financial leverage adopted by the ship owners to fund new/ second-hand ship acquisition. The Indian shipping industry is highly fragmented with gross registered tonnage (GRT) of around 13 million. In terms of tonnage, oil tankers comprise nearly 55% of the total tonnage followed by 22% by dry bulk carriers and the remaining are other categories of vessels. In terms of tonnage nearly 88% is deployed for overseas trade in contrast to 12% of the tonnage deployed for coastal trade. Further, nearly 40% of the Indian shipping vessels have a vintage of 20 years or more and considering that the average life of a shipping vessel is about 25 years, significant new tonnage capacity would need to be added to maintain the current capacity levels.

This rating methodology aims to help entities, investors and other interested market participants understand ICRA's approach in analysing quantitative and qualitative risk characteristics that are likely to affect ratings of shipping sector entities. This methodology does not include an exhaustive treatment of all factors that are reflected in the ratings, but it enables the reader to understand the rating considerations that are usually the most important. For analytical convenience, the key factors are grouped under the following broad heads—Industry Risk Assessment, Business Risk Assessment, Financial Risk Assessment, Strength of Promoters, Event Risk, Management Quality, Environmental, Social & Governance (ESG) Risk Assessment.

Industry Risk Assessment

- Demand-supply dynamics, competition & price volatility
- Regulatory Risks

Business Risk Assessment

- Fleet quality
- Scale of operations
- Diversification
 - Segmental diversification
 - Geographical diversification

- Customer diversification

- Chartering philosophy
- Fleet utilisation
- Fleet acquisition and disposal philosophy
- Owning versus in-chartering
- Staffing policy

Financial Risk Assessment

- Profitability
- Capital Structure and Debt Coverage
- Working Capital Intensity
- Liquidity and Financial Flexibility

Other rating considerations

- Parentage/Group Support
- Foreign Currency-related Risks
- Tenure Mismatches, and Risks Relating to Interest Rates and Refinancing
- Accounting Quality
- Contingent Liabilities/Off-balance Sheet Exposures

Management Quality Assessment

Assessment of Environmental, Social and Governance (ESG) Risks

Industry Risk Assessment

Demand-supply dynamics, competition & price volatility

The global demand-supply dynamics is driven by factors like oil prices, commodity cycles, changes in international trade growth and pattern and all of them affect vessel chartering prices, which witnessed high volatility post 2008, when there was a steep decline in charter rates. The volatility in bunker prices also impacts the profitability of the companies in this sector. Further, factors like consolidation of companies in specific segments like dry bulk, tankers or container shipping, events like sanctions on specific regions disrupting vessel supply and disruptions caused by events like war/pandemic etc. also impact the rates. In the wake of Covid-19 pandemic due to disruption in supply chain and trade routes, the shipping charter rates across segments have witnessed significant volatility, with sectors like container shipping witnessing very sharp increase.

The shipping service is a commoditised offering with negligible product differentiation. The pricing power for an individual company is limited and is determined by the prevailing global/ regional freight rates. The high degree of standardisation of ships (designed after taking into consideration IMO¹ standards), reduces the entry barriers and cost of switching to competitors. The industry is highly fragmented with no single player or group of companies having a dominating market position to allow it to exert significant pricing power. However, certain sectors like container shipping have high consolidation, unlike other sectors like dry bulk and tanker segments, which allows better ability to manage supply and helps respond to market dynamics.

Regulatory Risks

The sector is exposed to changes in domestic and international regulations. Changes in domestic regulatory policies with regard to cabotage, preference to domestic shipping entities in certain cases, taxation etc. can have an impact on revenue growth and profitability of shipping entities. Further, changes in global regulatory norms, as imposed by the International Maritime Organisation, related to issues like ballast water management, limit on sulphur content in fuel oil, standards for hull etc. due to increased environmental scrutiny, also impose additional costs for the shipping sector.

Business Risk Assessment

Given the commoditised nature of offering, operating efficiency and diversification across segments & vessel categories are key determinants of profitability and performance. For analysing the business risk profile of a shipping company, ICRA looks at the following parameters –

Fleet quality: Fleet quality is an important parameter for assessing the business risk profile of the company due to its implication on both operational performance as well as tradability of ships. Fleet quality is an amalgamation of the following factors:

a) Age of the ship – The newer vessels have several operational advantages in terms of lower fuel consumption, high speed, high automation, low staffing and maintenance expenditure. Further, new vessels also command a premium over older ships, thereby improving their tradability. Although old ships do find employment, they suffer discount on the charter rates due to reduced operational efficiencies over a new ship, which can progressively increase over the years and a point is reached where it is no longer viable to operate the ship. Besides, in a scenario where supply exceeds demand, the tradability of older vessels can be severely impacted. Older ships are also subjected to rigorous classification² norms, leading to higher expenditure. A younger fleet on the other hand can provide funding flexibility for the management as its collateral value tends to be both higher and more transparent.

¹ International Maritime Organisation

² Surveys and audits conducted by registered classification societies to ensure that vessel is complying with required standards

b) Hull and other structural aspects - Hull and structural aspects are important for ships which transport environmentally-sensitive commodities such as crude oil or heavy distillates as there may be regulatory constraints on vessels not meeting the requirements on certain routes.

Scale of operations: Given the fragmented and commoditised nature of most of the shipping segments, absolute size does not translate to market or pricing power. Size, however, can provide economies of scale (e-g lower port charges/stevedoring expenses/insurance costs/discounts on new builds or dry docking/funding costs) to drive higher levels of operating profit and cost efficiency. Higher scale also generally allows a company to offer more frequent and reliable services. Further, a larger fleet also improves flexibility to react to shifts in geographical trade and transportation patterns, whereas smaller companies are more susceptible to fluctuations in costs, changes in regulations as well as to the other volatility factors impacting the shipping industry like economic cycle, changes in trade patterns etc.

Diversification: Diversification provides a company with an ability to offset changes to demand and supply in a given segment, region, industry or among its customer base. The diversification in the shipping business can be along three lines:

a) Segmental diversification, such as across tankers, gas carriers, dry bulk, containers, offshore vessels, passenger services, can offset the volatility associated with one or few segments, mitigate structural shift in a particular sector (long-term trends) and can provide a hedge against event risk.

b) Geographical/route diversification provides several benefits, which include mitigating revenue volatility from cyclical and structural changes in regional demand patterns and enabling reallocation of vessels to maximise utilisation

c) Customer diversification is assessed to see the dependence on specific customers. Some shipping companies are highly exposed to a few customers (e-g oil producing companies or global freight forwarders), while others have a more diversified spread of customers. As switching costs can be low for customers, fleet utilisation can be impacted in the case of switch by large customers. Further, a diversified customer base also reduces exposure to counterparty credit risks.

Chartering philosophy: ICRA assesses the philosophy of the company's management with regard to the chartering of its fleet viz. spot or voyage and long-term time charter, as this determines the variability in cash flows. In general, spot charter rates are more volatile than medium to long-term charter rates. Volatility in shipping takes two forms – cyclical and random. Cyclical volatility arises from demand-supply imbalance in the shipping market, caused by the long build-up period of two to four years between order and delivery of new ships, by which time the demand conditions may have changed. The random element in shipping freight rates refers to the fluctuations associated with short-term events like strikes, accidents, weather-related/other congestion in key shipping lanes etc. Such events are a constant feature of shipping markets and affect freight rates by altering the demand for or availability of ships for relatively short periods of time (say a few days to a few months). These short-term events are impossible to forecast, but the sensitivity of the market to such events gets heightened when the capacity utilisation is already high. Further, vessels on spot or voyage charter are also more susceptible to volatility in bunker fuel prices, which is a major operating cost. Because of such risks, it calls for a great deal of expertise to operate in the spot market. While returns can be higher in such a strategy, the risk associated is also quite high. From the rating perspective, ICRA takes comfort if a shipping company derives a larger share of revenues from predictable medium to long term charters, with assured payments.

Fleet utilisation: Because of high fixed costs and mobilisation expenses, optimising fleet utilisation is critical to profitability, since lower vessel operational days can increase the break-even freight rates. The same can be achieved through efficient route planning, cargo management, optimum ballasting (when the ship travels empty to pick up cargo) and timing of dry-docking schedules to coincide with a ballast leg or a cyclical trough in the market to minimise the revenue loss, although maintaining high fleet operational days is considerably challenging in view of the potential route imbalances.

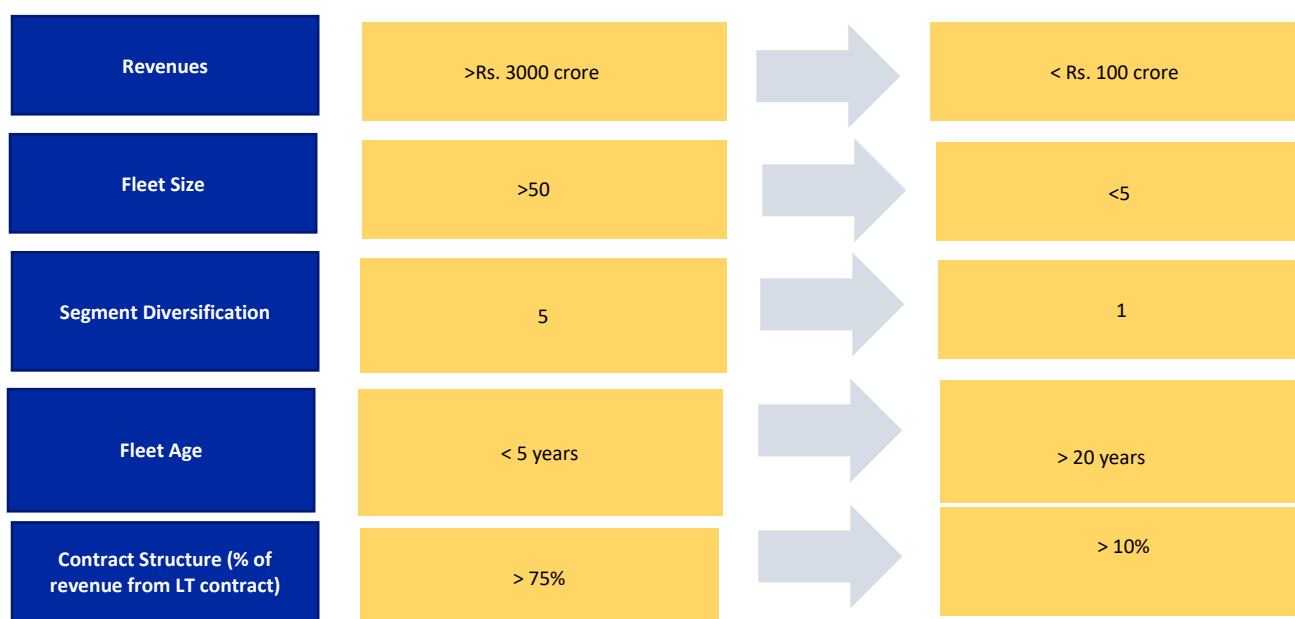
Fleet acquisition and disposal philosophy: Ship-owners resort to both purchase of new ships (by placing orders with ship building yards) and second-hand vessels (from the market). The demand for ships depends on factors such as (i) global GDP growth, (ii) global trade patterns i.e. movement of goods from production to consumption centres, (iii) oil price trends and consequent exploration and production (E&P) spending for the offshore segment, and (iv) other regulatory developments. The vessel supply invariably follows demand growth. The growing demand positively impacts freight rates and asset values and vice versa. While purchasing new ships can be time consuming, varying from two to four years from the placement of order, a second-hand acquisition can be consummated

within a matter of weeks, if the funding arrangements are in place. While both the approaches have merits and demerits, buying a second-hand vessel calls for deep market insights and the ability to time the market to profit from the strategy. Some companies can also follow an asset light strategy and go for chartering of vessels, instead of an outright acquisition. Certain companies, who resort to the asset play strategy, aim to buy during a cyclical downturn, deploy the ships for a few years and dispose off the same during cyclical peaks. On the other hand, there are companies who prefer to buy new ships and operate through its life cycle. The established track record of a company with either strategy across cycles will aid in assessing the company’s ability to manage risks associated with the acquisition and disposal philosophy.

Owning versus in-chartering: The companies might also opt for an asset light model and in-charter vessels instead of owning vessels. While such a strategy may be appropriate for companies mainly operating on spot markets and hence availing vessels on short-term charter, companies having a large share of long term in-charters, may be exposed to volatility in out charter rates if they can’t find matching tenors. If the vessels have been taken on a long-term in-charter, ICRA discounts the committed annual payments to arrive at the estimated value of the vessel and considers the same to be functionally similar to a debt obligation.

Staffing policy: Indian shipping companies adopt various strategies for manning the ships, ranging from complete outsourcing to entirely in-house manpower. From a rating perspective, synchronisation between a company’s chartering strategy and staffing policy is crucial since a company with vessels on long-term charter is likely to be better able to cover the fixed costs arising from large in-house manpower, while a company operating mainly in the spot market tends to manage its costs better using outsourced staff.

Summary of the Salient Business Risk Factors (for commodity chemical entities)



Financial Risk Assessment

While assessing the financial risk profile of a shipping company, ICRA looks at its profitability and cash generation ability, balance sheet strength and sources of financial flexibility, all in relation to the various committed and contingent liabilities. With the rating exercise primarily focused on assessing the future debt-servicing capability of the company, projections are drawn up during the rating process to evaluate the likely financial position of the company, going forward. The projections are drawn factoring in the expected movement in revenues and operating margins (considering factors like charter rates, fleet utilisation etc.), working capital changes, the upcoming debt obligations, as well as the capex and investment requirements of the company. These cash flows are then used to determine the entity's future debt-servicing capability under various scenarios.

The various financial metrics assessed by ICRA could be divided into four categories—profitability, leverage, coverage, and liquidity. This document provides a summary of why ICRA considers these ratios to be important. For a more detailed description, readers may refer to the note titled - Approach for Financial Ratio Analysis - published on ICRA's website.

In case of groups consisting of entities with strong financial and operational linkages, various parameters such as capital structure, debt coverage indicators, and future funding requirements are assessed at the consolidated / group level.

Profitability Metrics

The analysis here focuses on determining the trend in the issuer's profitability and how the same stands in relation to its peers. The major cost drivers for ships operating on time charter are standing charges and capital servicing charges, standing charges mainly comprise crew expenses, repair and maintenance expenditure, insurance for hull and machinery and administrative expenses. Capital costs comprise interest, depreciation and in-charter expenses³. In addition, dry docking expenditure⁴ is also incurred at periodic intervals (typically once in every 2.5 years). For ships operating on voyage charter, voyage-related expenses such as bunker costs, port charges, canal charges and broker commission are incurred in addition to standing charges. To compare companies with different charter mix, the analysis is done on a (\$/day) time charter equivalent (TCE) basis⁵, taking into account the number of days of deployment of the ship

Standing charges, including dry docking expenses, are largely a function of the age of the ship, regulations (for example nationality of crew, minimum security standards etc.) and the preventive / scheduled maintenance of the vessel. Capital servicing charges are influenced by the acquisition cost, the funding strategy adopted for fleet acquisitions and the residual life of the fleet, with new ships funded with high debt, having higher charges. Regarding voyage-related expenses, while they are pass-through items to the charterer (in case of time charter) by way of freight charges, for vessels operating on spot/voyage charter, any abnormal rise in expenditure such as bunker fuel during the voyage period can impact the effective TCE.

The higher the costs, the lower will be the ability of the ship to weather a cyclical downturn in the charter rates, which can often occur suddenly and severely. ICRA can look at the breakeven TCE rate (to cover the standing charges and debt service commitments) for each class of ship, and compare that with the current charter rates, long-term charter rates and anticipated charter rates in the next couple of years based on forecasted demand-supply in the industry. Achieving cash breakeven in times of depressed freight rates requires low operating expenses, which inter alia requires tight control on overheads and efficient technical management of the vessel.

ICRA also measures the projected profitability of the entity by the returns on capital employed [Profit before Interest and Tax/ (Total Debt + Tangible Net Worth + Deferred Tax Liability)] relative to the cost of capital, which would be a good indicator of its long-term sustenance.

³ The company takes a vessel on long term charter instead of buying it

⁴ Dry docking is conducting repair and maintenance of a vessel in a shipyard where the vessel is brought to dry land so that the submerged parts can also be serviced.

⁵ Time Charter Equivalent is a performance measure to compare performance of companies with different charter mix during a period. It is typically calculated as voyage revenue less voyage expenses (such as fuel costs, commissions, and port and canal fees) divided by number of duration of the trip.

Validation of Business Risk through Profitability Metrics

[Indicative Metrics⁶]

	Strongest		Weakest
RoCE	>=25%	➔	<10%
Volatility in RoCE	<=10%		>55%

Capital Structure and Debt Coverage

In general, ships are funded with a high leverage (typically at debt-to-equity ratio of 70:30 to 80:20) because of the comfort of the lenders with such a funding strategy arising from the tradable nature of the collateral. However, from the rating point of view, which aims to capture the timeliness of debt servicing, rather than the ultimate recovery by the lenders, it may not really be a source of primary comfort as there can be time delays (largely procedural in nature) in taking possession of the vessel and disposing the same. Hence, higher leverage does translate into higher financial risk, albeit it may not be of the same order as that of manufacturing companies, due to better tradability of assets. ICRA thus assesses the financial policies of the management about its overall capital structure and maintenance of adequate cash balances to act as a cushion during the downturn. ICRA also looks at coverage indicators like Total Debt/OPBDITA, OPBDITA/Interest, debt service coverage ratio etc.

The long maturity profile of the loans can partially offset the risk associated with high financial leverage, as the pay-back period for ship acquisitions can be long. In this context, the ability of the issuer to access long term loans from its lenders is assessed. Besides, funding of the loan in a currency where most of the revenues are generated could translate to lower foreign exchange risk. Further, the life of a vessel (25-30 years) is much longer than the loan tenure and companies with unencumbered fleet can mortgage them at the time of the cyclical downturns, thereby providing additional comfort. As the shipping business is global in nature, access to long maturity loans at competitive rates, is considered a key competitive advantage. In case the company goes for a long-term in-charter instead of the outright acquisition of vessels, ICRA discounts the committed annual payments to arrive at the estimated value of vessel and considers the same as having been funded through debt, while calculating the adjusted leverage and coverage ratios.

Assessment of Leverage

[Indicative Metrics]

	Strongest		Weakest
Debt to Equity Ratio	<=0.9x	➔	>3.0x
Debt to Profit Ratio	<=0.5x		>5.0x

Assessment of Coverage

[Indicative Metrics]

	Strongest		Weakest
Interest Coverage	>=18.0x	➔	<2.0x
DSCR	>=4.0x		<1.1x

⁶ The indicative financial metrics mentioned here and elsewhere in the document are intended to provide a broad overview to the readers regarding what ICRA generally considers as 'relatively strong' or 'relatively weak' metrics. It is, however, possible that an entity has relatively weaker metrics on one or more financial parameters, but its credit risk is assessed to be low because of other mitigating factors, including (but not limited to) stronger metrics on other financial parameters, a healthy business risk profile, strong financial flexibility or a strong promoter group that is willing to extend distress support to it.

Liquidity and Financial Flexibility

A shipping company's cash generation is significantly impacted by the inherent volatility of charter rates, resulting in volatile operating cash flows. A stable and strong retained cash flow through the business cycles supports liquidity and is an indicator of the company's ability to service the debt in a timely manner, besides providing flexibility to invest in new ships. Debt protection indicators such as RCF/Total Debt are also analysed to see how long it would take for the issuer to repay its debt.

Cash is required to service obligations. Liquidity ratios measure the buffer, which an entity has in the form of cash or cash equivalents with respect to its obligations that can be utilised in case of a temporary cash flow mismatch. The existence of adequate buffers of liquid assets/bank lines to meet short-term obligations is viewed positively. In addition, ICRA notes that an entity with strong liquidity can mitigate the impact of any short-term exigencies or events that might adversely impact cash flows in the interim. The entity's liquidity and financial flexibility is assessed by its unutilised bank / credit limits, liquid investments, access to unencumbered vessels and the nature of its relationship with banks, financial institutions and other intermediaries, strategic importance of the entity to the group to which it belongs, along with the financial strength of the group entities.

Other Elements of Credit Risk Assessment

Parentage/Group Support

Apart from standalone credit considerations, the likelihood of extraordinary support coming in from the parent to an entity or the support that an entity is likely to extend to the other group companies is factored in while assessing the credit profile of the entity. This process involves an assessment of the ability and willingness of the parent to extend support to the entity (and vice-versa), in addition to evaluating the entity's own fundamental credit strength.⁷

Foreign Currency-related Risks

Such risks arise if an entity's major costs and revenues are denominated in different currencies. The foreign currency risk can also arise from unhedged liabilities, especially for companies earning most of their revenues in local currency. Forex risk also arises for companies with exposure to foreign currency borrowings which could pertain to part-funding of capital expenditure and/or working capital requirements. The focus here is on assessing the natural hedge available as well as the hedging policy of the entity concerned in the context of the tenure and nature of its contracts with clients (short term/long term, fixed price/variable price) to mitigate such risk for the net exposure.

Tenure Mismatches, and Risks Relating to Interest Rates and Refinancing

Large dependence on short-term borrowings to fund long-term investments can expose an entity to significant re-financing risks, especially during periods of tight liquidity. The existence of adequate buffers of liquid assets/bank lines to meet short-term obligations is viewed positively. Similarly, the extent to which an entity would be impacted by movements in interest rates is also evaluated.

Accounting Quality

Here, the accounting policies, Notes to Accounts, and Auditor's Comments are reviewed. Any deviation from the Generally Accepted Accounting Practices is noted and the financial statements of the entity adjusted to reflect the impact of such deviations.

⁷ For more details, readers may refer to the documents titled, "Rating Approach–Implicit Parent or Group Support" and "Rating Approach–Explicit third-party support", available on ICRA's website.

Debt Servicing Track Record

The debt-servicing track record of the company forms an important rating consideration. Any history of past delays or defaults in meeting interest and principal repayment obligations reduces the comfort level with respect to the company's future debt servicing capability and willingness. Nevertheless, the reason behind past defaults is also analysed, which could also be due to adverse demand situations in the underlying industry. The company's ability to honour its debt obligations during the period of cyclical stress is also factored in.

Contingent Liabilities and Off-balance Sheet Exposures

In this case, the likelihood of devolvement of contingent liabilities/off-balance sheet exposures and the financial implications of the same are evaluated.

Management Quality & Corporate Governance Assessment

All debt ratings necessarily incorporate an assessment of the quality of the rated entity's management. An entity with an experienced management and independent directors on its board are considered positive factors.

Usually, a detailed discussion is held with the management of the rated entity to understand its business objectives, plans and strategies, and views on past performance, besides the outlook on the rated entity's industry.

Some of the other points assessed are:

- Experience of the promoter/management in the line of business concerned
- Commitment of the promoter/management to the line of business concerned
- Attitude of the promoter/management to risk-taking and containment
- The rated entity's policies on leveraging, interest risks and currency risks
- The rated entity's plans on new projects, acquisitions, expansion, etc.

Periodic interactions with the management also help to estimate the possibility of the management's tendency to deviate from its core philosophy in times of stress

Assessment of Environmental, Social and Governance (ESG) Risks

Environmental (E) and Social (S) Risks

As this methodology highlights, while undertaking credit assessment of entities, ICRA seeks to incorporate all relevant credit considerations into its rating decisions while taking a forward-looking view on the risks and the mitigants. The relevant credit considerations include (sometimes overtly, sometimes covertly) the E&S factors that could affect the rated entity/ transaction. While ICRA's analytical approach does not explicitly disaggregate these risks to assess their impact on the rating, these risks are often assessed broadly. Further, it is not always feasible to fully or precisely disaggregate the sub-components of E&S risks in credit analysis since these considerations often tend to overlap.

That said, the materiality of the E&S risks and the time horizon over which they are expected to crystallise differs widely across sectors and entities. In some cases, while the E&S risks could be material, their effect on the credit profile may be muted because of other fundamental strengths of the entity. In other cases, the adverse impact of the E&S risks is expected to play out in the distant future, and hence these considerations do not necessarily weigh on the rating today—with the expectation that when these risks manifest in the distant future, the rated entity by then would possibly adapt itself by realigning its business model.

While evaluating E&S risks, ICRA's objective is only to assess the direct and indirect risks that an entity faces and how it already is or is intending to mitigate the impact of such risks on its credit profile. As an example, ICRA only assesses whether an entity is exposed to physical climate risks, or carbon transition risks such as those arising from changes in regulations or other environmental and social risks; and seeks to understand the various mitigation and adaptation approaches that the entity is implementing to mollify these risks.

Shipping entities face environmental risks related to air pollution, including greenhouse gas emissions, oil spills and other pollution which may need clean up and remediation costs. The regulatory framework is also expected to become more stringent over time and companies may need to incur investment to retrofit/upgrade or phase out vessels. The shipping sector is also exposed to moderate social risks related to human capital risks and health/other hazard of the crew living at sea.

Governance Practices

A sound corporate governance structure attempts to make clear the distinction of power and responsibilities between the Board of Directors and the management. The constitution of an entity's Board and the Board of Directors' participation in strategy formulation, besides the entity's adherence to legal and statutory compliance requirements are factored in during credit assessments. ICRA seeks to gain a qualitative understanding of an entity's commitment to following transparent and credible practices by the way its financial statements are reported, their level of disclosures, consistency in communication and the openness about sharing information during the credit rating exercise. Besides, the corporate group structure (whether simple or complex), the rated entity's related party transactions and instances of supporting group entities at the expense of debt holders are assessed.

Summing Up

ICRA's credit ratings are a symbolic representation of its current opinion on the relative credit risk associated with the instrument being rated. This opinion is arrived at following a detailed evaluation of the entity's business and financial risks, likely cash flows over the life of the instrument being rated, and the adequacy of such cash flows vis-à-vis the entity's debt-servicing obligations. The credit risk profiles of shipping companies are evaluated considering the business risk parameters, including the fleet quality, scale of operations, diversification across business segments, geography and customers; chartering philosophy, fleet utilisation levels, vessel acquisition and disposal philosophy and staffing strategy.

ICRA also looks at the demand-supply dynamics, price volatility and regulatory risks faced by the broader industry. Being a capital-intensive industry, cash flows, capex plans, funding mix and debt repayment commitments are also analysed. The final rating judgment on shipping companies is based on both the quantitative and the qualitative factors mentioned above.

ANNEXURE

Summary of rating factors and an example to illustrate the key building blocks of a credit rating (Shipping)

		Strong			Comfortable			Adequate			Moderate			Weak		
Industry Risk	Industry Position															
	Revenues															
Business Risk	Fleet Size															
	Segment Diversification															
	Fleet Age															
	Contract Structure															
Financial Risk	Leverage															
	Coverage															
		Enhance					Support/ Neutral					Hinder				
Do these factors enhance or hinder the credit profile?	Diversification															
	Refinancing Dependence, Liquidity and Financial Flexibility															
	Currency Risk															
	Financial Policy															
	Management, Governance & Reporting															
		Very High			High					Moderate			Low			
Parent Support	Likelihood of Parent Support															
	Rating of Parent	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B/ C category	
	Final Rating	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B/ C category	

The above graphic is only for illustration purpose and does not represent a rating output from a formulaic model. The ratings assigned by ICRA are determined by Rating Committees based on both quantitative and qualitative considerations

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in and www.icresearch.in

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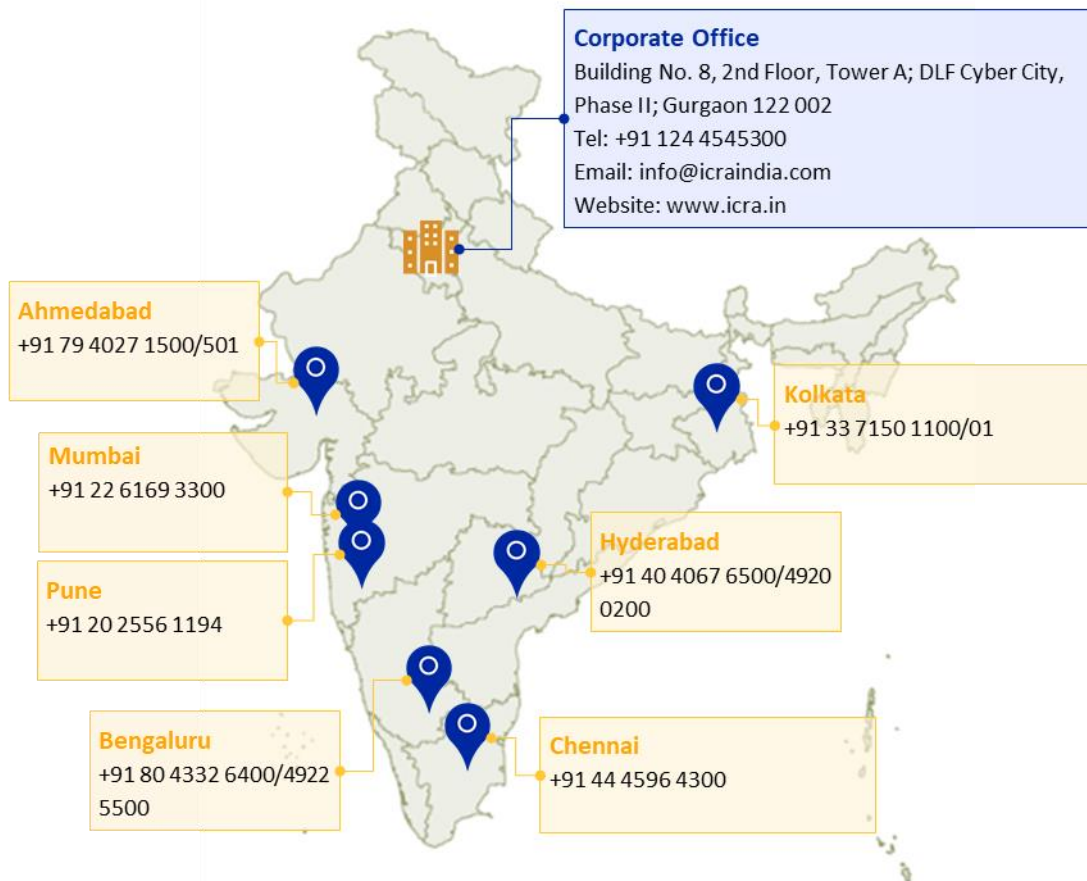
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