

May 17, 2024

Darya Shipping Private Limited: [ICRA]BB- (Stable) Assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Issuer Ratings	-	[ICRA]BB- (Stable); assigned

*Instrument details are provided in Annexure-I

Rationale

The assigned ratings factors in the experience of promoters of Darya Shipping Private Limited (DSPL) in shipping solutions and ship management. The ratings also factor in comfortable financial risk profile characterized by low gearing and healthy coverage metrics. The capital structure for the company remains comfortable with gearing of 0.4 times as on March 31, 2024 and total debt to OPBDITA of 0.5 times in FY2024. The interest coverage remained healthy in FY2024 and is expected to remain comfortable going forward.

The ratings are, however, constrained by modest scale of operations and volatile profitability. The scale of operations remain modest with revenues of ~Rs. 49.3 crore in FY2024. The operating margins have remained volatile over the years although the same witnessed significant improvement in FY2024. The company's ability to sustain improved profitability remains key. The ratings are also constrained by high customer concentration risk with 2-3 customers contributing to entire revenues over the years.

The Stable Outlook on the [ICRA]BB- rating reflects ICRA's opinion that the company will continue to benefit from the extensive experience of the promoters in shipping solutions industry.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in the industry – The company is managed by its founding promoters Mr. Rajesh Deshwal and Mrs. Purnima Singh Deshwal. The promoters have extensive experience of more than one decade in shipping solutions and ship management. The promoters are supported by a group of professionals with expertise in different areas.

Comfortable financial risk profile characterised by low gearing and healthy coverage metrics – The financial risk profile remains comfortable with comfortable capital structure and healthy coverage indicators. The capital structure for the company remains comfortable with gearing of 0.4 times as on March 31, 2024 and total debt to OPBDITA of 0.5 times in FY2024. Going forward, the coverage metrics are expected to remain comfortable.

Credit challenges

Modest scale of operations and volatile profitability – The scale of operations remain modest with revenues of ~Rs. 49.3 crore in FY2024 vis-à-vis ~Rs. 21.7 crore in FY2023 and ~Rs. 129.6 crore in FY2022. Historically, the company's revenue has been low however in FY2022, the company managed higher number of vessels which translated into higher topline for that fiscal. The operating margins have remained volatile over the years although the same witnessed significant improvement in FY2024. The company's ability to sustain improved profitability remains key.

During FY2024, the operating margins of the company were at ~30.7% as against 9.4% in FY2023 and 2.8% in FY2022. The operating profitability is volatile for the company because it depends on contract to contract and will differ from vessel to vessel and owner to owner. The company used to operate only in oil and chemical tanker segment till FY2023, however from FY2024 onwards, the focus has shifted towards operations and maintenance of LPG vessels due to improved profitability in

that segment. The company had entered few high margin contracts in FY2024 pertaining to LPG vessels which resulted in improved profitability for that fiscal.

High customer concentration risk – The company has high customer concentration risk with 2-3 customers contributing to entire revenues over the years. The company has managed vessels of both foreign and Indian entities over the years.

Liquidity position: Adequate

The liquidity is expected to remain adequate owing to expected healthy cash flow from operations, cash and liquid investments of ~Rs. 10.7 crore as on March 31, 2024. In relation to these sources of cash, DSPL does not have any major capex plans and moderate debt repayment obligations at Rs 0.84 crore in FY2025.

Rating sensitivities

Positive factors – The rating could be upgraded in case of significant increase in company's scale of operations while maintaining healthy profitability, debt protection metrics and healthy liquidity position on a sustained basis.

Negative factors – The rating could witness a downward revision in case of any adverse impact on company's revenue/profitability, any large debt funded capex impacting the debt protection metrics and deterioration of liquidity position on sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Darya Shipping Private Limited (DSPL), incorporated in 2017, is a shipping solutions company. DSPL has experience in outsourced management of maritime assets, as well as, technical, workforce and commercial support services. DSPL provides various of customized solutions to ship owners and operators, across the world.

Key financial indicators (audited)

Particulars	FY2023	FY2024*
Operating income	21.7	49.3
PAT	2.0	11.0
OPBDIT/OI	9.4%	30.7%
PAT/OI	9.1%	22.2%
Total outside liabilities/Tangible net worth (times)	3.0	0.4
Total debt/OPBDIT (times)	5.6	0.5
Interest coverage (times)	2.6	18.4

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022
				May 17, 2024	-	-	-
1 Issuer Ratings	Long term	-	-	[ICRA]BB- (Stable)	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Issuer Ratings	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Issuer Ratings	NA	NA	Na	-	[ICRA]BB- (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not applicable

ANALYST CONTACTS

Girishkumar Kadam

+91 22 6114 3441

girishkumar@icraindia.com

B Kushal Kumar

+91 40 69396408

kushal.kumar@icraindia.com

Prashant Vasisht

+91-124-4545 322

prashant.vasisht@icraindia.com

Deep Shailesh Vakil

+91 79 7780 1221

deep.vakil@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

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ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



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