

July 30, 2025

## Chowgule and Company Private Limited: Ratings reaffirmed, outlook revised to Negative from Stable

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term fund based - Term loan	87.68	87.68	[ICRA]A+ (Negative); reaffirmed, outlook revised to Negative from Stable
Long term - Non-fund based	440.00	440.00	[ICRA]A+ (Negative); reaffirmed, outlook revised to Negative from Stable
Short term – Fund based	205.00	205.00	[ICRA]A1; reaffirmed
Short term - Non-fund based	72.03	72.03	[ICRA]A1; reaffirmed
Long term/ Short term - Unallocated limits	195.29	195.29	[ICRA]A+ (Negative)/ [ICRA]A1; reaffirmed, outlook revised to Negative from Stable
<b>Total</b>	<b>1,000.00</b>	<b>1,000.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The revision in the outlook to Negative from Stable on the long-term rating assigned to the bank lines of Chowgule & Company Private Limited (CCPL/the company) factors in the expected moderation in the credit metrics of the company because of an increase in the working capital borrowings for the shipbuilding business and delay in the start of the iron ore dump handling operations. The iron ore dump handling operations were expected to start in thereby providing support to the profitability. However, the operations are now expected to start from October 2025 due to delayed approvals from government authorities. Hence, there would be a modest growth in the overall operating profit in FY2026, largely driven by the shipbuilding business ramp-up and a moderate uptick in the mining segment's profitability. The working capital borrowings have increased in FY2025 and are expected to remain elevated in FY2026 as well, the interest coverage ratio will remain subdued remaining between 2.5x to 3x and witness improvement in FY2027 to around 4x to 5x. However, the ramp-up of the mining operations will remain a key monitorable, going forward. On a consolidated basis, the company has maintained strong liquidity which provides comfort in terms of debt servicing capabilities.

The reaffirmation of the ratings continues to factor in the healthy track record of the company in the shipbuilding business and its strong customer profile. Its order book (standalone) for the shipbuilding business as on June 30, 2025, stands at Rs. 2,261 crore with vessels to be delivered over the course of the next three years, thereby providing revenue visibility. The subsidiary, Chowgule SBD Private Limited, which operates out of the Mangalore shipyard, also has a healthy order book of Rs. 2,330.1 crore as on June 30, 2025, to be executed over the course of the next three years, providing revenue visibility for the subsidiary as well.

The ratings continue to factor in the healthy track record of the company in delivering shipping vessels to its clients and a strong customer profile comprising leading European short sea shipping companies. The company delivered six vessels from CCPL's shipyard in FY2025 and expects to deliver a similar number of vessels in the new fiscal as well. The company has also received regulatory approval for the handling of iron ore dumps from one of the Goa mines. While the mining operations are not expected to materially support the cash generation in FY2026, the company's profitability may improve from FY2027 with a ramp-up in volumes, depending on the prevailing iron ore prices.

The company continues to maintain a strong liquidity profile with cash and liquid investments (consolidated) of Rs. 471.7 crore as on March 31, 2025 (Provisional), indicating a net cash positive position of Rs. 41.9 crores on a consolidated basis.

With the company transitioning to ship building operations wherein it is serving customers in the European markets, the working capital requirements have risen over FY2024 and FY2025, thereby resulting in the increased dependence on the working capital borrowings and moderation in the credit metrics. The consolidated borrowings rose to Rs. 411.93 crore (excluding lease liabilities) as on March 31, 2025, vis-vis Rs. 260.3 crore as on March 31, 2024. As a result, the interest coverage ratio moderated to 2.5x in FY2025 (Prov) while it remained at 0.1x in FY2024 because of subdued profitability in FY2024.

As the Chowgule Group is undertaking a separation of assets under a memorandum of family settlement (MoFS), CCPL provisioned for the assets which are not under its control under the MoFS, thereby lowering its net worth. In FY2024, the company also relinquished its right to develop a coal mine in Madhya Pradesh, resulting in a provisioning of Rs. 105.6 crore (including Rs. 83.98 crore towards bank guarantee submitted for the mining lease). As the company did not find the coal mine development an economically viable project, it decided to give up the project. The overall credit profile thus has moderated with the capitalisation and coverage indicators remaining subdued.

The ratings are constrained by the susceptibility of the company's profitability to the volatility in the raw material prices as the contracts are fixed priced in nature. The company tries to mitigate the raw material price risk by placing orders with the suppliers, providing advances to lock in the prices within a few days of signing the contracts with the customers. The ratings are also constrained by the concentration of the order book among three major customers. Owing to the nature of the shipping industry few players form part of the orderbook. Nevertheless, the concentration of the order book exposes the company to the customer concentration risk as the shipping industry can be cyclical in nature.

On January 11, 2021, the Chowgule Group had announced the restructuring of its businesses into two separate groups by signing the MoFS. As per the restructuring, the family business has been split into two — one headed by Mrs. Padma Chowgule (Group A) and the other by Mr. Vijay Chowgule (Group B). CCPL is the flagship entity of Group A, retaining the mining and the shipbuilding businesses, while the salt business is housed under CCPL as a subsidiary. As confirmed by the CCPL management, the division of the businesses is final between the groups, and the settlement is expected to be closed within FY2026. Nevertheless, ICRA would continue to closely monitor the developments concerning the restructuring and any change in the proposed terms that may have a material impact on the credit profile of CCPL would remain a key rating sensitivity.

## Key rating drivers and their description

### Credit strengths

**Strong customer profile and healthy track record of ship deliveries** – The company largely caters to European customers, which are some of the reputed companies in the shipping industry and receives 2-3 serious enquiries from reputed players for its shipbuilding division and is expecting new orders to come on. The ships built by the company are short sea bulk carriers i.e. mostly used for coastal shipping or between the ports on nearby shores but does not go to oceans. The company delivered six vessels from CCPL's shipyard in FY2025 and expects to deliver similar number of vessels in the upcoming fiscal as well.

**Healthy order book position under shipbuilding provides revenue visibility** – The company has three shipyards in Goa of which two are owned and one is on lease with a total capacity of building seven vessels per annum. The company focuses on sea-going vessels, ranging from 2,000-7,000 DWT dry bulk carriers, multi-purpose vessels and product tankers. The division has orders in hand of ~Rs. 2,261 crore as on June 30, 2025. Total order book includes ~Rs. 1,114.5 crore from Vertom BV for 9 vessels, Rs. 612.7 crore from AtoBatC Shipping AB (ASA) for 6 vessels, ~Rs. 146 crore from Mazagon Dock Shipbuilders and ~Rs. 387.4 crore from Indian Coast Guard for its six hovercrafts to be delivered over the course of the next three years. With significant order flows in the last two years, the revenue from the segment is expected to witness medium-term growth. Going forward, the company is expected to execute the orders in hand from the existing facilities and has no major capex plans.

**Healthy liquidity position** – CCPL's standalone liquidity is expected to remain strong supported by Rs. 375.03 crore of free cash and liquid investments as on March 31, 2025, nil debt repayments as the company prepaid its term debt in FY2025, limited incremental working capital requirements and a capex of around Rs. 20 crore. CCPL's fund-based limits remain utilised up to

95% on an average for the last 12 months ended March 2025 and the company is in the process of getting additional fund-based limits sanctioned.

### Credit challenges

**Susceptibility to order-backed nature of business and customer concentration** – The company's order book remains concentrated towards three major European customers who constitute around 90% of the orderbook. While these are top and reputed players in the European market and have been extending orders to the Group, the susceptibility remains. While there have been no instances of bad debt or cancellation of orders so far, the concentration of the order book exposes the company to the risk of cancellation/delayed offtake of a large part of the order book if a customer faces stress at its own end.

**Vulnerability of operating margin to fluctuations in raw material prices** – The company's profitability is susceptible to the volatility in raw material prices as the contracts are fixed priced in nature. The company tries to mitigate the raw material price risk by placing orders with the suppliers, providing advances to lock in the prices within a few days of signing the contracts with the customers.

### Liquidity position: Strong

CCPL's standalone liquidity is expected to remain strong, supported by Rs. 375.03 crore of free cash and liquid investments as on March 31, 2025, nil debt repayments as the company prepaid its term debt in FY2025, limited incremental working capital requirements and a capex of around Rs. 20 crore. CCPL's fund-based limits remain utilised to the extent of 95% on an average for the last 12 months ended March 2025 and the company is in the process of getting additional fund-based limits sanctioned.

### Rating sensitivities

**Positive factors** – The ratings could be upgraded in a scenario of significant improvement in the profitability resulting in improvement in the leverage and coverage metrics while maintaining a comfortable liquidity position. A key credit metric that may lead to a rating upgrade will be company's ability to maintain interest coverage ratio above 6.0x on a sustained basis.

**Negative factors** – CCPL's rating could face downward pressure in a scenario of a sustained decline in revenue and profitability impacting the leverage and coverage metrics on a sustained basis. Any large debt funded capex and/or increase in working capital cycle, resulting in the weakening of the credit metrics and/or liquidity position may result in rating downgrade.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials for CCPL. The entities forming part of the consolidated financials is given in Annexure-II.

### About the company

CCPL is a part of the more than 100-year-old Goa-based Chowgule Group. The company was established in 1965 for mining and exporting iron ore in Goa. Over the years, the company has forayed into shipbuilding, ship repair, shipping and material handling equipment, along with owning a mining lease in Karnataka. On January 11, 2021, the Chowgule Group (of which CCPL is the flagship company) announced the restructuring of its businesses into two separate groups. Post the restructuring, CCPL will have only the mining and shipbuilding businesses, while the salt business will be operated under the subsidiary, Chowgule & Co (Salt) Private Limited.

## Key financial indicators (audited)

CCPL (consolidated)	FY2023	FY2024	FY2025*
Operating income	433.3	632.6	978.6
PAT	73.5	-240.3	59.0
OPBDIT/OI	11.6%	0.2%	8.3%
PAT/OI	17.0%	-38.0%	6.0%
Total outside liabilities/Tangible net worth (times)	0.4	0.9	1.1
Total debt/OPBDIT (times)	3.8	247.9	5.3
Interest coverage (times)	4.6	0.1	2.5

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: 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

Current (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Jul 30, 2025	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	87.68	[ICRA]A+ (Negative)	Apr-23-24	[ICRA]A+ (Stable)	Jun-09-23	[ICRA]A+ (Stable)	Jan-31-23	[ICRA]A+ (Stable)
				Jul-15-24	[ICRA]A+ (Stable)				
Non-fund based	Long term	440.00	[ICRA]A+ (Negative)	Apr-23-24	[ICRA]A+ (Stable)	Jun-09-23	[ICRA]A+ (Stable)	Jan-31-23	[ICRA]A+ (Stable)
				Jul-15-24	[ICRA]A+ (Stable)				
Fund based	Short term	205.00	[ICRA]A1	Apr-23-24	[ICRA]A1	Jun-09-23	[ICRA]A1	Jan-31-23	[ICRA]A1
				Jul-15-24	[ICRA]A1				
Non-fund based	Short term	72.03	[ICRA]A1	Apr-23-24	[ICRA]A1	Jun-09-23	[ICRA]A1	Jan-31-23	[ICRA]A1
				Jul-15-24	[ICRA]A1				
Unallocated limits	Long term/ Short term	195.29	[ICRA]A+ (Negative)/ [ICRA]A1	Apr-23-24	[ICRA]A+ (Stable)/ [ICRA]A1	Jun-09-23	[ICRA]A+ (Stable)/ [ICRA]A1	Jan-31-23	[ICRA]A+ (Stable)/ [ICRA]A1
				Jul-15-24	[ICRA]A+ (Stable)/ [ICRA]A1				

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based – Term loan	Simple
Long term – Non-fund based	Very Simple
Short term - Fund based	Simple
Short term – Non-fund based	Very Simple
Unallocated limits	NA

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	Term loan- 1	April 2021	NA	March 2026	47.68	[ICRA]A+ (Negative)
NA	Proposed term loans	NA	NA	NA	40.00	[ICRA]A+ (Negative)
NA	Fund-based limits	NA	NA	NA	205.00	[ICRA]A1
NA	Long term: Non-fund based limits	NA	NA	NA	440.00	[ICRA]A+ (Negative)
NA	Short term: Non-fund based limits	NA	NA	NA	72.03	[ICRA]A1
NA	Unallocated limits	NA	NA	NA	195.29	[ICRA]A+ (Negative)/ [ICRA]A1

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

## Annexure II: List of entities considered for consolidated analysis

Company name	CCPL ownership	Consolidation approach
<b>Chowgule and Company Private Limited</b>	Self	Full consolidation
Chowgule and Company (Salt) Private Limited	Subsidiary	Full consolidation
Chowgule SBD Private Limited	Subsidiary	Full consolidation

Source: Company

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