

April 10, 2026

## Apeejay Shipping Limited: Ratings reaffirmed; rated amount enhanced

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term - Fund-based - Cash credit	55.00	55.00	[ICRA]A+(Negative); Reaffirmed
Long-term - Fund-based - Term loan	434.00	543.00	[ICRA]A+(Negative); Reaffirmed/Assigned for enhanced amount
Long-term/Short-term - Non-fund based - Others	2.00	2.00	[ICRA]A+(Negative)/ [ICRA]A1; Reaffirmed
<b>Total</b>	<b>491.00</b>	<b>600.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The rating action factors in ICRA's expectation that the leverage and debt protection metrics of Apeejay Shipping Limited (ASL) are likely to remain moderate due to weaker-than-expected charter rates and an increase in debt, post the acquisition of new vessels. In 9M FY2026 and FY2025, the charter rates remained low because of subdued market conditions amid a challenging geopolitical environment. In recent tenders, however, the charter rates have improved to an extent, which if sustained, are likely to improve the margins in FY2027.

ASL acquired three vessels in FY2026 at an aggregate purchase cost of ~Rs. 270 crore, funded through debt of ~Rs. 217 crore. Further, ASL sold one vessel for Rs. 95 crore. Lower profits and sizeable debt addition have moderated the company's financial risk profile with the interest cover expected at 2.3x and TD/OPBITDA at ~5.5x in FY2026. The metrics are expected to improve from FY2027 with the increase in scale on the back of higher charter days from the vessel additions.

ICRA notes that the company has a bullet repayment of Rs. 34 crore for one of the term loans, due in September 2026, which is expected to be refinanced. The ability of the entity to improve the credit metrics in FY2027 as well as refinance the term loan in a timely manner remains a key monitorable.

The ratings continue to favourably factor in ASL's established track record in the dry bulk shipping business for more than four decades and a healthy relationship with Tamil Nadu Generation and Distribution Corporation (TANGEDCO) and Poompuhar Shipping Corporation (PSC) in coastal coal trade. The shipping industry is inherently cyclical, typically witnessing peak cycles every 5-7 years. Following the peak, the sector remained in a stabilisation phase from FY2025 onwards, with average daily charter rates hovering around USD 12,500-13,000. Recently, the charter rates have firmed up to the range of USD 15,500-16,000 per day, driven largely by supply tightness arising from the ongoing geopolitical disruptions, which have extended the voyage durations and reduced effective vessel availability.

ICRA also notes that a low loan-to-value (LTV) of its fleet at ~58% provides substantial financial flexibility. ICRA has also noted the deleveraging in the Group, has significantly reduced the Group's debt position and improved its financial flexibility.

The ratings also factor in the cyclicity inherent in the shipping business, which is further accentuated by ASL's segmental concentration in the dry bulk business as well as the company's relatively small scale of operations. ICRA also notes that Apeejay Infralogistics Private Limited (AILPL, ASL's subsidiary) refinanced its outstanding loans in FY2025, largely mitigating its refinancing risk. Overall, while the leverage is likely to remain high, the company's cash flow is likely to remain comfortable, relative to its debt service requirements.

The Negative outlook on the long-term rating reflects ICRA's expectation that ASL's leverage and coverage metrics are expected to remain moderate owing to higher debt.

## Key rating drivers and their description

### Credit strengths

**Vast experience in dry bulk shipping industry with established market position in coastal coal trade** - ASL has an extensive operating history, spanning more than five decades. ASL operates entirely in the dry bulk segment, with coal accounting for a significant portion of the total goods carried by the fleet. One ship is under SOP2 Inc (SOP2). The bulk of the domestic ships under ASL are largely involved in coastal coal trade, catering to the demand of TANGEDCO and PSC; the ship under SOP2 mostly operates in international waters. ASL has a healthy relationship with PSC and TANGEDCO in coastal coal trade, where the charter rates have been historically at a premium to the market rates.

**Comfortable LTV and established relationship with banks provides considerable financial flexibility** - The total loan-to-market value of the ships is around 58% at present. This provides considerable financial flexibility. In addition, the scrap value of the ships covers almost 55% of the total outstanding external debt, which also provides comfort. Also, ASL has established relationships with domestic and international banks with a demonstrated ability to refinance debt at attractive terms in the past, which provides comfort.

**Significant reduction in Group's leverage, improving the overall financial profile**- Till FY2021, the stressed performance of Apeejay Tea Limited (ATL) as well as of the Typhoo operations (in the UK) had increased the Group's debt as the losses were largely funded by debt. ATL also sold majority of its gardens in FY2023 and significantly reduced its debt obligations. The IPO in the hotel business resulted in further deleveraging of the Group. Consequently, the Group's overall debt is estimated to have declined substantially in the previous three fiscals.

### Credit challenges

**Moderate leverage and coverage indicators** - In FY2025 and 9M FY2026, the company's shipping business moderated with the operating income at Rs. 275 crore (vis-à-vis Rs.326 crore in FY2024) and Rs .215 crore, respectively. The operating margin stood at 37% in FY2025 (43% in FY2024) and 39% in 9M FY2026. The moderation was primarily on account of lower charter rates. In recent tenders, however, the charter rates have improved to an extent, which if sustained, are likely to improve the margins in FY2027. Nonetheless, in FY2026, ASL acquired three vessels and sold one vessel.

Lower profits and sizeable debt addition have moderated the company's financial risk profile with the interest cover expected at 2.3x and TD/OPBITDA at ~5.5x in FY2026. The metrics are expected to improve in FY2027 with an increase in scale from higher charter days from the vessel additions. The ability of the entity to improve the credit metrics in FY2027 remains a key monitorable.

**Inherent cyclicity in shipping business; segmental concentration risk** - ASL remains exposed to segmental concentration risk as the dry bulk segment accounts for its entire operating income. However, the company is an established player in coastal trade, which provides some comfort. In addition, the charter rates in the dry bulk segment remain comfortable owing to a tightness in the demand-supply situation. While the charter rates had moderated in FY2024 and FY2025, there has been some improvement in the recent tenders.

**Exposed to high client concentration risk** - The client concentration risk is high with five of the eight vessels on the books of ASL standalone deployed with TANGEDCO/PSC. As the coastal business has an elevated working capital requirement, the higher number of ships deployed in that trade increases the company's overall working capital requirements. However, ICRA notes that the logistics services provided by ASL remain critical for the smooth and continued operations of thermal power plants based in Tamil Nadu, thus providing comfort. In addition, given the scope of the global trade of bulk commodities, ASL has the option of deploying a higher number of ships in the sea-borne trade of coal and grains, reducing the client concentration risk.

### Liquidity position: Adequate

The company's liquidity position is adequate on expectation of a healthy fund flow from operations in FY2027 vis-à-vis debt repayment obligations of ~Rs. 100 crore. While the company has a bullet repayment of Rs. 34 crore due in September 2026, it is expected to opt for refinancing. ASL has a demonstrated track record of refinancing its loans in the past (six vessel loans

refinanced in the past). Further, comfort is also derived from the Group's improved credit risk profile. Going forward, ICRA expects ASL's cash flow from operations to remain adequate to meet the debt servicing obligations on expectation of healthy charter rates and profitability.

## Rating sensitivities

**Positive factors** – The long-term rating outlook can be revised to Stable if healthy charter rates are sustained, leading to a steady improvement in the company's leverage and debt coverage indicators.

**Negative factors** – Pressure on ASL's ratings may arise if the credit metrics and return indicators weaken owing to a substantial decline in the charter rates. Besides, any large support to the weaker Group entities may result in a negative rating action. A specific credit metric for downgrade includes total debt/OPBDITA (for consolidated shipping operations) of more than 2.0 times on a sustained basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Shipping</a> <a href="#">Corporate Credit Rating Methodology</a>
Parent/group Support	Not Applicable
Consolidation/standalone	While arriving at the ratings, ICRA has factored in the operational and financial risk profile of ASL along with its overseas shipping subsidiaries. In addition, the likely financial support to the other non-shipping subsidiaries has also been factored in

## About the company

ASL, previously Surrendra Overseas Ltd, incorporated in 1948, is a part of the diversified Kolkata-based Apeejay Surrendra Group. ASL is an established player in the shipping industry in India, with focus on the dry bulk segment. ASL's current fleet includes eight dry bulkers (including one on the books of its 100% subsidiary, SOP2) and one multi-purpose vessel, of which five are dedicated to Poompuhar Shipping Corporation (a public sector undertaking) and Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), on time-charter. The combined strength of ASL's fleet is around 0.61 million DWT (dead weight tonnes).

## Key financial indicators (audited)

Apeejay Shipping Limited (Consolidated)	FY2024	FY2025	9M FY2026*
Operating income	326	275	215
PAT	-13	-115	-20.4
OPBDITA/OI (%)	43%	37%	38%
PAT/OI (%)	-4%	-42%	-
Total outside liabilities/Tangible net worth (times)	0.6	1.0	-
Total debt/OPBDITA (times)	2.4	4.6	-
Interest coverage (times)	3.0	2.3	2.3

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

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: Not applicable**

### Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	April 10, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
<b>Non-fund based - Others</b>	Long-term/ Short-term	2.00	[ICRA]A+(Negative)/ [ICRA]A1	-	-	June 25, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	April 06, 2023	[ICRA]A+ (Stable)/ [ICRA]A1
				-	-	March 19, 2025	[ICRA]A+ (Negative)/ [ICRA]A1	April 21, 2023	[ICRA]A+ (Stable)/ [ICRA]A1
<b>Fund-based - Cash credit</b>	Long-term	55.00	[ICRA]A+(Negative)	-	-	June 25, 2024	[ICRA]A+ (Stable)	April 06, 2023	[ICRA]A+ (Stable)
				-	-	March 19, 2025	[ICRA]A+ (Negative)	April 21, 2023	[ICRA]A+ (Stable)
<b>Fund-based - Term loan</b>	Long-term	543.00	[ICRA]A+(Negative)	-	-	June 25, 2024	[ICRA]A+ (Stable)	April 06, 2023	[ICRA]A+ (Stable)
				-	-	March 19, 2025	[ICRA]A+ (Negative)	April 21, 2023	[ICRA]A+ (Stable)

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based - Cash credit	Simple
Long-term - Fund-based - Term loan	Simple
Long-term/Short-term - Non-fund based - Others	Simple

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/ sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term – Fund based - Cash credit	NA	NA	NA	55.00	[ICRA]A+ (Negative)
NA	Long term – Fund based - Term loan	NA	NA	upto FY2036	543.00	[ICRA]A+ (Negative)
NA	Long term/Short term - Non-fund based - Others	NA	NA	NA	2.00	[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	Ownership	Consolidation approach
Surrendra Overseas (Panama) Inc	100.00%	Full Consolidation
SOP2	100.00%	Full Consolidation
Surrendra Overseas (Singapore) Pte Limited	100.00%	Full Consolidation
Bengal Shipyard Limited	93.75%	Limited Consolidation
Apeejay Infra-Logistics Private Limited (AILPL)	99.00%	Limited Consolidation
Apeejay Logistics Park Private Limited (wholly-owned subsidiary of AILPL)	99.00%	Limited Consolidation
Oceanic Shipyard Limited	93.75%	Limited Consolidation

Source: Annual Report FY2025

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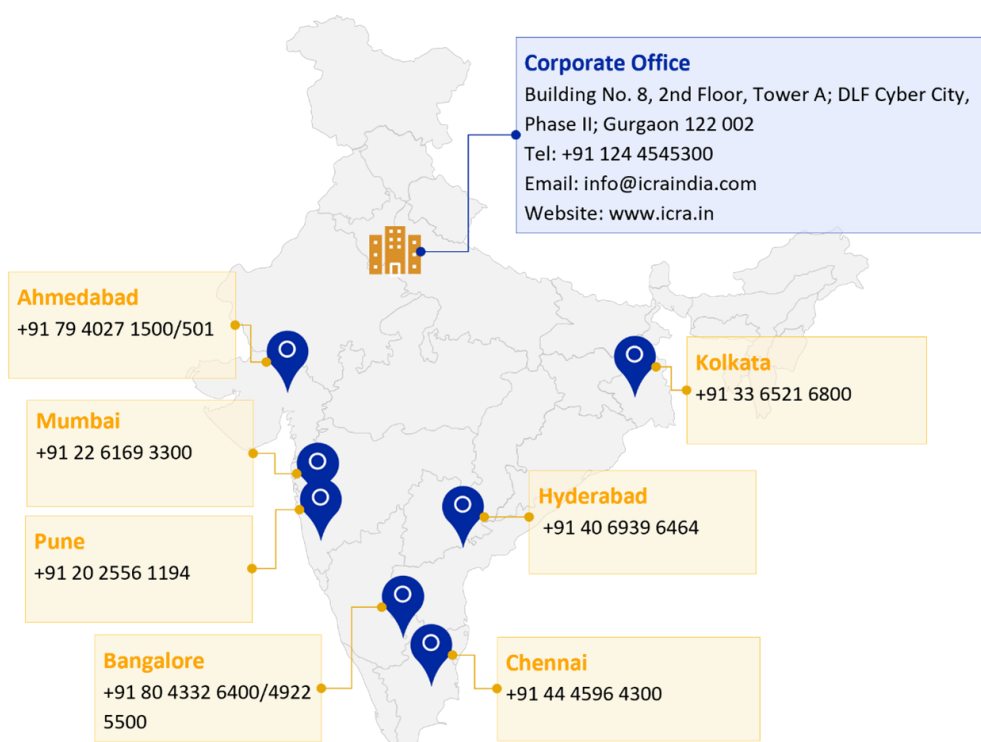
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