



## Press Release

### Rudra Green Ship Recycling Private Limited

March 17, 2025

#### Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term/ Short Term Bank Facilities	125.00	IVR BBB-/ Stable/ IVR A3 (IVR triple B minus with Stable outlook and IVR A three)	-	Rating assigned	Simple
Long Term/ Short Term Bank Facilities	-	-	IVR BBB (CE)*/ Stable/ IVR A3+ (CE)* (IVR triple B (Credit Enhancement) with Stable outlook and IVR A three plus (Credit Enhancement)	Rating withdrawn <sup>#</sup>	Complex
<b>Total</b>	<b>125.00 (INR One hundred and twenty five crore only)</b>				

*\*CE rating based on corporate guarantee of Rudra Global Infra Products Limited*

<b>Unsupported Rating<sup>^</sup></b>	IVR BB+/ Stable (IVR double B Plus with stable outlook)	Rating withdrawn <sup>#</sup>
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*<sup>^</sup>Unsupported issuer rating does not factor in the corporate guarantee*

<sup>#</sup>Infomerics have withdrawn the outstanding long term/short-term rating of IVR BBB (CE)/ Stable/ IVR A3+ (CE) against the unsupported rating of IVR BB+/ Stable assigned to ILC/FLC facility amounting Rs. 88 crore with immediate effect based on No Due Certificate from Punjab National Bank and at the request of the company, and is in line with Infomerics policy on withdrawal.

Earlier, Infomerics had assessed the attributes of the corporate guarantee issued by Rudra Global Infra Products Limited (RGIPL) in favour of lenders who had extended the said facilities. However, the facilities of the erstwhile lender, Punjab National Bank has been taken over by Union Bank of India. Though there is corporate guarantee present from its group company, Rudra Global Infra Products Limited, the same has not been taken into cognisance in the



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current rating exercise since it does not meet all the required guidelines to the satisfaction of Infomerics.

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

### **Detailed Rationale**

The ratings assigned to the bank facilities of Rudra Green Ship Recycling Private Limited (RGSRPL) considers experienced promoters and long track record of operations, conversion of plot into Green Recycling Yard, improvement in financial performance with improvement in profitability metrics in FY24 (refers to period April 1st, 2023, to Mar 31st, 2024) and in 9MFY25 (refers to period April 1st, 2024 to December 31st, 2024) and a favourable location of the yard at Alang. However, these rating strengths are partially constrained due to exposure to cyclicity inherent in the ship breaking industry and the steel industry, exposure to regulatory and environment hazard risk and exposure to foreign currency fluctuation risk.

The long-term rating outlook is Stable on account of expected stable financial performance, along with long experience of the promoters' in the industry.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Growth in scale of business with improvement in profitability metrics thereby leading to improvement in cash accruals and liquidity

#### **Downward Factors**

- Any decline in scale of operations and/or profitability leading to sustained deterioration of liquidity and/or debt protection metrics
- Deterioration in working capital management impacting the liquidity.
- Moderation in capital structure, leverage ratio and coverage indicators

### **List of Key Rating Drivers with Detailed Description**



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### Key Rating Strengths

- **Experienced promoters and long track record of operations**

Rudra Green Ship Recycling Private Limited (erstwhile Harikrishna Steel Corporation (HSC)) has been engaged in the ship breaking business since 1994 and has a long track record of operations in the ship breaking industry. The company is promoted by Mr. Ashok Kumar Gupta who has more than 30 years of experience in the Steel sector and entered into ship breaking in 1994. The day-to-day affairs of the company are looked over by his son Mr. Sahil Gupta along with a team of experienced professionals.

- **Conversion of plot into Green Recycling Yard**

RGSRPL's plot has been converted into a Green Recycling (Guidelines for Safe and Environmentally Sound Ship Recycling) yard in May 2017 to be compliant with International Maritime Organisation's, Hong Kong Convention, which will enhance the ship procurement capabilities and ensure that the ship breaking procedure does not pose any unnecessary risk to human health, safety and environment.

- **Improvement in financial performance with improvement in profitability metrics in FY24 and 9MFY25**

The topline of the company improved to Rs. 179.51 crore in FY24 from Rs.133.34 crore in FY23 (refers to period April 1st, 2022, to Mar 31st, 2023) registering a y-o-y growth of ~35% due to increase in the demand for steel. EBIDTA increased to Rs. 8.48 crore in FY24 from Rs.3.67 crore in FY23 due to rise in the revenue of the company. While PAT improved to Rs.5.53 crore in FY24 from Rs.2.46 crore in FY23. EBIDTA margin improved to 4.72% in FY24 from 2.75% in FY23. PAT margin improved to 3.06% in FY24 from 1.83% in FY23 due to reduction in interest expenses with decrease in the interest rate and lower utilisation of the limits throughout the year. Further in 9MFY25 EBITDA margin increased to 5.91% from 3.94% in 9MFY24 (refers to period April 1st, 2023, to Dec 31st, 2023).

- **Favourable location of the yard at Alang**

The company operates in the Alang ship recycling yard, which already has several re-rolling mills and steel profile cutters, and therefore, has a ready market for its products. Also, Alang constitutes nearly 90% of India's ship-breaking activities and is the country's largest ship-breaking cluster. The unique geographical features include a high tidal range, a wide continental shelf, an adequate slope, and a mud-free coast. These conditions are ideal for a wide variety of ships to be beached easily during a high tide.



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### Key Rating Weaknesses

- **Exposure to cyclical nature inherent in the ship breaking industry and the steel industry**

The ship breaking industry is cyclical in nature as supply of old ships for recycling is inversely proportional to freight rates in the global economy. These freight rates take into account the global demand for seaborne transport and supply of new vessels which in turn depends on global merchandise trade. Better availability of old ships for recycling is ensured at the time of recession and when freight rates are low which makes it economical to dismantle the ship rather than continue to operate it. Further, RGSRL's fortunes depend on the steel industry and therefore it is vulnerable to the cyclical nature associated with the steel industry.

- **Exposure to regulatory and environment hazard risk**

The ship-breaking industry in the Alang-Sosiya belt of Gujarat is highly regulated with strict working and safety standards to be maintained by the ship-breakers for their labourers and environmental compliance. Furthermore, the industry is prone to risks related to pollution as it involves dismantling of ships which contain various hazardous substances like lead, asbestos, acids, hazardous paints, etc.

- **Exposure to foreign currency fluctuation risk**

The company uses Letter of Credit (LC) to purchase old ships. Since the transactions are denominated in foreign currency, the company is exposed to forex risk, as the company's revenue is denominated in Indian Rupee (INR). However, the company hedges its forex risk by taking forward cover, which mitigates its risk to forex fluctuations to an extent.

### Analytical Approach: Standalone

(Reason for change in approach: Earlier, Infomerics had assessed the attributes of the corporate guarantee issued by Rudra Global Infra Products Limited (RGIPL) in favour of lenders who had extended the said facilities. However, the facilities of the erstwhile lender, Punjab National Bank has been taken over by Union Bank of India. Though there is corporate guarantee present from its group company, Rudra Global Infra Products Limited, the same has not been taken into cognisance in the current rating exercise since it does not meet all the required guidelines to the satisfaction of Infomerics.)

### Applicable Criteria:



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[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning Rating Outlook](#)

[Policy of default recognition](#)

[Criteria on complexity](#)

[Policy on withdrawal of ratings](#)

### **Liquidity – Adequate**

The liquidity position of the company is expected to remain adequate on account of its adequate expected accruals as against repayment obligations over the projected tenure of FY25 to FY27. Moreover, the company's fund-based utilisation was moderate at ~51% for the past twelve months through January 2025. The company has no capex plans and so there will be no debt loading thus cash flow liquidity will remain in the company.

### **About the company**

Rudra Green Ship Recycling Private Limited (RGSRPL), formerly known as Harikrishna Steel Corporation (HSC) was established in 1994 as a partnership firm. In June 2018, the firm was converted into a private limited company with the current name. RGSRPL is a part of the M.D. Group of Bhavnagar, Gujrat and is engaged in ship recycling activities. The company operates from the Alang Ship Breaking Yard in Bhavnagar, Gujrat. RGSRPL's operations are carried out at the premises leased out by the Gujarat Maritime Board in Bhavnagar.

### **Financials (Standalone):**

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	133.34	179.51
EBITDA	3.67	8.48
PAT	2.46	5.53
Total Debt	8.41	0.59
Tangible Net Worth	24.94	30.48
EBITDA Margin (%)	2.75	4.72
PAT Margin (%)	1.83	3.06
Overall Gearing Ratio (x)	0.34	0.02





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Interest Coverage (x)	4.14	4.38
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\* Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** CRISIL has maintained the company in "Issuer not Cooperating" category due to non-availability of information via PR dated October 28, 2024.

**Any other information:** Nil

**Rating History for last three years:**

-	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years				
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-2024	Date(s) & Rating(s) assigned in 2022-2023		Date(s) & Rating(s) assigned in 2021-2022	
					December 28, 2023	January 23, 2023	August 4, 2022	January 4, 2022	May 6, 2021
1	ILC/FLC	Long Term/ Short Term	-	Withdrawn		IVR BBB-/ (CE)/ Stable / IVR A3 (CE)	IVR BB+ (CE)/ Positive / IVR A4+ (CE)	IVR BB+ (CE)/ Positive / IVR A4+ (CE)	IVR BB (CE) Issuer Not Cooperating / IVR A4 (CE) Issuer Not Cooperating *
2	ILC/FLC	Long Term/ Short Term	125.00 <sup>#</sup>	IVR BBB-/ Stable/ IVR A3	-	-	-	-	-
3	Proposed ILC/FLC	-	-	-	-	-	Withdrawn		

\*Issuer did not cooperate; based on best available information.

<sup>#</sup>CC of Rs. 20.00 crore is a sublimit and BG for Trade credit of Rs. 125 crore is a sublimit

### Analytical Contacts:

Name: Sandeep Khaitan

Tel: (033) 46022266

Email: [sandeep.khaitan@infomerics.com](mailto:sandeep.khaitan@infomerics.com)



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### About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) (formerly Infomerics Valuation & Rating Pvt Ltd) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
ILC/FLC	-	-	-	-	125.00*	IVR BBB-/ Stable/ IVR A3
ILC/FLC	-	-	-	-	-	Withdrawn

\*CC of Rs. 20.00 crore is a sublimit and BG for Trade credit of Rs. 125 crore is a sublimit



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**Annexure 2: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-rudragreen-mar25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated analysis: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

