

Diamond Industries Shipbreaking Private Limited

July 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	125.00	CARE BB+; Negative / CARE A4+	Reaffirmed; Outlook revised from Stable
Short Term Bank Facilities	2.50	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Diamond Industries Shipbreaking Private Limited (DSPL) continue to remain constrained due to fluctuating scale of operations depending upon availability of ships for recycling, moderate profitability, net worth and debt coverage indicators. The total operating income (TOI) reduced during FY25 (Provisional; period refers from April 01 to March 31) owing to unavailability of ships for recycling amid overall subdued performance in ship breaking industry. Ratings further continue to remain constrained owing to presence in cyclical and competitive ship recycling industry and its exposure to adverse movement in steel prices and forex rates. The ratings, however, continue to derive strength from adequate liquidity, extensive experience of promoters in the industry, presence at Alang-Sosiya region in Gujarat and RINA and NK Class certification.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations marked by TOI above Rs.150 crore along with improvement in PBILDT margin of more than 4% on sustained basis
- Improvement in LC coverage ratio above 1.75 times on sustained basis

Negative factors

- Decrease in TOI below Rs.50 crore on a sustained basis with PBILDT margin below 1%
- Deterioration of LC coverage ratio below 1.10
- Any further withdrawal of unsecured loans by promoters

Analytical approach: Standalone

Outlook: Negative

CARE Ratings Limited (CareEdge Ratings) has revised the outlook to 'Negative' from 'Stable' in view of DSPL's subdued operating performance with industry wide non-availability of ships for recycling. However, the outlook may be revised to stable on the back of availability of ships for recycling with revival of the ship recycling industry and infusion of funds by promoters in way of unsecured loans to support company operations.

Detailed description of key rating drivers:

Key weaknesses

Decline in scale of operations and moderate profitability

Scale of operations deteriorated marked by TOI of Rs.48.00 crore in FY25 as against Rs.106.54 crore in FY24 due to unavailability of ships for cutting owing to subdued industry performance. However, material cost significantly reduced during FY25, improving profitability margins marked by PBILDT margin of 2.51% as against 0.86% during FY24 and PAT margin of 0.56% as against 0.37% during FY24. However, PAT remained moderate in absolute terms at Rs.0.27 crore as against Rs.0.40 crore during FY24.

Moderate net worth base and debt coverage indicators

Overall gearing remained at 0.60x as on March 31, 2025, as against 0.08x as on March 31, 2024. Net worth remained at Rs.9.66 crore as on March 31, 2025, as against Rs.16.72 crore as on March 31, 2024, including unsecured loans of Rs.7.33 crore as quasi equity in FY24. Outstanding LC balance remained nil as on March 31, 2025, however, it remained at Rs.31.64 crore as on May 02, 2025, with the purchase of new ship in current financial year. Further, debt coverage indicators remained moderate during FY25, marked by interest coverage ratio of 0.99x as against 0.60x during FY24. TDGCA stood at 11.63x for FY25.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Cyclical and competitive 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 of 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. The ship-breaking activity depends upon the prices of old vessels (which depends on international trade volumes and regulations governing plying of ships) as well as price of steel, as the scrap generated from ship breaking activity is used for making steel, which competes with the price of steel made from other routes (primarily from iron ore through blast furnace route).

The movement in the freight prices is indicated by the Baltic Dry Index (BDI), basically a shipping and trade index. Other indices include the Baltic Dirty Tanker Index (BDT) and Baltic Clean tanker (BCT) index which is linked to freight prices of oil tankers. The Baltic Dry Index, which serves as one of the major freight indices, improved post Q4FY25 indicating less availability of ships for breaking.

Exposure to adverse movement in steel prices and forex rates

The ship-breaking industry 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. that have to be properly disposed-off as per the regulatory guidelines. Government of India enacted the Recycling of Ships Act, 2019 ("Act"). The preamble of this Act mentions that it is an Act to provide for the regulation of recycling of ships by setting certain standards and laying down the statutory mechanism for enforcement of such standards and related matters. The Act imposes a statutory duty on ship recyclers to ensure safe and environmentally sound removal and management of hazardous materials from a ship. It further imposes an obligation on a ship recycler to ensure that there is no damage caused to the environment in any form due to the recycling activities at the ship recycling facility. Thus, any adverse circumstances or event may affect business operations of entities.

Key strengths

Experienced Management

DSPL's operations are managed by Mr. Ajay Jain and Mr. Akshay Jain who holds vast experience of more than three decades in steel industry. They have established Diamond Group of Industries engaged into ship breaking since 1990 and steel rolling mill (1984-1990). Further, Mr. Ajay Jain and his son Mr. Akshay Jain are also associated with DTPPL which was incorporated 2010. Directors are also supported through well qualified and experienced staff to support day-to-day operations of the business.

Location of yard at Alang which has unique geographical features suitable for ship-breaking operations

DSPL's ship breaking yards are located at Alang-Sosiya belt which is considered to be one of the world's largest ship-breaking yards and caters to nearly 90% of India's ship-breaking activity. The unique geographical features of the area, including a high tidal range, wide continental shelf, 15-degree slope, and a mud free coast, are ideal for even large sized ships to be beached easily during high tide. It accommodates nearly 140 plots spread over around 10 km long stretch along the sea coast of Alang.

RINA and NK Class certification

Various agencies including Indian Register of Shipping (IRS), NK and RINA certify the operations of the ship-breaking yards from the environmental and worker safety points of view, including secure management of hazardous waste generated from the ship-breaking activities. Some of these certifications are carried after an audit as per the guidelines laid down by the Hong Kong Convention of the International Maritime Organization (IMO) in 2009 and that under European Union regulations. DSPL has RINA and NK class certification. Certification gives ship recycler an advantage to source ships at marginally better prices compared with market rates.

Liquidity: Adequate

DSPL's liquidity continued to remain adequate owing to low working capital utilisation and moderate operating cycle. Over the past twelve months ended June 2025, the combined maximum fund-based and non-fund based working capital utilization remained low ~15%. Operating cycle stood at 63 days during FY25 as against 39 days during FY24. The liquidity ratios also remained strong as on March 31, 2025. However, the same is not sustainable since it depends mainly on outstanding inventory, free cash and bank and total debt amount. Company reported GCA of Rs.0.50 crore during FY25 with no repayment obligations arising for FY26. Cash and bank balance stood at Rs.0.16 crore as on March 31, 2025.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

Diamond Industries Shipbreaking Private Limited (DSPL) was initially established as partnership firm "Diamond Industries" in 1982 by Mr. Ajay Kumar Jain and Mr. Akshay Jain. Ship breaking activity commenced from 1995 onwards (earlier engaged was functioning as rolling mill). Recently, it got converted into Private Limited Company from May 17, 2023, and changed the name to current name. DSPL is engaged in ship-breaking activity at a plot of 52*110 sq meters (frontage is 52 meters) in the Alang - Sosiya belt of Bhavnagar region in Gujarat. The firm is currently managed by Mr. Ajay Kumar Jain, Mr. Akshay Jain and Mrs. Rachana Ajaykumar Jain. Directors have experience of almost three decades in the ship-breaking industry. The ship breaking facility of DSPL is NK and RINA Class certified.

DSPL's group entity, Diamond TMT & Procon Pvt Ltd (DTPPL) (rated: CARE BB+; Stable/ CARE A4+) is a steel rolling mill for manufacturing Thermo-mechanically treated (TMT) bars, MS round bars, MS Flat, MS Square etc. with an installed capacity of 108000 Metric Tonnes per annum (MTPA) having application in construction and infrastructure industry.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (P)
Total operating income	106.54	48.00
PBILDT	0.92	1.21
PAT	0.40	0.27
Overall gearing (times)	0.08	0.60
Interest coverage (times)	0.60	0.99

A: Audited P: Provisional; Note: these are latest available financial results

Status of non-cooperation with previous CRA:

Brickwork had reviewed the ratings of DSPL, under "Issuer Not cooperating" category vide its press release dated July 01, 2025, on account of its inability to carry out a rating surveillance in the absence of the requisite information from the company.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	125.00	CARE BB+; Negative / CARE A4+
Non-fund-based - ST-Forward Contract		-	-	-	2.50	CARE A4+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	125.00	CARE BB+; Negative / CARE A4+	-	1)CARE BB+; Stable / CARE A4+ (24-Jul-24)	1)CARE BB+; Stable / CARE A4+ (07-Jul-23)	-
2	Non-fund-based - ST-Forward Contract	ST	2.50	CARE A4+	-	1)CARE A4+ (24-Jul-24)	1)CARE A4+ (07-Jul-23)	-

ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
2	Non-fund-based - ST-Forward Contract	Simple

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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