Green Tara Recycler LLP

July 16, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term / Short Term Bank Facilities	114.00	CARE BB; Stable / CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

For arriving at the ratings of Green Tara Recycler LLP (GTRL), CARE Ratings Limited (CareEdge Ratings) has taken a combined analytical view of GTRL and its group entities – Khushboo India Private Limited (KIPL) and Kiran Ship Breaking Company (KSB), together referred to as the Kiran Group (KG), due to their common promoter group, presence in similar lines of business, and financial as well as operational linkages.

Ratings assigned to bank facilities of KG remain constrained by its fluctuating, though moderate, scale of operations and profitability along with moderate capital structure and weak debt coverage indicators. The ratings further remain constrained due to the limited liability partnership nature of GTRL's constitution, susceptibility of profitability to adverse movements in metal prices (mainly steel) and forex rates, and its presence in a cyclical and competitive ship-breaking industry, which is also exposed to high regulatory and environmental hazard risks, along with competition from global peers.

The ratings, however, derive strength from the resourceful promoters and their extensive experience in the ship-recycling industry and the location of the yard at Alang — which has unique geographical features suitable for ship-recycling operations. Further, there is moderate revenue visibility due to ships purchased during the current financial year by KG.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations with Total operating income (TOI) of more than Rs. 150 Crore with Profit Before Interest, Lease Rental, Depreciation and Tax (PBILDT) margin above 7% on sustained basis.
- Improvement in Letter of Credit (LC) coverage above 1.50x on sustained basis.

Negative factors

- Decrease in TOI below Rs.50 crore on a sustained basis with PBILDT margin below 5% on sustained basis.
- Withdrawal of capital or net losses leading to decline in net worth.
- Decline in LC coverage below 1.10x on sustained basis.

Analytical approach: Combined

For arriving at the ratings of GTRL, CareEdge Ratings has taken a combined analytical view of GTRL and its group entities –KIPL and KSB, together referred to as the Kiran Group (KG), due to their common promoter group, presence in similar lines of business, and financial as well as operational linkages.

Outlook: Stable

CareEdge Ratings believes that KG shall sustain its operations over the medium term and continue to reap benefit from the extensive experience of the promoters in the industry along with location advantage with presence in one of the largest ship-breaking yards.

Detailed description of key rating drivers:

Key weaknesses

Fluctuating though moderate scale of operations and profitability

KG's revenue remains fluctuating depending upon the availability of ship for dismantling. The group reported TOI of Rs.61.92 crore during FY25 against Rs.123.27 crore during FY24 (Rs.97.57 crore in FY23) from ship recycling activities. During Q1FY26, the group reported revenue of Rs.43.48 crore. Further, as on March 31, 2025, the group had outstanding inventory of 12,785 MT with major portion held by KIPL of 12,635 MT having total value of ~Rs.52 Crore. The group has also purchased a ship of ~6,258 MT having total value of ~27 crore in GTRL during Q1FY26, which provides revenue visibility in the medium term.

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

The profitability of the group remained volatile over the last five years ended March 31, 2025, marked by PBILDT margin ranging from 3.5% to 6%, except in FY22, which was impacted by fluctuating scrap prices.

Moderate Capital Structure and weak debt coverage indicators

Capital structure of KG remained moderate marked by overall gearing of 2.44x as on March 31, 2025, against 0.51x as on March 31, 2024. The moderation was on account of outstanding LC as on March 31, 2025, for purchase of ship under KIPL. LC coverage ratio of the group remained adequate at 1.16x as on March 31, 2025 (4.57x as on March 31, 2024). Further, networth base of the group remained moderate at Rs.33.11 crore as on March 31, 2025 (PY: Rs.33.93 crore).

During FY25, KG's debt coverage indicator remained weak marked by TDGCA of 33.72x as on March 31, 2025, as against 10.02x as on March 31, 2024, and interest coverage ratio of 1.47x as on March 31, 2025, against 1.14x as on March 31, 2024.

Limited liability partnership nature of constitution

GTRL is a limited liability partnership which restricts its financial flexibility and there is an inherent risk of withdrawal of capital by the partners from the firm. Distribution of profits of the business by way of withdrawal from partners can adversely impact net-worth base and capital structure of the entity.

Exposure to adverse movement in steel prices and forex rates

The volatility in steel prices driven by demand and supply conditions in the global as well as local markets exposes KG to any adverse price movement on the uncut ship inventory (which depends on the time elapsed since the purchase of the ship and the size/tonnage of the ship) as well as unsold inventory of steel scrap held by the entity (which is generally minimal). The entity uses LC facility to purchase old ships. Since the transactions are denominated in foreign currency, the entity is exposed to forex risk during the LC Usance period, as the entity's revenue is denominated in Indian Rupee (INR).

Cyclicality associated with ship recycling industry coupled with competition from global peers

The ship recycling 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 consider 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. Further, Indian ship-recycling yard face intense competition from the neighbouring countries like Bangladesh and Pakistan.

Exposure to regulatory and environment hazard risk

The ship-recycling industry is highly regulated with strict working and safety standards to be maintained by the ship-recyclers for their labourers and environmental compliance. Further, Government of India enacted the Recycling of Ships Act, 2019 ("Act") 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. Thus, if any adverse circumstances or event may affect business operations of entities.

Key strengths

Experienced and resourceful promoters

The operations of KG are controlled and managed by Mr. Ramkrishan Jain, his two sons — Mr. Vishal Jain and Mr. Saurabh Jain — and his brother, Mr. Vipan Kumar Jain, who bring over three decades of experience in the steel and ship-breaking industries.

The promoters are also engaged in related businesses through group entities. Shree Electromelts Limited (SEL) engages in the manufacturing of LAM coke and mild steel ingots, while Shree Food Processors (SFP), engaged in the processing of cashew nuts. The promoters have also demonstrated their commitment to the group by infusing equity and providing unsecured loans to meet the operational and financial needs of these entities. As of March 31, 2025, the group's outstanding amount of unsecured loans stood at ₹5.01 crore.

Location of yard at Alang having unique geographical features suitable for ship-recycling Operations

KG's ship recycling yard is located at Alang-Sosiya belt, which constitutes ~90% of India's ship-recycling activities and it is India's largest ship-recycling cluster. The unique geographical features of the area include a high tidal range, wide continental shelf, adequate slope, and a mud free coast. These conditions are ideal for a wide variety of ships to be beached easily during high tide. The cluster accommodates nearly 170 plots spread over around 10 km long stretch along the seacoast of Alang-Sosiya (Source: Gujarat Maritime Board). KG has three plot to conduct its ship recycling business at Alang which is leased out by Gujarat Maritime Board (GMB) having frontage of 90 meters in GTRL, 65 meters in KIPL and 30 meters in KSB.

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

Liquidity: Stretched

KG's liquidity remained stretched marked by low cash accruals, low cash and liquid investments and moderate liquidity ratios. The group has reported GCA of Rs.2.40 crore during FY25 (Rs.1.73 crore in FY24). Current ratio and the quick ratio for KG stood at 0.92 times and 0.24 times respectively as on March 31, 2025 (1.37 times and 0.62 times respectively as on March 31, 2024). Free cash & bank balance and liquid investments remained at Rs.2.11 crore as on March 31, 2025 (Rs.0.52 crore as on March 31, 2024). However, there are no long-term debt repayment obligation for the group.

Assumptions/Covenants

Environment, social, and governance (ESG) risks: Not applicable

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
Consolidation

About the company and industry

Industry classification

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

Green Tara Recycler LLP (GTRL) was established in May 2023 as a limited liability partnership and is engaged in ship recycling activity at its plot having frontage of 90 metres at the Alang-Sosiya belt of Bhavnagar region in Gujarat. The firm is managed by Shri Ramakrishna Jain and family who is having have more than three decades of experience in the ship recycling industry through its group entities Khushboo India Private Limited (KIPL) and Kiran Ship Breaking Company (KSB). GTRL's yard is RINA class certified and in the process of obtaining NK class certification.

Combined - KG

Brief Financials (₹ crore)	March 31, 2023 (UA)	March 31, 2024 (UA)	March 31, 2025 (Prov.)
Total operating income	97.57	123.27	61.92
PBILDT	3.98	5.10	3.75
PAT	2.25	1.46	2.07
Overall gearing (times)	0.26	0.51	2.44
Interest coverage (times)	2.99	1.14	1.47

UA: Unaudited; Prov.: Provisional; Note: 'the above results are latest financial results available'
Audited financials for FY23 and FY24 and provisional financials for FY25 for respective entities combined by CareEdge Ratings on a line-by-line basis.

GTRL

Brief Financials (₹ crore)	March 31, 2025 (P)
Total operating income	23.92
PBILDT	0.46
PAT	0.11
Overall gearing (times)	1.03
Interest coverage (times)	1.51

Prov.: Provisional; Note: 'the above results are latest financial results available'
Operationalised from April 2024.

Status of non-cooperation with previous CRA: Not applicable

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
LT/ST Fund-based/non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	114.00	CARE BB; Stable / 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	114.00	CARE BB; Stable / CARE A4				

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

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Green Tara Recycler LLP	Full	These entities being engaged in the same line of business, i.e., ship recycling with common promoter group, and financial and operational linkages.
2	Khushboo India Private Limited	Full	
3	Kiran Ship Breaking Company	Full	

Note on complexity levels of rated instruments: CareEdge 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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