

## Anupama Steel Limited

August 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term / Short-term bank facilities	125.00	CARE BBB; Stable / CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

For arriving at ratings of Anupama Steel Limited (ASL), CARE Ratings Limited (CareEdge Ratings) has considered the combined financial and business risk profiles of ASL, Mahavir InductO-Melt Private Limited (MIMPL; rated 'CARE BBB; Stable/ CARE A3'), Puneet Industries Private Limited (PIPL; rated 'CARE BBB; Stable/ CARE A3'), M. K. Shipping and Allied Industries Private Limited (MKSAIPL; rated 'CARE BBB; Stable/ CARE A3'), and Mahavir Rolling Mill LLP (MRML; rated 'CARE BBB-; Stable/ CARE A3'), henceforth referred to as Mahavir Group (MG). All five entities operate in the similar line of business and are owned and operated by a common promoter.

Ratings assigned to bank facilities of MG continue to derive strength from the promoters' extensive experience in the ship-recycling industry, its presence at the Alang-Sosiya region, which is one of the largest ship-recycling yards of the world, and various certification for the green recycling. Ratings continue to consider its moderate scale of operations and profitability, moderate capital structure and debt coverage indicators, and adequate liquidity.

However, ratings continue to remain constrained considering exposure to the volatile raw material and forex rates, presence in the cyclical ship-recycling industry, and exposure to the regulatory and the environmental hazard risk.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Substantial growth in scale of operations of MG with interest coverage of over 5x on a sustained basis.
- Improvement in letter of credit (LC) coverage ratio of MG beyond 1.50x on a sustained basis.

#### Negative factors

- Decline in the scale of operation of MG below ₹200 crore with profit before interest, lease, depreciation and tax (PBILDT) margin below 2.50% on a sustained basis.
- Deterioration in LC coverage ratio of MG below 1.15x on a sustained basis.
- Any major diversion of funds to non-core business operations impacting the liquidity.

### Analytical approach: Combined

For arriving at the credit rating, CareEdge Ratings has combined the operational and financial risk profiles of ASL, MIMPL, MKSAIPL, PIPL, and MRML [together referred to as MG]. All five entities operate in the similar line of business and are owned and operated by a common promoter and has cash flow fungibility. List of combined entities is mentioned as Annexure-6.

### Outlook: Stable

The outlook on the long-term rating of ASL is 'Stable', as the entity derives benefit from the promoters' extensive industry experience and its location advantage with presence in the Alang-Sosiya region.

### Detailed description of key rating drivers:

#### Key strengths

##### Favourable location of ship-recycling yards

MG's ship-recycling yards are located at the Alang-Sosiya belt, which is one of the world's largest ship-recycling yards and caters to nearly 90% of India's ship-recycling activity. The unique geographical features of the area, including a high tidal range, wide continental shelf, adequate slope, and a mud-free coast, are ideal for even large-sized ships to be beached easily in high tide. It accommodates nearly 170 plots spread over ~10-km-long stretch along the seacoast of Alang. Out of four plots in the group, MG owns one of the five largest-sized plots in the yard having 120 metres (V-5) frontage in MIMPL suitable for recycling larger ships. Multiple yards with different frontage provided flexibility in buying different types/size of ships for recycling.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

Under MG, ASL, PIPL and MIMPL have IRS and NK class certifications, while MKSAIPL has IRS class certification. Also, ASL and MIMPL have been issued Statement of Compliance (SoC) from IR Class for Hong Kong Convention Compliance.

### **Moderate scale of operations and profitability**

Over the years, total operating income (TOI) of MG remained volatile depending upon the availability of ship for cutting and the volatility associated with steel prices. Apart from ship-recycling, MG is also engaged in trading of steel products, which is largely carried out under ASL, the scale of which remained fluctuating.

TOI of MG moderated by ~18% y-o-y from ₹450.59 crore in FY24 to ₹371.43 crore in FY25 majorly due to moderation in the trading sales income. However, TOI from ship-recycling business increased by 9% y-o-y and that from rolling mill segment remained largely stable in FY25. This is despite muted industry scenario where overall ship-recycling industry has been reeling under impact of slowdown with significant decline in the numbers of ship arrival from recycling at Alang.

Profitability of MG remained moderate marked by PBILDT margin and profit after tax (PAT) margin of 2.23% and 1.39%, respectively, in FY25 compared to 2.61% and 1.33% in FY24.

On standalone basis, ASL reported TOI of ₹131.89 crore (FY24: ₹210.69 crore). Moderation in TOI was considering decrease in trading income in FY25. PBILDT margin improved to 8.81% in FY25 (FY24: 5.33%). It reported gross cash accruals (GCA) of ₹1.45 crore in FY25 (FY24: ₹1.24 crore).

### **Moderate capital structure and debt coverage indicators**

MG has a moderately leveraged capital structure marked by an overall gearing of 1.10x as on March 31, 2025 (0.93x as on March 31, 2024). Moderation in the overall gearing y-o-y was due to increase in working capital borrowings.

MG maintains liquidity in terms of free cash and fixed deposits, adjusted for which, its overall gearing (total debt after netting off lien marked FDs, the free cash and bank balance) remained low at 0.29x as on March 31, 2025 (0.33x as on March 31, 2024). MG's tangible net worth remained healthy at ₹171.92 crore as on March 31, 2025.

Debt coverage indicators of MG remained moderate marked by total debt to GCA (TD/GCA) and PBILDT interest coverage ratio of 28.62x and 0.58x, respectively, in FY25 compared to 21.67x and 0.82x, respectively, in FY24. PBILDT interest coverage remained below unity in FY24 and FY25 due to moderation in the profitability. However, the group, leveraging its surplus liquidity, generates interest income by extending short-term loans and advances to third parties. MG earned interest income (considered as non-operating) of ₹14.12 crore in FY25 (FY24: ₹11.41 crore).

On standalone basis, ASL's capital structure stood moderate marked by overall gearing of 4.50x (5.30x as on March 31, 2024) and adjusted overall gearing of 4.29x (5.04x as on March 31, 2024) as on March 31, 2025. Debt coverage indicators also remained moderate marked by PBILDT interest coverage and TD/GCA of 1.05x (FY24: 1.05x) and 79.84x (FY24: 106.56x), respectively, in FY25.

### **Experienced promoter group**

MG is managed by the Bansal family based out of Bhavnagar, Gujarat. The promoter, Kishorechand Bansal, has over three decades of experience in the ship-recycling industry and is also actively involved in the group's day-to-day operations. He is well supported by his son, Moulik Bansal, along with family and relatives, including Puneet Diwanji and Shrenik Diwanji. The ship-recycling activity of MG is carried out at the premises leased out by Gujarat Maritime Board (GMB) in the Alang-Sosiya belt of Gujarat. The group has recycled over 200 ships as on March 31, 2025, with capacity ranging from 10,000 light deadweight tonnage (LDT) to very large crude carriers (VLCC) of ~24,000 LDT.

### **Stable outlook for the industry**

The outlook for the domestic ship-recycling industry in the long run remains stable backed by steadily growing demand of the steel and steel products with growing domestic consumption. National Steel Policy of the Government envisages the development of a technologically advanced and globally competitive steel industry that promotes self-sufficiency in steel production. It aims to achieve crude steel production capacity of 300 million tonnes (MT) by FY30-FY31 and the secondary steel sector in India will play a crucial role in the same as it fulfils the domestic steel demand by 1-2%.

## Key weaknesses

### Exposure to adverse movement in steel prices and forex rates

Steel prices are inherently volatile, influenced by global and domestic demand-supply dynamics. This exposes ship recyclers such as MG to adverse price movements on uncut ship inventory—affected by the time elapsed since purchase and the ship's size/tonnage and on unsold steel scrap inventory. The group utilises Letter of Credit (LC) facilities to acquire old ships, with transactions denominated in foreign currency. Consequently, MG faces foreign exchange fluctuation risks in the LC usance period, as its revenues are denominated in Indian Rupees (INR). To mitigate this risk, the group partially hedges its forex exposure based on prevailing market conditions. Additionally, MG operates a rolling mill under MRML, manufacturing secondary steel products, such as angles, channels, and round bars. MRML sources part of its raw material from associated ship-recycling entities, providing a partial hedge against steel price volatility across the group's operations.

### Presence in the cyclical and competitive industry

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. The ship availability was adversely impacted in the last year due to high freight prices. However, the recent moderation in the global freight charges augurs well for the industry. Indian ship-recyclers faces intense competition from the neighbouring countries such as 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. The industry is prone to pollution-related risks, as it involves dismantling of ships which contain hazardous substances such as lead, asbestos, acids, and hazardous paints, among others, which have to be properly disposed-off per the regulatory guidelines. Government of India had also enacted the Recycling of Ships Act, 2019 ("Act"). The preamble of this Act mentions the regulation of recycling of ships by setting certain standards and laying down the statutory mechanism for the enforcement of such standards and related matters. Thus, complying to the regulatory guidelines and safety standards are crucial for operations of ship recyclers.

### Liquidity: Adequate

MG has adequate liquidity marked by moderate utilisation of working capital limit, considerable amount of liquidity in terms of free cash and bank balance and fixed deposit and moderate LC coverage ratio. For ASL, the average fund-based and non-fund-based working capital utilisation together stood moderate at ~56% for the past 12 months ended May 2025.

Cash flow from operations (CFO) stood at ₹32.41 crore in FY25 compared to ₹44.84 crore in FY24.

Ship-recycling entities need to park their sale proceeds into fixed deposits (FDs) per the schedule given by banks at the time of opening the LC for ship purchase, which are lien marked against the LC obligation towards purchase of the ship, in addition to the upfront margin kept for opening of the LC in favour of the supplier. This ensures gradual build-up of reserve funds to meet the sizeable LC payment obligations at maturity. MG is continuously maintaining adequate LC coverage ratio. For its ship-recycling entities, LC coverage stood at 1.64x as on March 31, 2025.

The group has free cash and liquid investments of ₹117.81 crore as on March 31, 2025 (excluding lien marked FD of ~₹49.40 crore). Operating cycle of MG remained at 101 days in FY25 (113 days in FY24).

## Applicable criteria

[Consolidation](#)

[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

MG consists of five entities – ASL, MKSAIPL, MIPL, PIPL, and MRML, out of which, the former four entities (except MRML) are engaged into ship-recycling business, while MRML has a rolling mill plant and is engaged in manufacturing secondary steel products such as angles, channels, and round bars. The ship-recycling operations of all four entities are carried out at the premises leased out by GMB in Bhavnagar. MG's promoters have experience of over three decades in the ship-recycling industry. MIMPL (CIN: U27310GJ1983PTC006260) was incorporated in 1984 by Kishorechand Bansal and is one of the oldest ship-breaking entities since opening of the ship-recycling facilities at Alang-Sosiya belt of Bhavnagar region in Gujarat. MIMPL owns one of the five largest plots in the yard having a frontage of 120 metres.

Brief Financials (₹ crore)- Combined (MG)	March 31, 2024 (UA)	March 31, 2025 (UA)
Total operating income	450.59	371.43
PBILDT	11.78	8.30
PAT	5.99	5.18
Overall gearing (times)	0.93	1.10
Interest coverage (times)	0.82	0.58

UA: Un-Audited; as financials are combined by the analytical team based on line-by-line addition and netting off intergroup transactions; Note: 'these are latest available financial results'

Brief Financials (₹ crore) – Standalone (ASL)	March 31, 2024 (A)	March 31, 2025 (Prov.)
Total operating income	210.69	131.49
PBILDT	11.23	11.62
PAT	0.88	0.92
Overall gearing (times)	5.30	4.50
Interest coverage (times)	1.05	1.05

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

**Status of non-cooperation with previous CRA:** Brickwork Ratings had reviewed ratings of ASL under "Issuer Not Cooperating" category vide its press release dated May 23, 2025, considering inadequate information and lack of management cooperation.

**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
Fund-based/Non-fund-based-LT/ST	-	-	-	-	125.00	CARE BBB; Stable / CARE A3

**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	Fund-based/Non-fund-based-LT/ST	LT/ST	125.00	CARE BBB; Stable / CARE A3	-	1)CARE BBB; Stable / CARE A3 (16-Sep-24)	1)CARE BBB; Stable / CARE A3 (07-Aug-23)	1)CARE BBB; Stable / CARE A3 (06-Dec-22)

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	Fund-based/Non-fund-based-LT/ST	Simple

**Annexure-5: Lender details**To view 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	Mahavir InductO-Melt Private Limited	Full	Operational and financial linkages
2	M. K. Shipping and Allied Industries Private Limited	Full	Operational and financial linkages
3	Puneet Industries Private Limited	Full	Operational and financial linkages
4	Mahavir Rolling Mill LLP	Full	Operational and financial linkages

**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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