

Ashish Ship Breakers Private Limited

September 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	50.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	LT rating downgraded from CARE BB-; Outlook revised from Negative and ST rating reaffirmed and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Ashish Ship Breakers Private Limited (ASBPL) to monitor the rating vide e-mail communications dated July 16, 2025, July 28, 2025, August 21, 2025 and August 25, 2025 among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Limited (CareEdge Ratings) has reviewed the rating on the basis of the best available information which however, in CARE Ratings Limited (CareEdge Ratings)'s opinion is not sufficient to arrive at a fair rating. The ratings on ASBPL's bank facilities will now be denoted as **CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING**.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of Ashish Ship Breakers Private Limited (ASBPL) has been revised due to non availability of requisite information. Further, The ratings continue to be constrained by small scale of operations with low networth base and moderately weak financial risk profile. The ratings further continue to be constrained by the inherent industry risk characterized by high volatility in steel prices, cyclicity associated with ship recycling industry coupled with competition of global peers, high regulatory and environmental hazards risks and intense competition as well as the foreign exchange fluctuation risk.

The ratings, however, continue to derive strength from experienced promoters with long track record of operations, and locational advantage of the company in the largest ship breaking regions of the country.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on August 27, 2024 the following were the rating strengths and weaknesses.

Key weaknesses

Small scale of operations with low networth base

ASBPL's total income has shown a fluctuating trend during the period FY20 – FY24 owing to volatility in the steel prices, foreign exchange fluctuation and availability of the ships. However, due to unavailability of the ship along with lower scrap trading activities undertaken in FY24, ASBPL's total operating income (TOI) has shown a significant decline and the same stood small at Rs. 34.35 crore in FY24 vis-a-vis Rs. 65.38 crore in FY23. Further, the company has achieved total sales of Rs. 2.65 crores during 4MFY25. Further, the networth base of ASBPL also stood low at Rs.8.23 crore as on March 31, 2024. The small scale of operations with low networth base limits its financial flexibility to meet any exigency.

Moderately Weak financial risk profile

ASBPL's financial risk profile is characterized by fluctuating operating margin, comfortable capital structure and stressed debt coverage indicators. PBILDT margin has shown a fluctuating trend over the period FY20-24 on the account fluctuating total income coupled with increase in the ship dismantling expenses. However, during FY24 the company reported an operating loss as a consequence of lower scale of operations. The PAT margin, however, improved to 0.64% in FY24 when compared to 0.30% in FY23 due increase in the non-operating income from interest received from FDs and loans & advances.

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

Given the nature of business, the purchase of ship is backed by LC (from overseas ship owners and agents) which has led to leveraged capital structure (including acceptances) in the past. However, due to minimal utilization on balance sheet date, the overall gearing has significantly improved and stood at 0.68 times as on March 31, 2024, as against of 5.46 times as on March 31, 2023. Similarly, due to low utilization of limits coupled with improved GCA levels, the TDGCA improved significantly from 141.84 times in FY23 to 18.31 times in FY24. However, it continues to remain weak. The interest coverage stood weak owing to operating losses due to significant reduction in the revenue.

Inherent industry risk characterized by high volatility in steel prices

India is home to one of the largest ship breaking facilities in the world with over 150 yards along its coast. On an average, close to 6.2 million GT is scrapped in India every year, which accounts for 33% of the total scrapped tonnage in the world. There are approximately 2,600 re-rolling mills in India of which about 1,800 are scrap re-rollers. These scrap re-rollers consume the recycled steel supplied by the ship-recycling industry, along with scrap from other sources including metal parts industries. The steel recycled from the scrap meets around 1% to 2% of India's domestic steel demand. The volatility in steel prices driven by demand and supply conditions in the global as well as local markets exposes APG 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).

Cyclicality associated with ship recycling industry coupled with competition of 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 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.

High regulatory and environmental hazards risks and intense competition

The ship- recycling industry in the Alang-Sosiya belt of Gujarat is highly regulated with strict working and safety standards to be maintained by the ship-recyclers 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, acid, hazardous paints, etc. that have to be properly disposed-off as per the regulatory guidelines. Government of India has 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, if any adverse circumstances or event may affect business operations of entities.

Foreign exchange fluctuation risk

ASBPL purchases ship in USD denomination & furthermore it does not have any formal hedging policy resulting in susceptibility of the profitability margins. Therefore, any adverse movements in foreign exchange rate can have a negative effect on the profitability of the firm.

Key strengths

Experienced promoters with long track record of operations

The directors of ASBPL are reasonably experienced with and Mr. Ashish Agarwal and Mrs. Sonia Agarwal having more than a decade of experience in the ship breaking industry. Over the period, they have established good relations with intermediaries and the market players prevailing in ship breaking industry.

Presence in the largest ship breaking regions of the country

ASBPL yard is located at Alang-Sosiya belt, which constitutes nearly 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. Alang has been a consistent player in ship recycling and accounts for 98% of total ships recycled in India.

Applicable Criteria:

[Criteria on Information Adequacy Risk and Issuer Non-Cooperation](#)

[Policy on Default Recognition](#)

[Criteria on assigning outlook and credit watch](#)

[Financial Ratios – Non-financial Sector](#)
[Wholesale Trading](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

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

Incorporated in 1999, Ashish Ship Breakers Private Limited (ASBPL) is engaged in ship breaking activity and trading of scrap (started from 2014) in the Alang–Sosiya belt of Bhavnagar region in Gujarat. The company is promoted by Mr. Ashish Agarwal and Mrs. Sonia Agarwal having experience of more than a decade in ship breaking business. ASBPL is engaged in the business of shipbreaking activities through allotted plots at Alang Shipyard by Gujarat Maritime Board (GMB). The company purchases ship directly from owner or through sales agents for recycling them. The items like electrical equipment, machine parts etc. are sold directly to end users, while scrap is sold in the market to scrap traders and manufacturing units, who use the scrap to produce steel.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	65.38	34.35
PBILDT	1.70	-0.27
PAT	0.20	0.22
Overall gearing (times)	5.46	0.68
Interest coverage (times)	1.09	NM

A: Audited UA: Unaudited; NM: Not Meaningful Note: these are latest available financial results

Status of non-cooperation with previous CRA: Brickwork, vide its press release dated September 03, 2024, placed the ratings assigned to the bank facilities of ASBPL under Issuer Not-Cooperating category, as the company did not provide the requisite information to conduct the rating exercise.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of various 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-PSF/CC/LC/BG		-	-	-	50.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*

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

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-PSF/CC/LC/BG	LT/ST	50.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB-; Negative / CARE A4 (27-Aug-24)	1)CARE BB-; Stable / CARE A4 (29-Sep-23)	1)CARE B- / CARE A4; ISSUER NOT COOPERATING* (01-Dec-22)

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

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-PSF/CC/LC/BG	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

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.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Shachee Vyas Assistant Director CARE Ratings Limited Phone: +91-079-40265665 E-mail: shachee.tripathi@careedge.in</p> <p>Aniket Shringarpure Lead Analyst CARE Ratings Limited Phone: +91-079-40265659 E-mail: Aniket.Shringarpure@careedge.in</p> <p>Krishna Soni Analyst CARE Ratings Limited E-mail: Krishna.soni@careedge.in</p>
--	---

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CARE and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.