

Ghaziabad Ship Breakers Private Limited

November 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	27.00 (Enhanced from 18.00)	CARE BB+; Stable	Reclassified LT / ST facilities to LT; LT rating reaffirmed
Long Term / Short Term Bank Facilities	123.00	CARE BB+; Stable / CARE A4+	Reaffirmed
Short Term Bank Facilities	2.30 (Reduced from 2.46)	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

For arriving at the ratings of Ghaziabad Ship Breakers Private Limited (GSBPL), CARE Ratings Limited (CareEdge Ratings) has considered the combined business and financial profiles of five entities viz. GSBPL, JR Ispat Private Limited (JRIPL), JR Castings (JRC), JR Steel Industries (JRSI) and JR Industries (JRI), together referred to as JR Group (JR). The rationale for this consolidation lies in the all the five entities operate in related line of business and are jointly managed by a common set of promoters.

The reaffirmation of ratings assigned to the bank facilities of GSBPL reflects the group's stable financial performance during FY25 (audited; April 01 to March 31). The ratings continue to be constrained by the group's thin profit margins, moderately leveraged capital structure, and average debt coverage indicators. Additionally, the ratings remain affected by the group's exposure to volatility in steel prices and foreign exchange rates, the cyclical nature of the ship-recycling industry with its associated regulatory and environmental risks, and intense competition from neighbouring countries.

However, the ratings continue to derive strength from experienced promoters with long track record of operations in the ship recycling and steel industry, entity's presence at strategic location in Alang-Sosiya region - one of the largest ship-recycling yards in India and NK certification of ship recycling facility along with moderate albeit fluctuating scale of operations and adequate liquidity position in FY25.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustaining scale of operations as marked by total operating income (TOI) above ₹200 crore with improving profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of more than 4% on sustained basis.
- Improvement in interest coverage above 2.5x on sustained basis.
- Improving LC coverage ratio above 1.50x.

Negative factors

- Decrease in TOI below ₹100 crore or PBILDT margin below 2% on a sustained basis.
- Decline in LC coverage ratio below 1.15x on sustained basis.

Analytical approach: Combined

For arriving at the ratings of GSBPL, CareEdge Ratings has combined the business and financial risk profiles of GSBPL, JRIPL, JRC, JRSI and JRI as all the five entities operate in the related line of business, are jointly managed by a common set of promoters and exhibits cashflow fungibility.

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

Outlook: Stable

The 'Stable' outlook reflects CareEdge Ratings' expectations that the group shall continue to benefit from the extensive experience of its promoters, presence in vertically integrated businesses along with location advantage available to GSBPL.

Detailed description of key rating drivers:**Key weaknesses****Thin profitability**

The group's profitability, as reflected by its PBILDT margin, has remained thin over the past five years, consistently ranging between 2–2.50%. During FY25, the group reported PBILDT margin of 2.35% in similar line with 2.24% reported in FY24. Consequently, there was a marginal improvement in the PAT margin to 1.30% in FY25 from 0.72% in FY24; however, in absolute terms, PAT remained modest at ₹1.94 crore (FY24: ₹1.47 crore). Despite this improvement, overall profitability continues to remain low due to the inherently low value addition nature of the business, intense competition within the industry, and exposure to volatility in steel prices and foreign exchange rates.

Moderately leveraged capital structure and moderate debt coverage indicators

The group's capital structure, as indicated by its overall gearing, has remained moderately leveraged, particularly during periods involving the purchase of large-sized ships and corresponding sizable outstanding letter of credit (LCs) near the balance sheet date. JR Group's total debt primarily comprises LC obligations against ship purchases, along with utilization of fund-based working capital limits and unsecured loans. As of March 31, 2025, overall gearing improved to 1.07x from 1.91x in FY24, mainly due to lower outstanding LC balances at the year-end. Despite the improvement, the capital structure continues to remain moderate. Debt coverage indicators, as marked by the interest coverage ratio, marginally improved however continued to remain moderate at 1.52x in FY25, compared to 1.12x in FY24. The improvement was primarily driven by a reduction in finance costs, largely due to lower turnover in JRIPL and JRC during FY25, which resulted in reduced utilization of working capital limits.

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 JR 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 group (which is generally minimal). The group uses LC facility to purchase old ships. Since the transactions are denominated in foreign currency, the group is exposed to forex risk during the LC Usance period, as the group's revenue is denominated in Indian Rupee (INR). The group partially hedges its foreign exchange exposure based on prevailing market conditions, which helps mitigate the risk to some extent. In FY25, the group reported a foreign exchange loss of ₹0.45 crore, compared to a gain of ₹0.69 crore in FY24.

Cyclicality associated with ship recycling industry and 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. 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. However, ship availability is adversely impacted due to high freight prices in FY23 and FY24. Going further, with decline in freight rates, better ship availability is expected from CY25 onwards. Indian ship-recycling yard face intense competition from neighbouring countries such as Bangladesh and Pakistan due to availability of low wage labour, tax occupational health, environment-related regulations, and larger yards giving better bargaining power to yard owners.

Exposure to regulatory and environment hazard risk

The ship-recycling industry is highly regulated with strict working and safety standards to be maintained by ship breakers for their labourers and environmental compliance. 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. 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 due to recycling activities at the ship recycling facility. Thus, adverse circumstances or event may affect the entities' business operations.

Key strengths**Experienced promoters with long track record of operations in the ship recycling and steel industry**

Promoted by Tarsemal Gupta and currently managed by second and third generation, JR Group has more than three decades of experience in the ship recycling and iron and steel industry. The promoters are supported by tire II staff. GSBPL has experience of recycling various kind of ships including carriers, oil tankers, LNG carriers, etc.

Moderate scale of operations albeit remained fluctuating

The group's scale of operations, as indicated by TOI, has remained fluctuating and range-bound between ₹150–200 crore over the past three years ending FY25. In FY25, the group reported TOI of ₹149.58 crore, reduced from ₹204.14 crore in FY24, primarily due to lower sales in JR IPL and JRC as both these entities underwent a phased upgrade of their production lines led to temporary slowdown in production for 6–8 months. Revenue from GSBPL's ship recycling activity remained volatile, affected by the availability of ships for dismantling and fluctuations in steel scrap prices. On a standalone basis, GSBPL reported TOI of ₹72.63 crore in FY25, compared to ₹90.38 crore in FY24, due to reduced ship recycling activity during the year. The group generated 27% of its revenue in FY25 (FY24: 24%) from opportunistic trading of metal and scrap items.

Presence at Alang-Sosiya region which is one of the largest ship-recycling yards

GSBPL's yard is at Alang-Sosiya belt, which is considered to be one of the world's largest ship-recycling yards and caters ~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 mud-free coast, are ideal for even large-sized ships to be beached easily in high tide. It accommodates ~150 plots spread over ~10-km-long stretch along the seacoast of Alang. GSBPL owns one plot with 50 meters frontage to carry out its ship recycling business at Alang, which is leased out by Gujarat Maritime Board (GMB). NK class ship recycling facility GSBPL complied to "Green recycling - Guidelines for Safe and Environmentally Sound Ship Recycling, adopted by IMO resolution MEPC.210 (63)", which is certified by Nippon Kaiji Kyokai, Tokyo, having validity till October 2026. These compliances are in relation to adopting more environment-friendly practices and is expected to result in relatively lower procurement cost/attract certain class of sellers as major shipping players give preference to companies with ship recyclers with green recycling certificate.

Liquidity: Adequate

Liquidity position of the group remained adequate characterised by moderate working capital utilization, adequate LC coverage ratio, healthy free cash and cash equivalents and moderate operating cycle. The month end fund-based and non-fund based working capital utilization of group for the past twelve months ended October 2025 remained moderate at around 60-70%. Cash flow from operation also remained at ₹9.46 crore during FY25 as against ₹16.67 crore in FY24 mainly due to scheduled payment of LCs. LC coverage ratio remained adequate at 1.22x as on March 31, 2025. LC opened for the ship in October-2024 month is fully repaid in June 2025. Post that no further LC is availed. Liquidity ratio remained moderate marked by current ratio of 1.33x and quick ratio of 0.53x as on March 31, 2025. Apart from lien marked fixed deposit of ₹20 crore as on March 31, 2025, the group has healthy cash and bank balance of ₹9.79 crore as on March 31, 2025. Operating cycle of the group stood at 58 days during FY25 (P.Y.: 54 days).

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

[Consolidation & Combined Approach](#)

About the company and industry

Industry classification

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

GSBPL was incorporated in 1986 and later was acquired by Gupta family in 1996. GSBPL is engaged in ship recycling activity at Alang- Sosiya belt of Bhavnagar region which is the leading centre for ship breaking and recycling in Asia. GSBPL is a part of JR Group which has an established presence in Iron & Steel Sector having a track record of over 3 decades. JR Group, over the years, has diversified its operations across various manufacturing divisions like general engineering casting, heavy & special engineering casting, alloy steel & precision casting, and ship recycling. Additionally, they have also ventured into the structure rerolling mill, MS ingot furnace, and the trading of different types of metal scrap and machinery. Collectively, group have an annual production capacity of 1,80,000 MT. The group is currently undergoing a phased upgrade of their production lines in JR IPL and JRC with total expected cost of ~₹10 crore which is to be funded through mix of internal accruals and unsecured loans. Till March 31, 2025, ~56% of project cost incurred and it is expected to be completed by December 2025.

Brief Financials (₹ crore)	JR Group			GSBPL		
	FY23 (UA)	FY24 (UA)	FY25 (UA)	FY23 (A)	FY24 (A)	FY25 (A)
	Combined			Standalone		
Total operating income*	180.10	204.14	149.58	20.07	90.38	72.63
PBILDT*	4.32	4.58	3.52	0.66	1.20	0.32
PAT	1.67	1.47	1.94	0.54	0.68	0.64
Overall gearing (times)	1.28	1.91	1.07	1.07	2.75	1.85
Interest coverage (times)*	1.29	1.12	1.52	0.96	0.92	0.32

A: Audited; UA: Unaudited since line-by-line addition is done by analytical team after adjusting inter group transactions. *Deviated compared to last press release due to reclassification of certain income from operating income to Nonoperating income. Note: 'the above results are latest financial results available'.

Status of non-cooperation with previous CRA:

CRISIL has continued the rating assigned to the bank facilities of GSBPL into Issuer Not Cooperating category vide press release dated May 22, 2025, on account of non-payment of surveillance dues.

Brickwork has continued the rating assigned to the bank facilities of GSBPL into Issuer Not Cooperating category vide press release dated January 22, 2025, on account of its inability to carry out a review 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
Fund-based - LT-Cash Credit		-	-	-	27.00	CARE BB+; Stable
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	123.00	CARE BB+; Stable / CARE A4+
Non-fund-based - ST-Credit Exposure Limit		-	-	-	2.30	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	Fund-based - LT-Cash Credit	LT	27.00	CARE BB+; Stable	-	1)CARE BB+; Stable / CARE A4+ (14-Aug-24)	-	-
2	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	123.00	CARE BB+; Stable / CARE A4+	-	1)CARE BB+; Stable / CARE A4+ (14-Aug-24)	-	-
3	Non-fund-based - ST-Credit Exposure Limit	ST	2.30	CARE A4+	-	1)CARE A4+ (14-Aug-24)	-	-

LT: Long term; 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	Fund-based - LT-Cash Credit	Simple
2	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
3	Non-fund-based - ST-Credit Exposure Limit	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	J. R. Steel Industries	Full	Operational and Financial linkages
2	J. R. Ispat Private Limited	Full	Operational and financial linkages
3	J. R. Industries	Full	Operational and financial linkages
4	J. R. Casting	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.

Contact us

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