

Lucky Steel Industries (SBD)

March 05, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	58.80	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	LT rating downgraded from CARE BB-; Stable and ST rating reaffirmed and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	1.20	CARE A4; ISSUER NOT COOPERATING*	Rating 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 Lucky Steel Industries (SBD) (LSI) to monitor the rating vide e-mail communications dated December 19, 2025, January 06, 2026, January 09, 2026, January 20, 2026 and February 19, 2026 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, CareEdge Ratings has reviewed the rating on the basis of the best available information which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. The ratings on (LSI) bank facilities will now be denoted as '**CARE B+; Stable; ISSUER NOT COOPERATING/ 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 Lucky Steel Industries (SBD) (LSI) have been revised on account of non-availability of requisite information. The ratings assigned to the bank facilities of LSI remain continue to remain constrained by its fluctuating and modest scale of operations, thin profitability, moderate capital structure, weak debt coverage indicators.. Furthermore, the ratings also remain constrained on account of its presence in cyclical and competitive ship breaking industry which is characterised by regulatory and environmental hazards risks and its exposure to adverse movement in steel prices and forex rates.

The ratings, however, continue to derive strength from extensive experience of partners in the ship breaking industry and its presence at Alang-Sosiya region which is one of the largest ship- breaking yards of the world.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on February 06, 2025 the following were the rating strengths and weaknesses.

Key weaknesses

Fluctuating scale of operations and thin profitability

Over the years, LSI's TOI remained modest and highly fluctuating depending upon the availability of ship for cutting along with the volatility associated with steel scrap prices and freight prices. During FY24, LSI's TOI largely remained stable at Rs.13.85 crore (PY: Rs. 13.95 crores) with availability of one ship resulting in partial sales during this year and balance in 9MFY25. In 9MFY25, LSI reported sales of Rs.18.95 crore. LSI had only one ship during FY24 mainly due to industry wide shortage of ship available for recycling. Due to low value addition nature of business, operating margin of the entity remained thin in range of 1.75%-2.50% during last three years ended in FY24 [1.76% in 9MFY25].

Moderate capital structure and weak debt coverage indicators

LSI's total debt primarily comprises of outstanding LC obligations against the purchase of ship, unsecured loans [from promoters] and working capital limits. LSI's capital structure remained moderate, marked by overall gearing of 1.29x as on March 31, 2024 (PY: 0.09x). Moderation in overall gearing was mainly due to LC outstanding of Rs. 24.50 crores as on March 31, 2024 [PY: nil] towards ship purchase. Further, during FY24, debt coverage indicator remained weak marked by interest coverage ratio of 0.61x [PY: 0.89x].

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

Presence in cyclical and competitive ship recycling industry which is characterised by regulatory and environmental hazards risks

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, currently ship availability is adversely impacted due to high freight prices. Further, Indian ship-recycling yard face intense competition from the neighbouring countries like Bangladesh and Pakistan due to availability of low wage labour, lesser occupational health and environment related regulations and larger yards giving better bargaining power to yard owners. The ship recycling industry is highly regulated with strict working and safety standards to be maintained by the shipbreakers 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, any adverse circumstances or event may affect business operations of entities in this industry.

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 LSI 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 firm (which is generally minimal). Further, the firm uses Letter of Credit (LC) facility to purchase old ships. Since the transactions are denominated in foreign currency, the firm is exposed to forex risk during the LC Usance period, as the firm's revenue is denominated in Indian Rupee (INR).

Key strengths

Experienced promoters

Operations of LSI are managed by Mr. Arif Masani and Mr. Ashadraza Masani who hold more than a decade of experience in the ship breaking industry. Mr. Ashadraza Masani is also engaged in business of trading of scrap.

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

LSI's ship breaking yards are located at Alang-Sosiya belt which is considered 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, 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 seacoast of Alang.

Assumptions/Covenants: Not Applicable

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

Applicable Criteria:

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

[CARE Ratings' Policy on Default](#)

[Criteria on Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[CARE Ratings' Criteria on Rating of ShortTerm Instruments](#)

[Financial Ratios – Non-Financial Sector](#)

[Rating Methodology - Wholesale Trading](#)

About the company and industry

Industry classification

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

Promoted by Masani Family based at Bhavnagar, LSI is engaged in ship recycling at the Alang- Sosiya belt of Bhavnagar, Gujarat. The operations of the firm are carried out from a leased plot measuring 1,620 square meters from Gujarat Maritime Board (GMB). The plot was allotted for the period of 10 years ended January 18, 2026. Initially established as Proprietorship firm, LSI got converted into partnership firm with effect from February 02, 2021, with partners, Arif Masani and Ashadraza Masani, handling the operations.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9M FY25 (Prov.)
Total operating income	13.95	13.85	18.95
PBILDT*	0.25	0.34	0.34
PAT	0.10	0.14	0.07
Overall gearing (times)	0.09	1.29	0.05
Interest coverage (times)	0.89	0.61	4.25

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Brickwork has continued the rating assigned to the bank facilities of LSI into Issuer Not Cooperating category vide press release dated July 08, 2025 on account of its inability to carry out a review in the absence of requisite information.

ICRA has continued the rating assigned to the bank facilities of LSI into Issuer Not Cooperating category vide press release dated November 14, 2025 on account of its inability to carry out a review in the absence of requisite information.

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
Non-fund-based - LT/ST-Letter of credit		-	-	-	58.80	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Credit Exposure Limit		-	-	-	1.20	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	Non-fund-based - LT/ ST-Letter of credit	LT/ST	58.80	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable / CARE A4 (06-Feb-25)	1)CARE BB-; Stable / CARE A4 (06-Mar-24)	1)CARE BB-; Stable / CARE A4 (09-Mar-23)
2	Non-fund-based - ST-Credit Exposure Limit	ST	1.20	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (06-Feb-25)	1)CARE A4 (06-Mar-24)	1)CARE A4 (09-Mar-23)

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

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	Non-fund-based - LT/ ST-Letter of credit	Simple
2	Non-fund-based - ST-Credit Exposure Limit	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.

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