

September 29, 2023

## Somnath Ship Recycling: Ratings Withdrawn

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – fund-based – Cash credit – Interchangeable	(7.00)	(7.00)	[ICRA]BB- (Stable); withdrawn
Short-term – Non-fund-based- Letter of credit	49.00	49.00	[ICRA]A4; withdrawn
Short-term non-fund-based - Credit exposure limit	0.98	0.98	[ICRA]A4; withdrawn
<b>Total</b>	<b>49.98</b>	<b>49.98</b>	

\*Instrument details are provided in Annexure-1

### Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Somnath Ship Recycling at the request of the company and based on the No objection certificate received from its bankers. However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

The Key Rating Drivers, Liquidity Position, Rating Sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

### Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">ICRA policy on withdrawal of Credit Ratings</a>
Parent/Group Support	Not Applicable
Consolidation/Standalone	Standalone

### About the company

Shiv Ship Breaking Company (SSBC), established in 1999 as a partnership firm, is in the business of ship breaking. It operates from its office at Bhavnagar, Gujarat, and from its ship breaking yard at Alang, Gujarat. SSBC currently leases a plot at the Sosiyo ship breaking yard at Bhavnagar.

Initially, the partnership firm was formed and jointly managed by the Mendapara and the Parmar families. Recently, the Mendapara family exited the partnership, and two new partners were introduced. The name of the entity has been changed to Somnath Ship Recycling that is currently owned and managed by the Parmar and the Marfani families.

### Key financial indicators

SSR Consolidated	FY2021	FY2022	FY2023 (Prov)
Operating income (Rs. crore)	29.9	8.6	8.7
PAT (Rs. crore)	2.1	1.1	0.1
OPBDIT/OI (%)	4.9%	12.9%	9.9%
PAT/OI (%)	6.9%	12.7%	1.5%
Total outside liabilities/Tangible net worth (times)	0.7	0.2	0.1
Total debt/OPBDIT (times)	0.0	0.0	0.0
Interest coverage (times)	3.9	13.0	1.2

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

### Status of non-cooperation with previous CRA: Not applicable

### Any other information: None

### Rating history for past three years

	Instrument	Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding as on March 31, 2023 (Rs. crore)	Date & Rating in	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021	
					September 29, 2023			Nov 04, 2022	Nov 05, 2021
1	Cash Credit – Interchangeable	Long Term	(7.00)	-	[ICRA]BB- (Stable); withdrawn	[ICRA]BB- (Stable)	[ICRA]BB (Stable)	[ICRA]BB (Stable)	[ICRA]BB (Stable)
2	Letter of credit	Short Term	49.00	-	[ICRA]A4; withdrawn	[ICRA]A4	[ICRA]A4+	[ICRA]A4+	[ICRA]A4+
3	Credit exposure limit	Short Term	0.98	-	[ICRA]A4; withdrawn	[ICRA]A4	[ICRA]A4+	[ICRA]A4+	[ICRA]A4+

### Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Cash credit – Interchangeable	Simple
Short term – Letter of Credit	Very Simple
Short term – Credit exposure limit	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

**Annexure-1: Instrument details**

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit Interchangeable –	NA	NA	NA	(7.00)	[ICRA]BB- (Stable); withdrawn
NA	Letter of Credit	NA	NA	NA	49.00	[ICRA]A4; withdrawn
NA	Credit exposure limit	NA	NA	NA	0.98	[ICRA]A4; withdrawn

Source: Company

**Annexure-2: List of entities considered for consolidated analysis: Not Applicable**

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