

October 25, 2019

Dalkan Ship Breaking Ltd.: Moved to Non Cooperating category, Ratings downgraded based on best available information

Summary of rated instruments

Instrument[^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Cash Credit**	(5.00)	(5.00)	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB+ (Stable) and moved to the 'Issuer Not Cooperating' category
Letter of Credit	50.00	50.00	[ICRA]A4 ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A4+ and moved to the 'Issuer Not Cooperating' category
Total	50.00	50.00	

[^]Issuer did not cooperate; based on best available information.

^{**}Instrument details are provided in Annexure-1

Rationale

The rating downgrade is because of lack of adequate information regarding Dalkan Ship Breaking Ltd. (DSBL) performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by the rated entity". The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with Vijaykumar And Co., ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information

The previous detailed rating rationale is available on the following link: [Click here](#)

About the company:

Dalkan Ship Breaking Ltd. was incorporated in 1994 to carry out ship recycling activities. Currently, the company operates from the Alang Ship Breaking Yard in Bhavnagar, Gujarat. DSBL is part of the Bhupatrai Chimanlal Group, which started its business in 1970 with its flagship company, Mono Plast, and began ship breaking activities from 1985. At present, the Group enjoys a diversified presence across various industries like ship recycling, shipbuilding, steel, textiles, mining and solar, among others. The Group companies include Paras Steel Corporation (engaged in ship breaking), Vijaykumar And Co. (engaged in ship breaking), Mono Steel India Limited (engaged in manufacturing sponge iron, MS billets and TMT bars), and Jay Bharat Steel Corporation (engaged in manufacturing MS billets), etc.

Rating history for past three years

All figures in Rs. Crore

	Instrument	Current Rating (FY2020)				Rating History for the Past 3 Years		
		Type	Amount Rated	Amount Outstanding	Rating	FY2019	FY2018	FY2017
					October 25, 2019	July 10, 2018	-	-
1	Cash Credit*	Long-term	(5.00)	-	[ICRA]B+(Stable) ISSUER NOT COOPERATING	[ICRA]BB+ (Stable)	-	-
2	Letter of Credit	Short-term	50.00	-	[ICRA]A4 ISSUER NOT COOPERATING	[ICRA]A4+	-	-

*Sub-limit of letter of credit

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1 Instrument Details

ISIN No	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit*	-	-	-	(5.00)	[ICRA]B+(Stable); ISSUER NOT COOPERATING
NA	Letter of Credit	-	-	-	50.00	[ICRA]A4; ISSUER NOT COOPERATING

*Sub-limit of letter of credit

Source: Dalkan Ship Breaking Ltd.

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About ICRA Limited:

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