July 17, 2026

Hazel Infra Limited: [ICRA]BBB (Stable)/[ICRA]A3+; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long term/Short term - Unallocated limits	75.00	[ICRA]BBB (Stable)/[ICRA]A3+; assigned	RBI
Total	**75.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments, which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The ratings assigned to Hazel Infra Limited (HIL) consider the healthy order book position of its subsidiary, Swan Defence and Heavy Industries Limited (SDHIL), along with a steady inflow and execution of orders in the ship repair and fabrication segments. HIL functions solely as a holding company and does not have any operating activities of its own. Its credit profile is dependent on the business and financial performance of SDHIL.

The ratings favourably factor in SDHIL's large integrated shipyard, which strengthens its execution capabilities and provides a healthy revenue visibility. The ratings also consider an improvement in SDHIL's liquidity, supported by reduced inventory levels and the advances received for new orders. SDHIL has secured shipbuilding orders of around USD 500 million across the commercial and defence segments over the last year, while ship repair and fabrication activities provide additional revenue streams and support the profitability. Further, SDHIL has availed a term debt through a long-tenor facility with ballooning repayments structure spread over 10 years which has enhanced debt-servicing flexibility. The company also benefits from interest subvention support, which reduces the net borrowing costs.

The ratings factor in the strength derived from HIL, being a part of the Swan Corp Limited (SCL) Group, a diversified conglomerate with operations across textiles, petrochemicals, real estate, shipbuilding, LNG terminal, and tech EPC. The Group's financial profile is characterised by comfortable liquidity and low reliance on external debt. At a group level, the company has largely completed the construction of the LNG terminal, with no other major ongoing projects requiring large cash outflow.

The ratings, however, remain constrained by execution and ramp-up risks associated with the relatively nascent shipbuilding operations, exposure to commodity price fluctuations, the cyclicality in the industry and regulatory changes. The ratings are also constrained by intense competition in the domestic and global shipbuilding industry.

The Stable outlook on the rating reflects ICRA's opinion that HIL will continue to benefit from the healthy order book of SDHIL, which is expected to support steady revenue generation over the medium term. Further, the company's capital structure and coverage indicators are expected to improve gradually.

Key rating drivers and their description

Credit strengths

Healthy order book position provides revenue visibility over medium term - The company has secured multiple large shipbuilding contracts over the last one year, resulting in an outstanding order book of approximately USD 500 million as on date, providing strong revenue visibility over the medium term. Additionally, the company has secured multiple short-term ship repair and fabrication orders and has also completed various ship repair orders.

Healthy capital structure and comfortable liquidity at group level - The capital structure at the group level remains healthy, characterised by low reliance on external debt. Previously, the promoter company, SCL, had raised equity through a qualified institutional placement (QIP), the proceeds from which were utilised to repay large external debts at multiple group entities. Moreover, SDHIL has fully honoured the payment commitment under the resolution plan to the secured financial creditors. SDHIL has availed term loan facility recently, with modest repayments over the initial years that gradually step up over time, with in the final repayment in FY2037. Further, the liquidity remains comfortable at the group level with combined cash and cash equivalents/liquid investments of ~Rs. 1,394.95 crore as March 31, 2026, moderate repayment obligations and no major capex plans at the group level over medium term.

Positive demand outlook for shipbuilding services - SDHIL operates in different segments such as shipbuilding, ship repair, and fabrication. India's shipbuilding sector shows strong growth potential, driven by global trade, energy transport needs and supportive Government initiatives. There have been multiple Government initiatives aimed at strengthening the domestic shipbuilding industry like the setting up of Maritime Development Fund (MDF), exemption of customs duty on the import of inputs and consumables in vessel manufacturing, financial assistance on shipbuilding contracts, etc.

Credit challenges

Execution and ramp-up risk - Although the company has secured multiple orders, the shipbuilding segment remains nascent. Risks related to the ramp-up at the shipyard and the execution of multiple contracts remain the key monitorables. However, the experienced management at the shipyard and the monitoring by customers and classification agencies in the shipbuilding process partly reduce this risk.

Vulnerable to raw material price fluctuations, industry cyclicality and regulatory changes - SDHIL's business profile remains exposed to raw material price fluctuations, cyclicality in the global shipbuilding industry and regulatory changes. The shipbuilding segment is susceptible to the volatility in steel prices and other key industrial inputs, while the predominantly fixed-price nature of commercial shipbuilding contracts limits the company's ability to fully pass on the cost escalations, thereby exerting pressure on the operating margins. However, the risk is partly mitigated by the relatively small share of steel in the overall shipbuilding cost. Major equipment such as engines and propulsion systems, which account for a significant share of the project cost, are procured on a back-to-back basis against confirmed customer orders.

The maritime sector is also characterised by cyclical demand patterns, influenced by global trade dynamics, commodity transportation demand, infrastructure development and policy support. Additionally, changes in regulatory frameworks — particularly those related to environmental compliance, safety standards, and port operations — can result in operational uncertainties and cost pressures. While policy support and exemptions offer some relief to the sector, SDHIL's ability to manage these external risks effectively will be crucial.

Exposed to intense competition in domestic and global shipbuilding industry - The shipbuilding sector is highly competitive, with public sector shipyards benefiting from established government ties and infrastructure support, while private players offering operational flexibility and modern facilities. The growing demand for specialised, energy-efficient vessels will necessitate continuous investment in technology, service quality and cost efficiency to remain competitive. In this dynamic operating landscape, SDHIL's ability to continuously secure new orders and maintain a strong order pipeline remains the key.

Liquidity position: Adequate

The liquidity of the company is adequate, supported by cash and cash equivalents of ~Rs. 1,036.78 crore (including Rs. 742.15 crore in free cash and cash equivalent and liquid investment) as on March 31, 2026, which are sufficient to meet the nominal debt repayment obligations of Rs. 2.3 crore in FY2027 as well as the expected moderate capex requirements during the year. The liquidity profile further benefits from the milestone-based advance payments in shipbuilding contracts, with customer advances aggregating ~Rs. 254.8 crore as on March 31, 2026, and the expected sanction of working capital facilities providing additional support for order execution and operational requirements.

Rating sensitivities

Positive factors – Ratings could be upgraded if the company demonstrates a sustained ramp-up in operations through successful execution of its existing order book, healthy accretion of fresh orders and improvement in profitability and debt coverage metrics, while maintaining an adequate liquidity. Any material improvement in the parent's credit profile could also support a rating upgrade.

Negative factors – The ratings may be downgraded if there are significant delays in order execution, resulting in weaker profitability and cash flows, or if the company's capital structure and debt protection metrics weaken. A deterioration in the parent’s credit profile could also trigger a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parent company: Swan Corp Limited The rating assigned to Hazel Infra Limited reflects its strategic importance to the parent group and the expected financial support from the parent, should the need arise.
Consolidation/Standalone	Consolidated

About the company

Hazel Infra Limited is the holding company for Swan Defence and Heavy Industries Limited (SDHIL), holding 89.9% shares in SDHIL. HIL is a subsidiary of Swan Corp Limited, wherein Swan Corp Limited (formerly Swan Corp Limited) holds 99% of the equity stake and Hazel Mercantile Limited holds a 1% equity stake in HIL.
HIL acquired Reliance Naval and Engineering Limited (RNEL) through NCLT process with order dated December 23, 2022. Subsequently, the name was changed from RNEL to SDHIL (a subsidiary of Hazel Infra Limited). SDHIL is engaged in the construction of vessels, repairs and refits of ships & rigs and heavy engineering. SDHIL has a large shipbuilding/repair infrastructure/shipyard facility spanning over 600 acres at Pipavav, Gujarat

Key financial indicators (audited)

HIL (consolidated)	FY2025	FY2026*
Operating income	10.7	426.6
PAT	-194.4	146.4
OPBDIT/OI	-974.8%	-38.7%
PAT/OI	-1814.6%	34.3%
Total outside liabilities/Tangible net worth (times)	1.9	1.7
Total debt/OPBDIT (times)	-18.5	-13.6
Interest coverage (times)	-2.7	-2.4

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore*

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

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	July 17, 2026	Date	Rating	Date	Rating	Date	Rating
Unallocated limits	Long term/Short term	75.00	[ICRA]BBB (Stable)/ [ICRA]A3+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term - Unallocated limits	Not applicable

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 analysing 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 are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator#
NA	**Unallocated limits**	NA	NA	NA	75.00	[ICRA]BBB (Stable)/ [ICRA]A3+	RBI

Source: Company

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Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Swan Defence and Heavy Industries Limited	89.90%	Full consolidation

Source: Annual report

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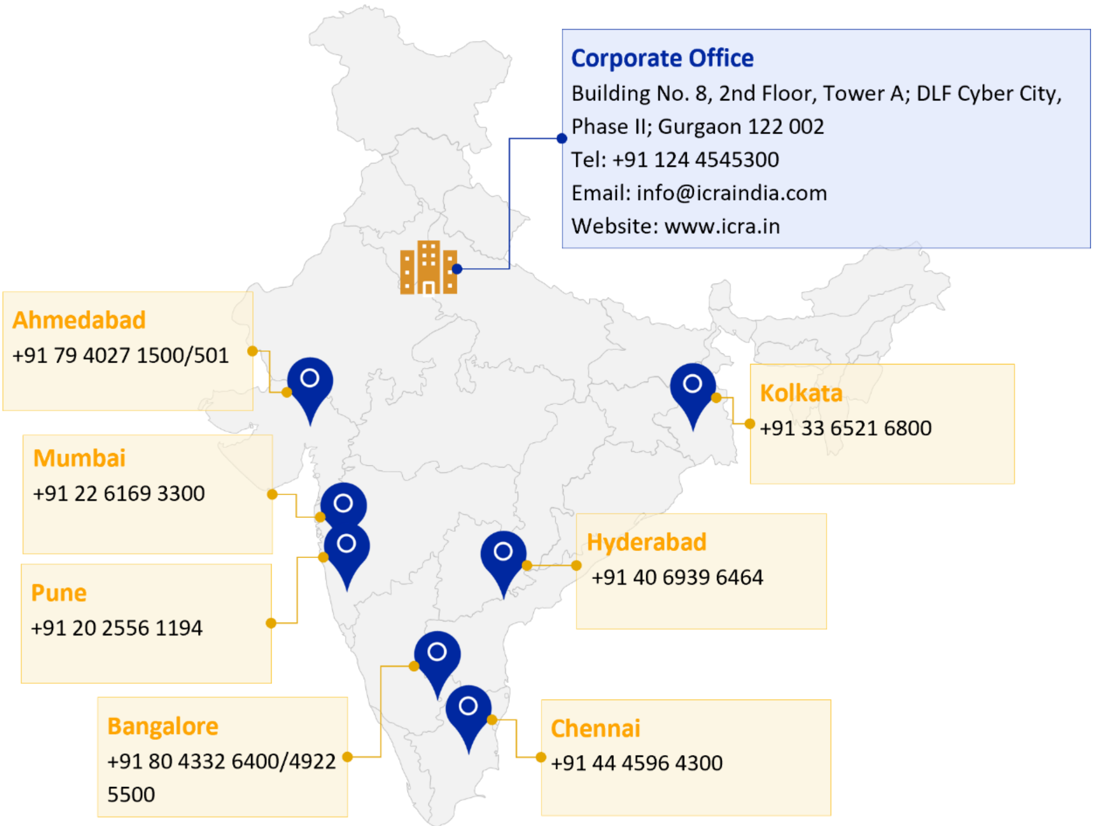

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