

Priyablue Recycling LLP

August 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* and Withdrawn

Details of instruments/facilities in Annexure-1

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

Detailed Rationale and key rating drivers

CARE Ratings Ltd. (CareEdge Ratings) has reaffirmed and withdrawn outstanding rating of 'CARE BB; Stable; ISSUER NOT COOPERATING/ CARE A4; ISSUER NOT COOPERATING' (Double B; Outlook: Stable; ISSUER NOT COOPERATING/ A Four; ISSUER NOT COOPERATING) assigned to the bank facilities of Priyablue Recycling LLP (PRL) with immediate effect. The above action has been taken at the request of PRL as well as a No Objection Certificate received from the bank that has extended the facilities rated by CARE.

The ratings assigned to the bank facilities of PRL remain constrained on account of moderate scale of operations with profitability during FY24 (FY refers to April 01 to March 31). Further, the ratings remained constrained on account of exposure to adverse movement in steel prices and forex rates, cyclical and competitive industry, exposure to regulatory and environment hazard risk and partnership nature of its constitution. However, the aforementioned rating weaknesses are partially offset Experienced and resourceful promoters with benefits derived from company being a part of Priyablue group having established presence in ship recycling industry, NK class certified yard, Location of yard at Alang which has unique geographical features suitable for ship-breaking operations and satisfactory capital structure with moderate debt coverage indicators.

Analytical approach: Standalone along-with factoring its strong operational and managerial linkages with Priya Blue Industries Private Limited (PBIPL).

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating dated April 24, 2025, the following were the rating strengths and weaknesses (updated based on information available from client)

Key Weaknesses

Moderate scale of operation with profitability

PRL's scale of operations as marked by its total operating income (TOI) declined significantly and remained moderate at Rs.124.20 crore in FY24 as against Rs.174.61 crore in FY23 due to low availability of ships for breaking. PRL's profitability has remained moderate due to low value additive nature of business. During FY24, PBILDT margin improved significantly from 0.14% in FY23 to 4.38% in owing to reduced cost of material on proportionate basis coupled with fuel costs. Subsequently, PAT margin of the firm has improved from 1.62% in FY23 to 2.71% in FY24.

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 PRL 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 company (which is generally minimal). The group uses LC facility to purchase old ships. Since the transactions are denominated in foreign currency, the company is exposed to forex risk, as the group's revenue is denominated in Indian Rupee (INR). However, the group hedges its forex risk by taking forward cover as per the market scenario, which mitigates its risk to forex fluctuations to an extent.

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

Cyclical and competitive industry

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. These freight rates consider the global demand of seaborne transport and supply of new vessels which in turn depends on global merchandise trade. 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. Furthermore, Indian ship-recycling yard face intense competition from the neighbouring countries like Bangladesh and Pakistan due to availability of low wage labor, lax occupational health and 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 the players for laborers and environmental compliance. Furthermore, last year Government of India enacted the Recycling of Ships Act, 2019 ("Act"). The preamble of this Act mentions that it is an Act to provide 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 operating in this segment.

Partnership nature of its constitution

PRL, being a limited liability partnership concern, is exposed to inherent risk of withdrawal of capital by partners. Furthermore, partnership concern has restricted access to external borrowings.

Key Strengths

Experienced and resourceful promoters with benefits derived from company being a part of Priyablu group having established presence in ship recycling industry

The key promoter of PRL, Mr. Sanjay Mehta, has been associated with the ship-recycling industry since 1992 and has long standing experience of over two decades in the industry. The promoters have supported the group operations by timely infusion of unsecured loans and preference shares on need basis. PRL is a part of Priyablu group with PBIPL being the flagship company having track record of over two and a half decades which had recycled more than 69 ships including 7 Ultra Large crude carriages (ULCC), 5 very large crude carriages (VLCC) and 4 Floating production storage and offloading (FPSOS). On consolidated basis, PBIPL has registered TOI of Rs.346.06 crore with PBILDT margin of 7.22% in FY24 while tangible net worth of the company remained at Rs.135.57 crore as on March 31, 2024.

NK class certified yard

PRL carry out ship-breaking activity at plot 169-M with frontage of 45 meters leased out by Gujarat Maritime Board (GMB). Other group companies namely PBIPL and Priyablu Ship Green Recycling Private Limited (PSGRPL) carry out their shipbreaking activity at plot V-1 and V-2 respectively with frontage of 121 meters which are two of the largest plots at Alang used for ship recycling activity. PRL has Class NK certification as well as group companies also have certification i.e. PBIPL (Class NK, RINA S.P.A. and Class IR certifications) and PSGRPL (Class NK certification), which gives an edge in sourcing ships at a marginally better price as compared to market rate.

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

The group's ship breaking yards which are located at Alang-Sosiya belt, which constitutes nearly 90% of India's ship-breaking activities and it is India's largest ship-breaking cluster. The unique geographical features of the area include a high tidal range, wide continental shelf, adequate slope and a mud free coast. These conditions are ideal for a wide variety of ships to be beached easily during high tide. It accommodates nearly 170 plots spread over around 10 km long stretch along the sea coast of Alang.

Satisfactory capital structure with moderate debt coverage indicators

Capital structure of the firm moderated marginally due to increase in outstanding debt which mainly comprised of credit facility availed from bank along with Unsecured loans from promoters albeit remained satisfactory with overall gearing of 1.30 times as on March 31, 2024 as against 0.81 times as on March 31, 2023.

The debt coverage indicators of PRL improved over the previous year owing to increase in profitability and remained moderate with interest coverage ratio of 4.31 times during FY24 (P.Y. 0.19 times). TDGCA, however, has deteriorated due to increased debt levels as on balance sheet date and remained at 7.65 years as on March 31, 2024 as against 7.04 years as on March 31, 2023.

Assumptions/Covenants: Not Applicable

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

Applicable criteria
[Withdrawal Policy](#)
[Definition of Default](#)
[Policy in respect of non-cooperation by issuers](#)
[Rating Outlook and Rating Watch](#)
[Financial Ratios – Non-financial Sector](#)
[CARE Ratings' Criteria on Notching by Factoring Linkages in Ratings](#)
[Short Term Instruments](#)
[Wholesale Trading](#)
About the LLP

Established in 2009 as Bhuval Industries (BI), Priyablue Recycling LLP (PRL; LLP PIN: AAY-2632) converted into limited liability partnership (LLP) with its current name on July 08, 2022 and it is 97% held by PBIPL and rest by Mr. Sanjay Mehta. The firm is engaged in ship-breaking activity at Alang-Sosiya belt of Bhavnagar region in Gujarat. PRL carry out ship-breaking activity at plot 169-M with frontage of 45 meters leased out by Gujarat Maritime Board (GMB). PRL's plot is certified by Class NK.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	174.61	124.20
PBILDT	0.25	5.44
PAT	2.83	3.36
Overall gearing (times)	0.81	1.30
Interest coverage (times)	0.19	4.31

A: Audited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

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		-	-	-	0.00	Withdrawn

Annexure-2: Rating History of 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	-	-	-	-	1)Withdrawn (21-Apr-23)	-
2	Non-fund-based - LT/ST-Letter of credit	LT/ST	-	-	1)CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* (24-Apr-25) 2)CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* (06-Aug-25)	-	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (20-Mar-24) 2)CARE BB+; Stable / CARE A4+ (21-Apr-23)	-

**Issuer did not cooperate; Based on best available information*

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Non-fund-based - LT/ ST-Letter of credit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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