

Priya Blue Industries Private Limited

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to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* and Withdrawn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*

Rationale and Key Rating Drivers

CARE Ratings Ltd. (CareEdge Ratings) has reaffirmed and simultaneously withdrawn outstanding rating of 'CARE BB; Stable; ISSUER NOT COOPERATING/ CARE A4; ISSUER NOT COOPERATING' (Double B; Outlook: Stable; ISSUER NOT COOPERATING/ A Four;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 Priya Blue Industries Private Limited (PBIPL) with immediate effect. The above action has been taken at the request of PBIPL 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 PBIPL was constrained by on account of decline in scale of operations and moderate profitability, leveraged capital structure and moderate debt coverage indicators in FY24 (FY refers to the period from April 01 to March 31). The ratings, further, continue to remain constrained on account of PBIPL's exposure to adverse movement in steel prices and forex rates, cyclical nature in the ship breaking industry and exposure to regulatory and environmental hazards risk. The ratings, however, continue to derive strength from PBIPL's experienced and resourceful promoters, established position in the ship-breaking industry aided by one of the largest ship-breaking facilities in the country having various certification for Green Recycling and location of yard at Alang which has unique geographical features suitable for ship-breaking operations.

Analytical Approach: Consolidated

CARE has considered consolidated financials of PBIPL and its subsidiaries i.e. Priyablue Ship Green Recycling Private Limited (PSGRPL), Priya Offshore Private Limited (POPL) and Priya Blue Holding Private Limited (PBHPL). The details of subsidiaries consolidated with PBIPL are shown in Annexure-6

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on April 24, 2025 the following were the rating weakness and rating strengths (updated based on information available from registrar of companies).

Key weaknesses

Decline in scale of operations and moderate profitability

PBIPL's consolidated total operating income (TOI) has remained fluctuating depending upon the availability of ship for recycling on global scale along with the volatility associated with steel prices. TOI of PBIPL on consolidated level moderated to Rs.346.06 crore [PY: Rs.509.69 crore] in FY24 owing to limited availability of ships to cut. PBILDT margin of PBIPL (Consolidated) also remained moderate due to low value additive nature of business coupled with impact of volatile steel prices and forex rates. During FY24, operating profitability of PBIPL has improved over previous year as marked by PBILDT margin of 7.22% in FY24 [PY: 4.94%]. Consequently, PAT margin of PBIPL also improved and remained at 6.34% in FY24 [PY: 4.66%].

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

Leveraged capital structure and moderate debt coverage indicators

On consolidated basis, capital structure of PBIPL marked by its overall gearing improved over the previous year on the back of improved net worth base due to accretion of profits, however, remained leveraged at 2.22 times as on March 31, 2024 [PY: 2.30 times]. Debt coverage indicators improved due to lower interest costs and remained at moderate level as marked by interest coverage ratio of 4.81 times [PY: 1.93 times]. However, total debt / GCA has marginally deteriorated and remained at 11.45 years [PY: 10.04 years] as on March 31, 2024.

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 PBIPL 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 PBIPL (which is generally minimal). The group uses LC facility to purchase old ships. Since the transactions are denominated in foreign currency, PBIPL 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.

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.

Key Strengths

Experienced and resourceful promoters

The key promoter of PBIPL, 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.

Established position of the company in the ship-breaking industry aided by one of the largest ship-breaking facilities in the country having various certification for Green Recycling

PBIPL had recycled more than 69 ships which includes 7 Ultra Large crude carriages (ULCC), 5 very large crude carriages (VLCC) and 4 Floating production storage and offloading (FPSOS) including longest passenger vessel 'S.S. Blue Lady, ex SS France, ex SS, the largest crude oil tanker, 'ST MONT, ex Jahre Viking, ex Knock Nevis' having a LDT of 83,598 MT. PBIPL carry out ship-breaking activity at plot V-1 with front yard having frontage of 121 meters leased out by Gujarat Maritime Board (GMB). It also has backyard with area of 65,000 sq. meters out of which 27,500 sq. meters of area is concrete where the large steel blocks of the vessels are received from the front yard and then recycled into smaller sizes, assorted and delivered to steel recycling mills. PBIPL has Class NK, RINA S.P.A., Class IR 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 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.

Assumptions/Covenants: Not applicable

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

Applicable criteria
[Policy on Withdrawal of ratings](#)
[CARE Ratings' criteria on information adequacy risk and issuer non-cooperation](#)
[Policy on default recognition](#)
[CARE Ratings' criteria for rating of Short-Term Instruments](#)
[Criteria on Assigning 'Outlook' or 'Rating Watch' to Credit Ratings'](#)
[Financial Ratios – Non financial Sector](#)
[Rating Methodology - Wholesale Trading](#)
[CARE Ratings' Criteria on Consolidation & Combined Approach](#)
About the Company

Incorporated in 1994, Priya Blue Industries Private Limited (PBIPL; CIN - U24199GJ1994PTC021784), promoted by Mr. Sanjay Mehta and his family members, is engaged in ship-breaking activity at Alang–Sosiya belt of Bhavnagar region in Gujarat.

Brief Financials (₹ crore)	Standalone		Consolidated	
	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2023 (UA)	March 31, 2024 (UA)
Total operating income	364.65	166.80	509.69	346.06
PBILDT	22.25	14.81	25.16	24.97
PAT	21.20	18.23	23.74	21.94
Overall gearing (times)	2.53	1.03	2.30	2.22
Interest coverage (times)	1.92	5.32	1.93	4.81

A: Audited; UA: Unaudited, 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 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	Fund-based - LT-Cash Credit	LT	-	-	-	-	-	1)Withdrawn (07-Feb-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)	1)CARE BBB-; Stable / CARE A3 (07-Feb-23)

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

LT: Long 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

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	% of Holding as on March 31, 2024	Extent of consolidation	Rationale for consolidation
1	Priyablue Ship Green Recycling Private Limited (PSGRPL)	97.00%	Full	Subsidiary
2	Priya Blue Holding Private Limited (PBHPL)	99.90%	Full	Subsidiary
3	Priya Offshore Private Limited (POPL)	74.00%	Full	Subsidiary

Note on complexity levels of rated instruments: CARE 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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