

Gohilwad Ship Breaking LLP

March 18, 2026

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|--|---------------------|---|---|
| Long Term / Short Term Bank Facilities | 95.48 | CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* | LT rating downgraded from CARE BB; Stable and ST rating reaffirmed and moved to ISSUER NOT COOPERATING category |
| Short Term Bank Facilities | 1.52 | CARE A4; ISSUER NOT COOPERATING* | Rating moved to ISSUER NOT COOPERATING category |

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Gohilwad Ship Breaking LLP (GSBL) to monitor the rating vide e-mail communications dated March 09, 2026, February 16, 2026, February 13, 2026, February 06, 2026, February 03, 2026, January 27, 2026 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Limited (CareEdge Ratings) has reviewed the rating on the basis of the best available information which however, in CARE Ratings Limited (CareEdge Ratings)'s opinion is not sufficient to arrive at a fair rating. The ratings on GSBL's bank facilities will now be denoted as **CARE BB-; Stable; ISSUER NOT COOPERATING / CARE A4; ISSUER NOT COOPERATING**.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of Gohilwad Ship Breaking LLP (GSBL) have been revised on account of non-availability of requisite information. The ratings assigned to the bank facilities of GSBL remained constrained on account of small scale of operations, along with thin profitability, weak debt coverage indicators during FY25 (Audited- refers to the period from April 01 to March31). The ratings further remained constrained on account of exposure to volatility in metal prices and forex rates, risks associated with partnership constitution, cyclicity associated with ship breaking industry coupled with competition of global peers, exposure to regulatory and environment hazard risk.

However, ratings continue to draw strength from experienced promoters and established track record of operations, location of yard at Alang which has unique geographical features suitable for ship-breaking operations along with proper certifications and regular customer base.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on March 06, 2025 the following were the rating strengths and weaknesses (updated from the information available from ROC)

Key weakness

Small scale of operations, along with thin profitability

GSBL's scale of operation marked by total operating income (TOI) declined by 71.25% during FY25 due to lower number of ships for breaking / recycling and remained small at Rs. 16.30 crore during FY25 as against Rs. 56.70 crore during FY24. Profitability margins have improved due to reduced material costs and other expenses, however remained low owing to its low value addition nature of business marked by the PBILD margins of 2.16% during FY25 as against 1.18% during FY24. Further, due to higher depreciation and interest costs on proportionate basis, PAT margin deteriorated further and remained thin at 0.27% during FY25 as against 0.36% in FY24. In absolute terms, PBILD and PAT remained low at Rs. 0.35 crore and Rs. 0.04 crore respectively during FY25 as against Rs. 0.67 crore and Rs. 0.20 crore during FY24 respectively.

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

Weak debt coverage indicators

The debt coverage indicators of the company remained weak owing to low profitability marked by interest coverage ratio of 0.85x in FY25 as against 1.20x in FY24. However, As on March 31, 2025, the capital structure of GSBL remained comfortable in the absence debt as on balance sheet date marked by nil overall gearing ratio as against 2.10x as on March 31, 2024.

Exposure to volatility in metal prices and forex rates

The volatility in steel prices driven by demand and supply conditions in the global as well as local markets exposes GSBL's revenue and profitability 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 firm (which is generally minimal). The group uses Letter of Credit (LC) facility to purchase old ships. Since the transactions are denominated in foreign currency, the firm is exposed to forex risk, as the firm'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.

Risks associated with partnership constitution

The firm being partnership, the firm is exposed to risk of withdrawal of capital from the business along with risk of absence of succession planning which may expose the firm to risk of dissolution of business. However, during FY25, partners have infused capital of Rs. 1.73 crore as against infusion of Rs. 0.08 crore in FY24.

Cyclicity associated with ship breaking industry coupled with competition of global peers

The ship breaking industry is cyclical in nature as supply of old ships for recycling is inversely proportional to freight index. The freight index is a function of global demand of seaborne transport and supply of new vessels which in turn depend 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. Further, Indian ship-recycling yard face intense competition from the neighbouring countries like Bangladesh and Pakistan due to availability of low wage labour, lesser 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-breaking industry in the Alang-Sosiya belt of Gujarat is highly regulated with strict working and safety standards to be maintained by the shipbreakers for their labourers and environmental compliance. Furthermore, the industry is prone to risks related to pollution as it involves dismantling of ships which contain various hazardous substances like lead, asbestos, acids, hazardous paints, etc. that have to be properly disposed off as per the regulatory guidelines. The industry has attracted considerable attention on the issues relating to environmental pollution, health problems of labor and violation of human rights in the recent past. Thus, if stringent environmental norms are imposed then it may have an adverse effect on the operations of the firm.

Key strengths**Experienced promoters and established track record of operations**

GSBL is promoted by Mr. Hitesh Shah, Mr. Jimit Shah, Mr. Sudhir Mehta and Mr. Rajesh Mehta and is engaged in ship breaking activity. They are one of the oldest players in ship-breaking industry at Alang and has been successfully able to operate its business through various business cycles. The promoters have more than two decades of experience and are actively involved in the operation of the firm. GSBL has recycled around 19 ships in the last five years with a total tonnage of 66,351 MT. GSBL recycles Bulk Carriers, General Cargo, Oil & Chemical Tanker, Passenger Tanker & Container, fish factory, tugs like small vessels.

Location of yard at Alang which has unique geographical features suitable for ship-breaking operations along with proper certifications and regular customer base

The firm'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. The cluster accommodates nearly 170 plots spread over around 10 km long stretch along the seacoast of AlangSosiya. Alang has been a consistent player in ship breaking and accounts for 98% of total ships recycled in India. The firm has infrastructures to comply with which are certified by Class NK. This compliance is in relation to the infrastructure and better environment friendly practices and results in lower procurement cost of ships for groups and a preference in ship recycling. The firm has CLASS NK certification which is valid up to 2026 and has RINA certification which has validity up to 2025.

Liquidity: Stretched

The liquidity position is stretched characterized by modest cash and bank balance at Rs. 3.61 crore as on March 31, 2025. While The net cash flow from operating activities also stood negative at Rs. 5.60 crore as on Mar 31, 2025, vis-à-vis positive at Rs. 1.90 crore as on March 31, 2024.

Assumptions/Covenants: Not Applicable

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

Applicable Criteria:

[Criteria on Information Adequacy Risk and Issuer Non-Cooperation](#)

[CARE Ratings' Policy on Default Recognition](#)

[Criteria on Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Financial Ratios – Non-Financial Sector](#)

[CARE Ratings' Criteria on Rating of Short Term Instruments](#)

[Rating Methodology - Manufacturing Companies](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

About the company and industry**Industry classification**

| Macroeconomic indicator | Sector | Industry | Basic industry |
|-------------------------|----------|--------------------|----------------|
| Services | Services | Transport Services | Shipping |

Established in 1995, Gohilwad Ship Breaking LLP (GSBLLP) is engaged in the ship recycling business at Alang-Sosiya belt of Bhavnagar region in Gujarat. The firm carries on ship breaking activities at Plot No. 87A in Alang Ship Breaking Yard allotted by Gujarat Maritime Board with total plot size of 2700 sq. meters having frontage of 45 meters. The plot is compliant under "Green recycling - Guidelines for Safe and Environmentally Sound Ship Recycling, adopted by resolution MEPC.210 (63)" certified by RINA S.P.A. and Class NK. Gohilwad Ship Breaking Co., partnership firm, was converted into LLP with name Gohilwad Ship Breaking LLP on October 11, 2022.

| Brief Financials (₹ crore) | March 31, 2023 (A) | March 31, 2024 (A) | March 31, 2025 (A) |
|----------------------------|--------------------|--------------------|--------------------|
| Total operating income | 28.86 | 56.70 | 16.30 |
| PBILDT | 0.74 | 0.67 | 0.35 |
| PAT | 0.29 | 0.20 | 0.04 |
| Overall gearing (times) | 0.90 | 2.01 | 0.00 |
| Interest coverage (times) | 0.87 | 1.20 | 0.85 |

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

Status of non-cooperation with previous CRA: Brickwork has continued the rating assigned to the bank facilities of GSBL into ISSUER NOT COOPERATING category vide press release dated February 02, 2026 on account of its inability to carry out a review in the absence of requisite information from the firm.

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 | IS IN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|---|-------|-------------------------------|-----------------|----------------------------|-----------------------------|---|
| Fund-based - LT/ ST- Standby Line of Credit | | - | - | - | 19.00 | CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* |
| Non-fund-based - LT/ ST-Letter of credit | | - | - | - | 76.48 | CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* |
| Non-fund-based - ST- Credit Exposure Limit | | - | - | - | 1.52 | CARE A4; ISSUER NOT COOPERATING* |

*Issuer did not cooperate; based on best available information

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 | Non-fund-based - ST-Credit Exposure Limit | ST | 1.52 | CARE A4; ISSUER NOT COOPERATING* | - | 1)CARE A4 (06-Mar-25) | 1)CARE A4 (07-Feb-24) | 1)CARE A4 (11-Jan-23) |
| 2 | Non-fund-based - LT/ ST-Letter of credit | LT/ST | 76.48 | CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* | - | 1)CARE BB; Stable / CARE A4 (06-Mar-25) | 1)CARE BB; Stable / CARE A4 (07-Feb-24) | 1)CARE BB; Stable / CARE A4 (11-Jan-23) |
| 3 | Fund-based - LT/ ST-Standby Line of Credit | LT/ST | 19.00 | CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* | - | 1)CARE BB; Stable / CARE A4 (06-Mar-25) | 1)CARE BB; Stable / CARE A4 (07-Feb-24) | 1)CARE BB; Stable / CARE A4 (11-Jan-23) |

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

ST: Short 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 | Fund-based - LT/ ST-Standby Line of Credit | Simple |
| 2 | Non-fund-based - LT/ ST-Letter of credit | Simple |
| 3 | Non-fund-based - ST-Credit Exposure Limit | Simple |

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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.

Contact us

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About us:

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