Goa Shipyard Limited

September 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	100.00	CARE AAA; Stable	Reaffirmed
Long-term / Short-term bank facilities	7,900.00	CARE AAA; Stable / CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings for bank facilities of Goa Shipyard Limited (GSL) continues to derive strength from GSL's well-established operations and longstanding track record of ~six decades, majority ownership held by Government of India (GoI, directly and indirectly holding of 91.13% stake as on March 31, 2025) and strategic importance of GSL in strengthening the country's defence capabilities. The company is viewed as strategically important for executing and strengthening India's defence capabilities, considering that a large share of revenue is derived from Indian Navy and Coast guard with largest order in the orderbook (~outstanding ₹10,000 crore as on June 30, 2025), for two stealth frigates, received on nomination basis from the government. The defence segment is expected to continue as the largest revenue contributor. GSL is also likely to benefit from increased GoI's focus on 'Make-in-India' initiative and favourable industry outlook.

Ratings also factor in the comfortable order book position, providing long-term revenue visibility. GSL's order book size continues to be robust at ₹15,756 crore as on June 30, 2025 (₹18,446 crore as on June 30, 2024). The financial performance has improved in FY25 (FY refers to the period April 1 to March 31) with revenue registering growth of 67% and gross cash accruals (GCA) at ₹368 crore (PY: ₹337 crore) supported by expedited execution. However, profit margin before interest, lease rentals, depreciation and taxes (PBILDT margin) remained modest at 4.95% in FY25 (PY: 4.19%) due to higher cost of materials consumed in initial stage of project execution, the same stands improved at ~7.20% in Q1FY26. CARE Ratings Limited (CareEdge Ratings) expects PBILDT margins to be range bound (at 7-9%) in the near term on the back of milestone-based billing.

Ratings also factor in the robust leverage indicators with no external debt, minimal reliance on working capital lines, receipt of interest free advances from defence entities for executing orders, and the large cash built-up. On an overall basis, CareEdge Ratings expects the company's operational and financial position to remain robust.

However, these strengths remain tempered by susceptibility to fluctuation in profitability with majority orders fixed price contracts and cyclical nature of the shipbuilding industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

Not applicable

Negative factors

- GoI stake substantially declining.
- The company's order book position significantly declining on a continuous basis.
- Significant changes in policies of the GoI or increasing competition in the shipbuilding industry decreasing GSL's strategic importance.

Analytical approach: Standalone

CareEdge Ratings has assessed the standalone operations and financials of GSL while factoring linkages with the parent, GoI, considering the majority ownership and strategic importance of GSL to GoI in strengthening the country's defence capabilities.

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

Outlook: Stable

CareEdge Ratings expects GSL's robust business and financial risk profiles to persist over the medium term due to its strategic importance for GoI and healthy order book position.

Detailed description of key rating drivers:

Key strengths

Majority ownership by the GoI and strategic importance

GSL is a central public sector enterprise (CPSE) Miniratna Category-I company, with majority ownership (51.09% directly and 40.05% via Mazagon Dock Shipbuilders Limited as on March 31, 2025) of the GoI, operating under the administrative control of the Ministry of Defence. GSL's board of directors has nominee directors from the GoI. The GoI has nominated GSL to build two missile frigates, which is currently the largest order for the company. GSL had also received grants from the GoI for shipyard modernising, thus boosting GSL's strategic importance.

Established operations and strong track record

With a proven track record of over six decades, GSL has built a variety of ships for the Navy, Coast Guard, and other departments. Its product range mainly includes warships for defence needs, such as frigates, corvettes, missile crafts, offshore patrol vessels, fast patrol vessels, fast attack crafts, and hovercrafts, among others. GSL is capable of constructing vessels up to 125 m in length. The company has expertise in shipbuilding, including design, engineering, fabrication, and testing. As on March 31, 2025, GSL has built and delivered 230 ships and 171 glass reinforced plastic (GRP) boats. Apart from shipbuilding, GSL also offers a range of services, including ship repairs, refits, and modernisation.

Healthy order book position

As on June 30, 2025, GSL had an order book of ₹15,756 crore, providing revenue visibility for the next five to six years. About 78% of the orderbook pertains towards orders from the Indian Navy, among others. GSL's orderbook comprises orders received on nomination and competitive bidding basis. The company also extends its services to foreign nations through competitive bidding and nominations received from the foreign ministry.

Satisfactory financial performance

The company reported a sharp revenue growth over the last three years with a compounded annual growth rate (CAGR) of 57.35% followed by the two large-sized orders received between FY22 and FY24. The total operating income (TOI) improved substantially in FY25 on the back of execution of the orderbook supported by the efficiencies from the modernisation capex incurred in FY23. The revenue growth continued in current fiscal with TOI for Q1FY26 reporting a 30% increase from Q1FY25 at ₹506 crore (Q1FY25: ₹390 crore). However, the profit margins remained aligned with previous fiscal levels with PBILDT margin at 4.95% in FY25 (PY: 4.19%) due to higher cost of materials consumed in initial stage of execution. This margin improved at ~7.20% in Q1FY26. CareEdge Ratings expects profit margins to be moderate in the near term as sizable orderbook is still in the nascent stage.

Strong solvency and liquidity position

GSL's capital structure is robust, with no term debt and minimal reliance on working capital. It receives milestone-stage payments on completing milestones such as signing contracts, submitting designs, procuring materials and achieving milestones, among others. Majority such stage payments are also not backed by bank guarantee (BG), aiding GSL in meeting its working capital requirements. The fund-based working capital utilisation was nil in the last 12 months ended June 30, 2025. Receiving stage-wise payments has also resulted in large liquidity built-up, with liquid funds aggregating to ₹3,095 crore as on June 30, 2025.

Favourable industry outlook

Large spending plan by the Indian Navy is expected to drive the order book of Indian shipbuilding companies, more so for Central PSE shipyards. This is reflected in increased allocation towards defence sector. In FY26 budget, the government allocated ~₹6.81 lakh crore to ministry of defence, representing a 9.5% increase over previous year, with the Navy receiving ₹97,149.80 crore. Increasing allocation in the last few years and focus on indigenisation has led to Indian PSUs shipyard reporting high orderbooks. Indian Government plans to float a new shipping entity with 1000 ships, which would aid the existing order book of Indian Shipping companies. With large-sized capex plans by the Government, the order book of GSL and other shipyards is expected to remain strong.

Key weakness

Fixed-price contracts with fluctuating margins
The work contracts are mostly fixed price in nature resulting in profitability susceptible to unprecedented input price increase. While the company builds in sufficient contingencies to mitigate the impact of input price rise, there exists risk associated with volatility in the profit margins.

Liquidity: Strong
GSL has a cash and bank balance of ₹3,095 crore as on June 30, 2025 (₹3,846 crore as on March 31, 2024), most of which is accumulated from the milestone stage payments received for executing projects and support the execution of deliverables. The company has nil external term debt, with cash accruals above ₹350-400 crore annually to aid the liquidity in the medium term.

Assumptions/Covenants: Not applicable

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

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Notching by Factoring Linkages with Government
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial manufacturing	Ship building and allied services

GSL, a CPSE under the administrative control of the Ministry of Defence, is located at Vasco da Gama, Goa, on the southern bank of river Zuari. The shipyard was established by the Portuguese on November 26, 1957, as 'Estaleiros Navais de Goa'. It started functioning under its own board of directors on September 26, 1967. GSL is a Miniratna, Category-I company. In the last six decades, the company has grown exponentially in diverse fronts involving ship design and construction.

Particular	March 31, 2024 (A)	March 31, 2025 (A)	Q1 FY26 (UA)
Total operating income	1,722.77	2,871.93	505.70
PBILDT	72.14	142.07	36.42
PAT	271.32	288.44	69.63
Overall gearing (times)	1.23	1.62	NA
Interest coverage (times)	106.46	186.07	273.02

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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
Fund-based-Long Term	NA	-	-	-	100.00	CARE AAA; Stable
Fund-based/Non-fund-based-LT/ST	NA	-	-	-	33.80	CARE AAA; Stable / CARE A1+
Non-fund-based-LT/ST	NA	-	-	-	7866.20	CARE AAA; Stable / CARE A1+

NA: Not applicable

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-LT/ST	LT/ST	7866.20	CARE AAA; Stable / CARE A1+	-	1)CARE AAA; Stable / CARE A1+ (27-Sep-24)	1)CARE AAA; Stable / CARE A1+ (27-Feb-24) 2)CARE AAA; Stable / CARE A1+ (04-Apr-23)	-
2	Fund-based/Non-fund-based-LT/ST	LT/ST	33.80	CARE AAA; Stable / CARE A1+	-	1)CARE AAA; Stable / CARE A1+ (27-Sep-24)	1)CARE AAA; Stable / CARE A1+ (27-Feb-24) 2)CARE AAA; Stable / CARE A1+ (04-Apr-23)	-

3	Fund-based-Long Term	LT	100.00	CARE AAA; Stable	-	1)CARE AAA; Stable (27-Sep-24)	1)CARE AAA; Stable (27-Feb-24) 2)CARE AAA; Stable (04-Apr-23)	-

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	Fund-based-Long Term	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple
3	Non-fund-based-LT/ST	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

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Rajashree Murkute Senior Director **CARE Ratings Limited** Phone: +91-22-68374474 E-mail: Rajashree.murkute@careedge.in Puja Jalan Director **CARE Ratings Limited** Phone: +91-40-69000500 E-mail: puja.jalan@careedge.in Utkarsh Yadav Assistant Director **CARE Ratings Limited** Phone: +91-22-68374413 E-mail: utkarsh.yadav@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

**For detailed Rating Report and subscription information,
please visit www.careratings.com**