

Garden Reach Shipbuilders and Engineers Limited

June 22, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	230.00 (Enhanced from 227.00)	CARE AAA; Stable	Reaffirmed
Long-term / Short-term bank facilities	12,958.00 (Enhanced from 7,361.00)	CARE AAA; Stable / CARE A1+	Reaffirmed
Short-term bank facilities	300.00	CARE A1+	Assigned
Short-term bank facilities	1,205.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

Rationale and key rating drivers

Ratings assigned to bank facilities of Garden Reach Shipbuilders and Engineers Limited (GRSE) continue to factor in well-established operations and long-standing track record of over seven decades in the shipbuilding industry, majority ownership (74.5% stake as on March 31, 2026) held by Government of India (GoI). GRSE's strategic importance is in strengthening the country's defence capabilities. The company's strategic importance to Indian defence sector is reflected in its order book with ~76% orders coming from Indian Navy and Coast Guard, and the largest order in the order book (~₹5,868 crore as on March 31, 2026), being for warships, received on nomination basis from the GoI. With a large revenue share derived from defence entities in India, GRSE is viewed as strategically important for executing and strengthening India's defence capabilities. CARE Ratings Limited (CareEdge Ratings) expects its strategic importance to continue in the long term, supporting business operations.

Ratings also derive strength from strong order book of ~₹15,324 crore as on March 31, 2026, which provides strong revenue visibility in the medium term. In addition to its existing order book, GRSE has emerged as the lowest bidder (L1) for building five (05) Next Generation Corvettes with an estimated project value of ~₹33,000 crore, which is expected to further enhance its revenue visibility. GRSE is also likely to get benefit from increased GoI's focus on 'Make in-India' initiative and favourable industry outlook. GRSE reported strong financial performance with the company reporting a growth of ~38% from ₹5,076 crore in FY25 to ₹7,002 crore in FY26. With a strong order book, the company is expected to continue its growth momentum in the medium term. Profit before interest, lease rentals, depreciation and taxation (PBILDT) margin improved from 8.41% in FY25 to 11.45% in FY26. The improvement was driven by higher scale, which supported better fixed cost absorption. Margins also benefited from reversal of excess cost provisions created in earlier years for ongoing projects.

Ratings also factor in robust leverage and coverage metrics with absence of external debt, minimal reliance on working capital lines, receipt of milestone advances from defence entities for order execution, and large cash built up. CareEdge Ratings takes note of the company's planned ₹500–600 crore capex in the next two years towards expansion and the same is expected to be funded primarily through internal accruals and liquidity. Despite the planned capex, CareEdge Ratings expects the company's coverage metrics and liquidity profile to remain strong in the medium term, supported by funding through internal accruals and adequate liquidity buffers. These rating strengths are tempered by profitability susceptible to commodity price fluctuation from fixed price contracts.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Not applicable

Negative factors

- Substantial decline in GoI's stake.
- Significant decline in the company's order book position and PBILDT margin on a continuous basis.
- Significant change in the policies of GoI, resulting increased competition in the shipbuilding industry, leading to decreased strategic importance of GRSE.

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

- Significant change in business operations leading to reduction in liquid funds below ₹3,000 crore on a continued basis.

Analytical approach: Standalone, while factoring linkages with the parent, GoI.

Outlook: Stable

In the medium term, GRSE's robust business and financial risk profiles are expected to persist due to its strategic importance to GoI, healthy order book position, and absence of debt-funded capex.

Detailed description of key rating drivers:

Key strengths

Majority ownership by the GoI and strategic importance

GRSE is a central public sector enterprise (CPSE), with majority ownership (74.5% holding as on March 31, 2026) of GoI under administrative control of the Ministry of Defence (MoD). GRSE is strategically important to the MoD for strengthening its defence capabilities. GRSE's board of directors are appointed by MoD and comprise central government representative as a nominee director. GRSE has been nominated for building stealth frigates P-17 Alpha (a type of warship), which account ~38% of the order book.

Established operations and strong track record

GRSE has built ~800 platforms, which include 118 warships for Indian Navy, Indian Coast Guard, Government of Mauritius, and Government of Seychelles. GRSE has delivered warships comprising frigates, anti-submarine warfare corvettes, missile corvettes, fleet tanker, landing ship tank (large), landing craft utility, offshore patrol vessel, fast patrol vessels, inshore patrol vessel, and water jet fast attack crafts, among others. GRSE has a proven track record of over seven decades. Apart from shipbuilding, the company has presence in ship repair and engineering, which currently form a small percentage of overall revenue.

Healthy order book position

As on March 31, 2026, the company had order book of ₹15,324 crore, which translates to over 2.2x of the FY26 revenue, providing revenue visibility in the medium term. The largest order is for frigates P-17A, which accounts for ~38% of the order book and was awarded to GRSE on a nomination basis. In addition to its existing order book, GRSE emerged as the lowest bidder (L1) for building five (05) Next Generation Corvettes with an estimated project value of ~₹33,000 crore, which is expected to further enhance its revenue visibility. Price negotiations for the project have been completed, and the company is awaiting formal signing of the contract. The order book constitutes ~76% of orders from Indian Navy and Coast Guard, ~21% of orders from commercial shipbuilding and export segment and remaining from ship repair and engineering segment; however, given GRSE's strategic importance to GoI, the primary focus will remain on securing and executing naval orders. With GoI's increased focus on indigenisation and 'Make in India' initiative, GRSE is likely to receive orders on a continuous basis, which is expected to provide sustained revenue visibility.

Improved financial performance in FY26

With increased pace of execution, revenue grew by 38%, from ₹5,076 crore in FY25 to ₹7,002 crore in FY26, mainly led by execution of frigates P-17A. In FY26, the shipbuilding segment accounted for 93% of the revenue, followed by ship repair at 4%, and engineering division at 3%. The PBILDT margin improved from 8.41% in FY25 to 11.45% in FY26, driven by higher scale, which supported better fixed cost absorption, along with the reversal of excess cost provisions created in earlier years for ongoing projects. The PBILDT margin is expected to remain stable at ~10–11% in the medium term. Apart from operating income, the company derives significant income from interest on liquid funds maintained. Interest income amounted to ₹246 crore in FY26, which supported overall profitability and boosted the profit after taxation (PAT), with the PAT margin at 10.68% in FY26.

Robust financial and liquidity position

GRSE has a favourable capital structure with no term debt or working capital borrowings in its books except lease liabilities of ₹37.4 crore as on March 31, 2026. It receives stage payment from its customers, which meets working capital requirements and is used to extend advances to suppliers, and procure materials and equipment, among other expenses. A large part of these stage payments is backed by bank guarantees (BGs; ₹5,131 crore as on March 31, 2026), which has been considered as a working capital debt by CareEdge Ratings. Against such debt, GRSE has cash and bank balances of ₹3,511 crore as on March 31, 2026.

CareEdge Ratings takes note of the company's planned ₹500–600 crore capex in the next two years towards expansion of its shipbuilding capacity through two brownfield and two greenfield facilities in West Bengal and Gujarat, to be funded primarily through internal accruals and liquidity. Despite the planned capex, CareEdge Ratings expects the company's coverage metrics and

liquidity profile to remain strong in the medium term, supported by funding through internal accruals and adequate liquidity buffers.

Strong industry outlook

The shipbuilding industry is expected to witness sustained growth, driven by a healthy order pipeline from the defence sector, increased focus on maritime security, and the GoI's thrust on indigenisation under the 'Aatmanirbhar Bharat' initiative. Demand prospects remain favourable, led by the Indian Navy and Coast Guard's ongoing fleet modernisation programmes, and rising requirements for commercial vessels. The industry is further aided by policy measures, such as the revamped Shipbuilding Financial Assistance Policy, establishment of a ₹25,000-crore Maritime Development Fund for long-term financing, extension of customs duty exemptions on shipbuilding inputs, and recognition of large vessels under infrastructure financing. These initiatives are expected to enhance competitiveness of domestic shipyards, improve access to long-term capital, and support capacity expansion, providing a favourable long-term growth outlook for the industry.

Key weaknesses

Fixed-price contracts with fluctuating margins

Work contracts are mostly fixed price, 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 profit margins.

Liquidity: Strong

GRSE has cash and bank balance of ₹3,511 crore as on March 31, 2026 (₹3,732 crore as on March 31, 2025), against nil debt repayment obligations. Annual cash accruals above ₹500 crore annually, zero term debt, and receipt of milestones payments to suffice working capital requirements support robust liquidity profile.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

	Risk factors
Environmental	<ol style="list-style-type: none"> Vendors inability to provide materials per laid down specification and other requirements. The company does not identify and assess potential environmental risks. Currently, GRSE does not have projects under Clean Development Mechanism.
Social	<ol style="list-style-type: none"> Permanent women employees and employees with disability have been trained on safety aspect. GRSE's focus on disadvantaged and vulnerable community is largely concentrated in West Bengal and Ranchi.
Governance	<ol style="list-style-type: none"> To ensure transparency and integrity, GRSE has adopted Integrity Pact with all vendors / suppliers / contractors / service providers for all orders / contracts of value ₹2 crore and above. No investor complaints/grievances were received by the company from FY25-FY26.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Factoring Linkages Government Support](#)

[Manufacturing Companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport services	Shipping

GRSE was incorporated on February 26, 1934, and operated under the name Garden Reach Workshops Limited. It was nationalised in 1960, after which the name was changed to its current nomenclature on December 31, 1976. GRSE was listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in October 2018. The company is a central public sector undertaking (CPSU) with President of India holding 74.5% shareholding and balance held by public. Being a Defence PSU, GRSE is primarily engaged in construction of warships for Indian Navy and Indian Coast Guard. It is also engaged in construction of commercial vessels and engineering, and engine production activities. GRSE has three major shipbuilding capabilities, which are main works, fitting out jetty, and Rajabagan dockyard, all based in Kolkata.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (Abg)
Total operating income	5,075.69	7,002.16
PBILDT*	426.87	801.42
Profit after tax (PAT)	527.40	747.93
Overall gearing (x)	2.42	1.98
Interest coverage (x)	26.91	35.75

A: Audited; Abg: Abridged; UA: Unaudited; Note: These are latest available financial results.

*PBILDT: Profit before interest, lease rentals, depreciation, and tax

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 - LT-Cash Credit		-	-	-	230.00	CARE AAA; Stable
Fund-based - ST-Working Capital Demand loan		-	-	-	300.00	CARE A1+
Non-fund-based - LT/ST-Bank Guarantee		-	-	-	12958.00	CARE AAA; Stable / CARE A1+
Non-fund-based - ST-Letter of credit		-	-	-	1205.00	CARE A1+

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 2026-2027	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
1	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	12958.00	CARE AAA; Stable / CARE A1+	-	1)CARE AAA; Stable / CARE A1+ (01-Jul-25)	1)CARE AAA; Stable / CARE A1+ (04-Jul-24)	1)CARE AAA; Stable / CARE A1+ (20-Jun-23)
2	Non-fund-based - ST-Letter of credit	ST	1205.00	CARE A1+	-	1)CARE A1+ (01-Jul-25)	1)CARE A1+ (04-Jul-24)	1)CARE A1+ (20-Jun-23)
3	Fund-based - LT-Cash Credit	LT	230.00	CARE AAA; Stable	-	1)CARE AAA; Stable (01-Jul-25)	1)CARE AAA; Stable (04-Jul-24)	1)CARE AAA; Stable (20-Jun-23)
4	Fund-based - ST-Working Capital Demand loan	ST	300.00	CARE A1+				

LT: Long term; 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-Cash Credit	Simple
2	Fund-based - ST-Working Capital Demand loan	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple
4	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

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

Annexure-6: List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments ²
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI

²SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments ²
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutual Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details and names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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.

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