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INDIA

Shipbuilding & Naval Defence

Sector Report

Covering: MAZDOCKS | GRSE | COCHIN

Saurav Pal
NISM-202300109351



Whoever commands the sea commands the trade; whoever commands the trade of the world commands the riches of the world.

- Walter Raleigh

SMIFS LIMITED

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Executive Summary:

The Grand Gambit: India's Naval Expansion Play

The Indian Ocean has become the world's most critical strategic corridor, carrying ~50% of global container traffic, ~70% of Asia's oil flows and ~40% of global seaborne crude through chokepoints including Hormuz, Bab-el-Mandeb and Malacca. For India, ~90% of trade by volume and ~85% of crude imports move through these waters. Rising piracy, vessel harassment and grey-zone naval activity have elevated maritime security from a defence function to a first-order economic safeguard.

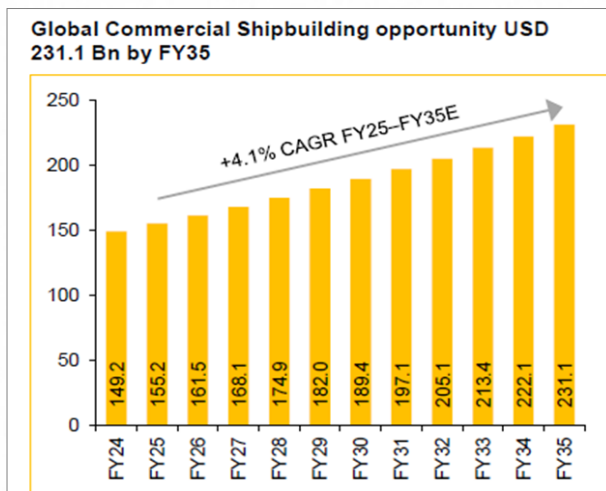
<p>~INR 2.35Tn Short-to-Medium Order Pipeline <i>Through 2035</i></p>	<p>876 Ships Platform Shortfall vs China+Pak <i>Multi-decade capex cycle</i></p>	<p>USD 75 - 100Bn Naval Shipbuilding Opportunity <i>Over 15 - 20 years</i></p>	<p>USD 180Bn Global MRO Market (2030E) <i>+5.3% CAGR</i></p>
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Key Investment Highlights

- India's 876-platform shortfall versus China+Pakistan creates a structural USD 75–100 Bn multi-decade capex cycle, with nearly 95% of this pipeline accruing to domestic shipyards
- The Navy is entering a commissioning 'super-cycle' — one new warship every 40–42 days from 2026 onward
- INR 697 Bn Maritime Development Package (Sept 2025) is the largest-ever maritime stimulus, transforming India from a 16th-ranked nation to an aspiring top-5 shipbuilding power by 2047
- Navy's budget allocation rising at a 17.4% CAGR from FY25 to FY27 with CapEx commanding ~60% of the Navy's total budget
- Global commercial shipbuilding market expected to reach USD 231 Bn by FY35; India holds less than 1% today — asymmetric upside from even modest share gains
- MRO market growing at 5.3% CAGR to USD 180 Bn by 2030 — lifecycle economics of 4–6x initial contract value create annuity-like revenue streams for COCHIN
- Three core beneficiaries — MAZDOCKS, COCHIN, GRSE — offer distinct risk/return profiles within the same structural theme, warranting portfolio diversification across the triad

Company	CMP (INR)	Target (INR)	Upside	Rating
Mazagon Dock (MAZDOCKS)	2,542	2,905	14%	BUY
Cochin Shipyard (COCHIN)	1,476	2,555	73%	BUY
Garden Reach (GRSE)	2,860	5,075	77%	BUY

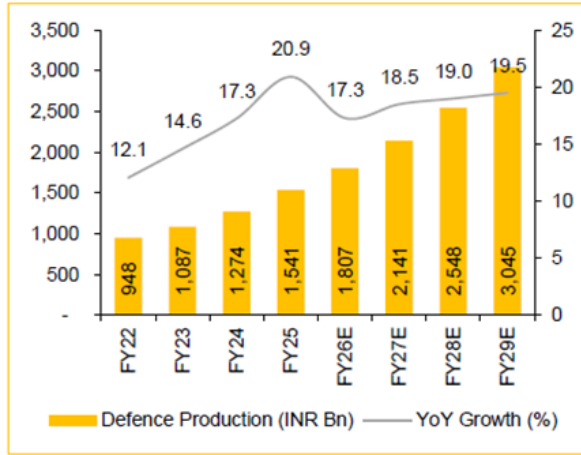
Story in charts



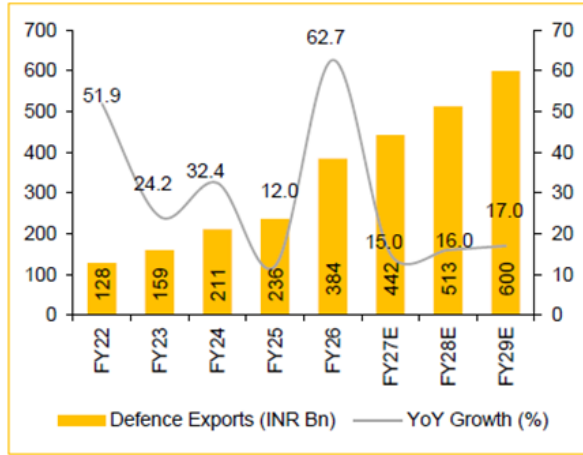
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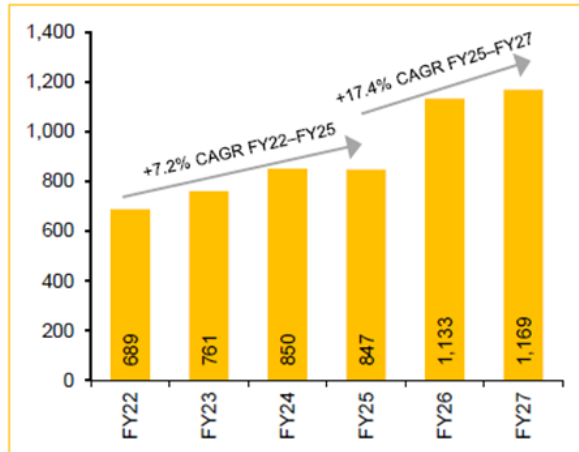
Defence prodn. to expand 19% CAGR over FY26–29E



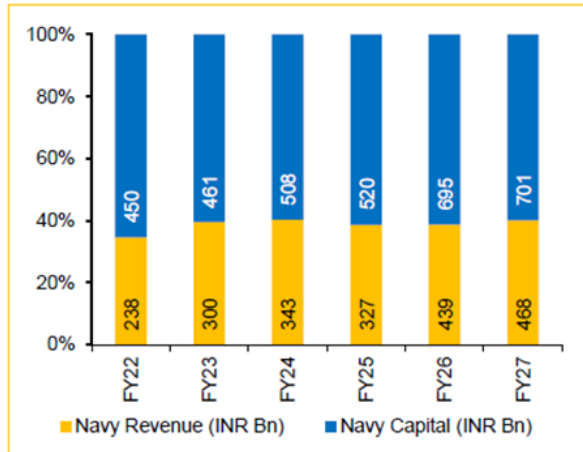
Defence exports to expand 16% CAGR over FY26–29E



Steady Climb in Indian Navy Allocation (INR Bn)



CapEx Commands 60% of the Navy Allocation



1. Wars in Blue Water — It's Geopolitical

1.1 From Industrial Capability to Strategic Necessity

Recent conflicts: the Russia-Ukraine War, the Israel-Hamas War, and the ongoing 2026 Iran War have structurally altered global defence priorities, shifting focus decisively toward maritime security and supply chain protection. Indian naval shipbuilding, until recently viewed as an industrial capability for import substitution, now stands reframed as a strategic necessity, underwriting India's energy security, trade flows, and external balance.

Modern conflicts are trade-route centric: navies are the primary instruments of economic warfare. The 2026 US naval blockade of Iran has restricted Iranian maritime trade and disrupted global oil flows, with vessel seizures marking a shift from deterrence to active maritime control. Iran's threats to close the Strait of Hormuz through which ~20% of global oil flows alongside attacks on merchant vessels have led to more than 90% decline in shipping traffic and immediate oil price spikes.

1.2 Operation Urja Suraksha — Navy as the Trade Lifeline

KEY

With ~28 Indian-flagged vessels stranded near Hormuz, the Indian Navy launched Operation Urja Suraksha in March 2026 — deploying 6+ frontline warships including Visakhapatnam-class destroyers, stealth frigates, and MH-60R helicopters to escort LPG/LNG/crude tankers. The Navy acted as an active enabler of commercial shipping, not merely a deterrent.

- ~90% of India's trade by volume is sea-borne — disruption at Hormuz or Bab-el-Mandeb hits inflation, currency and growth directly
- Reliance on foreign shipbuilding ecosystems introduces strategic risks: delays, sanctions, limited operational control
- Indigenous shipbuilding ensures execution certainty, lifecycle control, and rapid fleet replenishment — structural demand visibility for domestic shipyards
- Sustained naval deployments underwrite a multi-decade order pipeline for MAZDOCKS, GRSE and COCHIN, anchored by the Navy's 175+ ship target by 2035
- Demonstrated IOR performance also opens export optionality across the Gulf, Africa, and Southeast Asia

1.3 The Indo-Pacific Region: World's New Power Centre

The Indo-Pacific has emerged as the world's primary economic and military corridor, accounting for ~60% of global trade and forming the backbone of supply chains. As trade density has increased — driven by China+1 strategies and regional manufacturing scale — secure maritime routes have shifted from a strategic priority to an economic necessity, leading to a parallel rise in naval presence across the region.

Theme	Fact	India Implication
Global Trade Corridor	~60% of global trade via Indo-Pacific	Maritime security = economic necessity
Energy Flows	~60% of India's crude via Hormuz/Malacca	Any disruption hits inflation directly
Digital Connectivity	~95% of global data via submarine cables in IOR	IOR is indispensable to digital economy
India's Trade Dependence	~90% of trade by volume is seaborne	Navy = primary trade security guarantor

1.4 China's 'String of Pearls' Strategy

China's 'String of Pearls' strategy represents a structural push to secure its energy lifelines and expand strategic influence across the Indian Ocean Region (IOR). With ~80% of its crude imports transiting chokepoints such as Malacca, uninterrupted maritime access is critical to China's economic stability — driving sustained investments in ports, logistics hubs and overseas infrastructure across Myanmar, Sri Lanka, Pakistan, Maldives, Djibouti, and Tanzania.

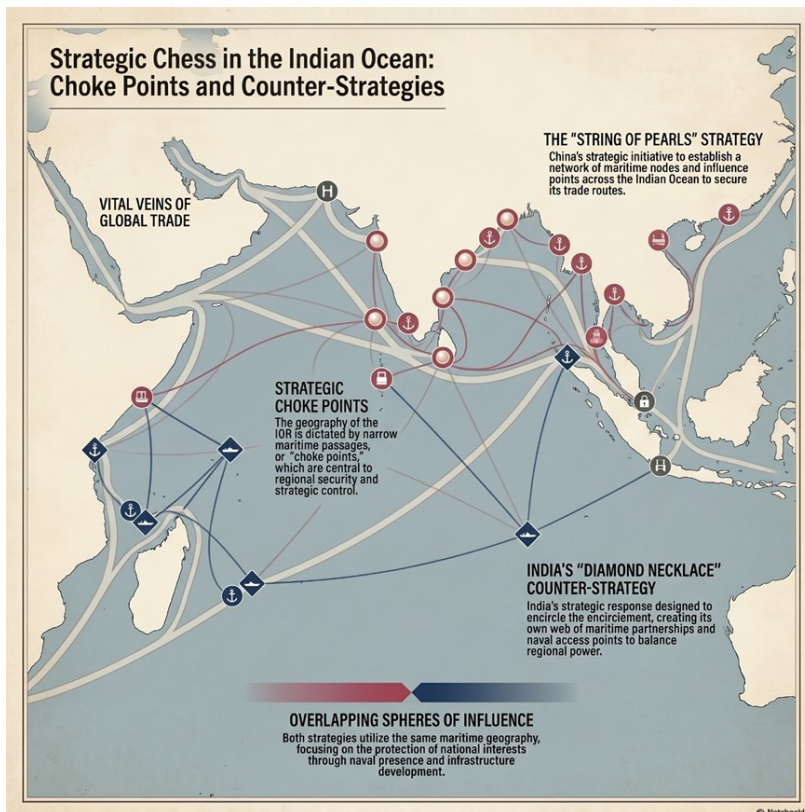
Dimension	Chinese Capability	Indian Response Needed	Investment Thesis Link
Surface Fleet	58 Destroyers, 47 Frigates	Expand destroyer/frigate fleet urgently	MAZDOCKS, GRSE
Submarines	73 (growing to ~80 by 2035)	India's 19 subs vs 73 — critical gap	MAZDOCKS sole builder
Port Infrastructure	Gwadar, Hambantota, Chittagong	Diamond Necklace access points	Drives naval expansion mandate
Amphibious Ships	107 vs India's 16	LPDs, LSTs urgently needed	MAZDOCKS, COCHIN

1.5 India's 'Diamond Necklace' Counter-Strategy

India's 'Diamond Necklace' strategy is a calibrated response to China's 'String of Pearls', aimed at securing maritime interests, expanding naval reach, and balancing Beijing's growing presence. Through access arrangements at key nodes: Changi (Singapore), Sabang (Indonesia), Duqm (Oman), Assumption Island (Seychelles) and Chabahar (Iran): India strengthens forward logistics, surveillance, and refuelling capabilities.

- LEMOA (US), MLSA (Japan), and logistics pacts with Australia significantly extend India's operational footprint across the IOR, South-east Asia, and the western Pacific
- The Quad has evolved into a de facto maritime security framework enabling carrier operations, anti-submarine warfare (ASW), ISR sharing, and maritime domain awareness
- India now maintains continuous naval deployments across the South China Sea, Western Pacific, Malacca, Sunda, Lombok, Bab-el-Mandeb, and Hormuz straits
- Persistent naval presence fuels demand for destroyers, frigates, ASW corvettes, mine-countermeasure vessels, and submarines — driving sustained fleet modernisation
- Indian Navy piracy incidents: 5 in 2023 → 19 in 2024, underscoring the need for continuous forward deployment

Indian Ocean Strategic Maritime Map



2. The Global Shipbuilding Landscape

2.1 East Asian Dominance in Commercial Shipbuilding

The global shipbuilding industry is overwhelmingly concentrated in East Asia. China, South Korea, and Japan collectively account for ~90-95% of total new-ship production by gross tonnage, a dramatic shift from the mid-20th century when European and American yards dominated. India's current share sits below 1% despite operating a 7,500 km coastline and handling ~95% of merchandise trade by volume.

Rank	Country	Output Share (GT, 2024)	Delivered GT (approx.)
1	China	54.57%	39,118,358
2	South Korea	28.02%	20,090,872
3	Japan	12.56%	9,002,442
4	Vietnam	1.01%	~724,079
5	Philippines	0.93%	~666,726
6	Italy	0.64%	~458,822
7	Germany	0.26%	~186,397
8	Türkiye	0.12%	~86,029
9	India	0.06%	~43,015
10	United States	0.04%	~28,676

2.2 Global Shipbuilding Market Trajectory

The global shipbuilding market is valued at USD 161 Bn in 2026 and is projected to expand at a 4.1% CAGR to reach USD 231 Bn by FY35. Asia Pacific is expected to generate the highest demand, while the North America market is projected to grow fastest in the forecast period.

FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E
161.5	168.1	174.9	182.0	189.4	197.1	205.1	213.4	222.1	231.1

Global Commercial Shipbuilding Market (USD Bn) — +4.1% CAGR FY26–FY35E

2.3 India's Structural Deficit- Policy Response

India's participation in global commercial shipbuilding is structurally misaligned with its role in global trade. Despite handling ~95% of its merchandise trade by volume and operating a 7,500 km coastline, India accounts for less than 1% of global cargo vessel ownership — reflecting chronic underinvestment rather than a lack of domestic demand or capability.

This imbalance creates potential geopolitical and supply-chain risks, particularly during periods of trade disruption or regional conflict. The government has responded with a comprehensive ecosystem overhaul.

2.4 The INR 697 Billion Maritime Development Package

The Union Cabinet approved a landmark INR 697 Bn package in September 2025 to revitalise the maritime and shipbuilding ecosystem. Designed to transform India into a top-5 global shipbuilding nation by 2047, the package addresses historical bottlenecks through a comprehensive four-pillar approach.

Pillar 1	Pillar 2	Pillar 3	Pillar 4
SBFAS 2.0 — INR 247 Bn	MDF — INR 250 Bn	SbDS — INR 200 Bn	Legal Reforms
Financial assistance: 15–25% per vessel; 30% for green/alt-fuel vessels; Ship-breaking credit notes worth 40% of scrap value	Maritime Investment Fund (INR 200 Bn blended finance); Interest subvention (INR 50 Bn): up to 3% on shipyard loans	Greenfield mega clusters (INR 99 Bn); Brownfield expansion (INR 83 Bn); Cluster co-location of steel/engine ancillaries	Large ships granted 'Infrastructure Status'; 5 new Acts (Carriage of Goods, Coastal Shipping, Merchant Shipping, Indian Ports, Bills of Lading)

The package is supported by two long-term visions: Maritime India Vision (MIV) 2030 — targeting top-10 status and production scaling from ~30,000 GT today to 500,000 GT; and Maritime Amrit Kaal Vision (MAKV) 2047 — projecting INR 80 Tn investment to achieve top-5 status globally and raise India-built ship share from 5% to 69%.

3. Rebalancing the Board: India's Naval Capability Build-Up

3.1 India's Maritime Imbalance: The 876-Ship Deficit

India faces a significant and multi-dimensional naval capability gap versus the combined China-Pakistan fleet, with a total platform shortfall of ~876 vessels (1,173 vs 297). This disparity is most acute in subsurface warfare, where a ~70-submarine deficit materially weakens under-sea deterrence, and in frontline surface combatants, with an ~86-ship gap across destroyers and frigates.

Platform Type	China	Pakistan	China + Pak	India	Shortfall
Submarines	73	16	89	19	70
Aircraft Carriers	3	0	3	2	1
Destroyers	58	0	50	11	39
Frigates	47	15	61	15	47
Corvettes	50	16	66	21	45
Patrol Boats	94	85	179	136	43
Amphibious Ships	107	0	107	16	91
Mine Warfare Ships	58	3	61	0	61
Support Ships	468	8	474	77	397
Total Ships	1036	148	1173	297	876

Source: Global Military | Data as of 2025

3.2 India's Geographic Operational Efficiency Advantage (2–3x)

Numerical strength alone does not determine maritime dominance. Despite China's larger fleet, geography materially tilts operational advantage in India's favour. India occupies the natural centre of gravity of the Indian Ocean. China operates as a distant expeditionary power, while India sits astride the region's primary sea lanes and chokepoints.

Region / Strategic Point	China Distance (km)	India Distance (km)	India Advantage
South China Sea → Malacca	~3,500	~1,000	3.5x
Andaman & Nicobar Region	~4,500	~1,000–1,200	4x
Arabian Sea / Gwadar	~7,000	~1,200–1,500	5x
Strait of Hormuz	~6,500–7,000	~1,300	5x
Bab-el-Mandeb / Red Sea	~7,500–8,000	~3,200	2.5x
East Africa / Western IOR	~8,000	~3,500–4,000	2x

Source: Statranker, MoD | Operational Consequence: China must rotate 3–4 vessels to keep one ship on station in the IOR; India requires only 1.2–1.5 vessels for the same effect.

INSIGHT

India enjoys a 2–3x operational efficiency advantage — a smaller fleet can exert disproportionate regional control. India does not need fleet parity to dominate the Indian Ocean; it needs sufficient platforms to fully monetise its geographic advantage.

3.3 Platform Shortfall → USD 75 - 100 Billion Opportunity

Closing just 40% of the platform gap would require 300+ new naval platforms over the next 20 years, spanning combatants, patrol vessels, support ships, aviation assets, and unmanned systems. At conservative estimates, this translates into a USD 75–100 Bn shipbuilding opportunity and an additional USD 30–50 Bn for sensors, combat systems, and defence electronics.

3.4 Near-Term Order Pipeline — INR 2.35 Trillion

Project	Est. Value (INR Bn)	Units	Current Status
Project 17B (Next-Gen Frigates)	700	8	AoN Cleared (Sept 2024)
Project 75I (Submarines)	700	6	Contract Finalisation Stage
P-75 'Repeat' (Scorpene)	350	3	Contract Finalisation Stage
Next-Gen Destroyers (P-18)	800	5–8	AoN expected mid-2026
Next-Gen Corvettes (NGC)	500	8	L1 Declared — GRSE for 5 units
Platform Docks (LPD)	350	4	AoN Cleared Oct 2025; RFP mid-2026

Source: MoD, Media Reports | Note: 95% of this pipeline stays with domestic shipyards

3.5 MRO as a Structural Growth Driver

The global ship and boat MRO market will grow from USD 134.6 Bn in 2025 to USD 179.8 Bn in 2030 at a CAGR of 5.3%. Rising marine trade, fleet ageing, and strategic partnerships are reshaping the MRO landscape. Asia-Pacific is both the largest and fastest-growing region.

For India, the naval fleet age profile is particularly compelling: 67% of major naval platforms are over 10 years old, and 33% exceed 20 years — making MRO spending operationally unavoidable and budget-independent. COCHIN commands ~45% of India's ship repair market, with the only dry dock capable of aircraft carrier repairs.

LIFECYCLE

For every INR 1 spent building an aircraft carrier, INR 4–6 is spent over its 40-year lifetime through O&M, mid-life re-fits, upgrades, and spares — creating an annuity-like revenue stream 'yard-locked' to the original builder.

3.6 The Indian Navy's 'Super-Cycle' Commissioning Schedule

Metric	Data Point
Vessels Under Construction (current)	60+ vessels
Vessels Planned (pipeline)	70–80 additional platforms
Navy's 2035 Target	175+ ship fleet
Commissioning Cadence (from 2026)	One warship every ~40–42 days
Domestic Procurement Reserve	~75% of defence procurement reserved for domestic vendors
Capital Outlay CAGR (FY22–FY27)	9.2% CAGR (INR 450 Bn → INR 701 Bn)

4. Defence Budget: Building a War Chest at Sea

4.1 Global Military Expenditure

Global military expenditure has increased 107% from USD 1,292 Bn in 1994 to USD 2,677 Bn in 2024, measured at constant 2023 prices. The 2024 figure represents a USD 229 Bn year-on-year increase — the largest absolute gain in the 30-year recorded period. Current spending stands at 2.2 times the 1998 trough of USD 1,183 Bn, with a sharp acceleration post-2022 driven by NATO re-armament, China's military build-out, and Indo-Pacific tensions.

Year	Global MilEx (USD Bn)	India MilEx (INR Bn)	India CapEx (INR Bn)	Navy Allocation (INR Bn)
FY22	2,200	5,471	1,380	689
FY23	2,295	5,692	1,429	761
FY24	2,447	6,475	1,543	850
FY25	2,677	6,901	1,598	847
FY26E	—	7,308	1,865	1,133
FY27E	—	7,847	2,193	1,169

Source: SIPRI, MoD, MoF | E = Estimate/Budget

4.2 India's Military Expenditure Growth

- India's military expenditure increased 11.3x from INR 647 Bn in FY01 to INR 7,308 Bn in FY25, representing a CAGR of 10.6%
- Defence capital outlay has expanded 59% from INR 1,380 Bn in FY22 to INR 2,193 Bn in FY27BE
- R&D expenditure increased 68% to INR 173 Bn over the same period — R&D share of capital outlay at ~8%, reflecting commitment to indigenous technology development
- Capital outlay's share (DG21) rebounded to 27.9% in FY27BE — its highest level in six years, signalling stronger focus on modernisation over legacy obligations
- Defence production target: INR 3,000 Bn by 2029, implying a CAGR of 18–19% over FY25–29
- Defence exports CAGR of 35.4% over FY21–26; government target of INR 500 Bn by FY29

4.3 Navy's Share in Defence Allocations — Accelerating

Metric	FY22	FY23	FY24	FY25	FY26	FY27E
Navy Total (INR Bn)	689	761	850	847	1,133	1,169
Navy Revenue (INR Bn)	238	300	343	327	439	468
Navy CapEx (INR Bn)	450	461	508	520	695	701
CapEx % of Navy Budget	65%	61%	60%	61%	61%	60%
Navy % of Total DSE	18.8%	19.1%	19.1%	18.8%	23.0%	20.0%

Source: MoD | Navy CAGR FY22–FY27: 11.2% | CapEx CAGR FY22–FY27: 9.2%

4.4 Three Services — Capital Growth Comparison

Service	FY22	FY23	FY24	FY25	FY26	FY27E
Army (INR Bn)	1,822	2,066	2,202	2,376	2,649	2,836
Navy (INR Bn)	689	761	850	847	1,133	1,169
Air Force (INR Bn)	876	906	1,138	1,008	1,279	1,520
Navy CAGR FY22–FY27						11.2%

Note: Air Force led absolute growth at 11.6% CAGR, followed by Navy at 11.2% CAGR and Army at 9.3% CAGR. Source: MoD

Company Overview

Mazagon Dock Shipbuilders Limited (MDL): A Strategic Powerhouse in India's Naval Ecosystem
Operational Dominance, Financial Stability, and Future Growth Catalysts (Sell-Side Analyst View)

OPERATIONAL TRACK RECORD & CAPACITY

Legacy of Execution Since 1774

Strategic Navratna Enterprise

Over 800 Vessels Delivered Since 1960

21-VESSEL SIMULTANEOUS CAPACITY

10 Warships (48%)

11 Submarines (52%)

UNIQUE DUAL-DOMAIN EXPERTISE

Frontline Destroyers

Only Indian Shipbuilder with Proven Capabilities in Both.

Conventional Submarines

PLATFORM PORTFOLIO

Destroyers: Frontline Naval Destroyers

Submarines: Scorpene-class (Kalvari-class)

Frigates: Stealth Frigates

Specialized: Missile Corvettes & Offshore Platforms

FINANCIAL PROFILE & CORPORATE STATUS

NAVRATNA PUBLIC SECTOR ENTERPRISE

OPERATIONAL & FINANCIAL AUTONOMY

DEBT-FREE CAPITAL STRUCTURE

Substantial Cash Reserves

Strong Balance Sheet

CONSISTENT SHAREHOLDER RETURNS

Stable Cash Flow & Execution Efficiency

GROWTH PIPELINE & MARKET EXPANSION

FUTURE DOMESTIC PIPELINE

Project P-75I (Submarines)

Project 17B (Frigates)

Next-Generation Destroyers

REGIONAL MRO STRATEGY

Acquisition of Colombo Dockyard Enhances Presence in Indian Ocean Region

COMMERCIAL & EXPORT DIVERSIFICATION

Southeast Asia, Middle East, Africa

Expanding beyond Defense into Commercial Shipbuilding

Mazagon Dock Shipbuilders Limited (MDL) is India's premier defence shipyard and the country's only shipbuilder with proven capabilities across both frontline destroyers and conventional submarines for the Indian Navy. Established in 1774 and headquartered in Mumbai, MDL has evolved from a small dry dock into one of the most strategically important defence manufacturing assets in India. Since 1960, the company has delivered over 800 vessels, including warships, submarines, cargo and passenger vessels, offshore platforms, and specialized marine assets, establishing a strong track record of execution in complex shipbuilding programs.

MDL possesses world-class shipbuilding infrastructure capable of simultaneous-

ly constructing up to 10 warships and 11 submarines, positioning it uniquely within India's defence industrial ecosystem. The company has successfully delivered several critical naval platforms, including destroyers, stealth frigates, missile corvettes, and Scorpene-class submarines, reinforcing its status as a key partner in India's maritime modernization efforts.

As a Navratna public sector enterprise, MDL benefits from a strong balance sheet characterized by a debt-free capital structure, substantial cash reserves, and consistent dividend payouts. The company is well positioned to capitalize on India's growing defence expenditure and naval fleet expansion plans, supported by a robust pipeline of upcoming opportunities including Project P-75I submarines, Project 17B frigates, next-generation destroyers, and other indigenous naval programs.

Beyond defence shipbuilding, MDL is expanding its addressable market through commercial shipbuilding initiatives, capacity augmentation projects, and international opportunities. The acquisition of Colombo Dockyard enhances its regional maintenance, repair and overhaul (MRO) capabilities and provides a platform for expanding its presence across the Indian Ocean Region. Coupled with increasing defence export opportunities in Southeast Asia, the Middle East, and Africa, MDL is strategically positioned to benefit from the long-term growth of both domestic and international maritime markets.

Given its technological expertise, strong execution credentials, robust order visibility, and strategic importance to India's defence self-reliance agenda, MDL remains one of the most compelling beneficiaries of the country's multi-year naval modernization and defence manufacturing growth story.

Investment Rationale:

INR 1 Trillion Order Book Expansion Anchors Multi-Year Revenue Visibility: Mazagon Dock is entering a structural growth cycle driven by India's naval modernization programme and an unprecedented pipeline of defence procurement opportunities. The company currently possesses an order book of approximately INR 205 billion, equivalent to nearly 1.6x book-to-bill, providing strong medium-term revenue visibility. More importantly, MAZDOCKS is uniquely positioned to participate in an addressable opportunity pipeline of approximately INR 3.4 trillion over the next several years.

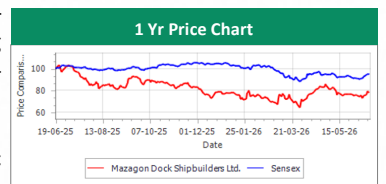
The largest opportunity remains the Project-75I submarine programme, valued at approximately INR 700 billion, where MAZDOCKS has partnered with TKMS and is expected to sign the contract in early FY27. This is complemented by the upcoming Project 17B frigate programme worth approximately INR 700 billion, where order allocation could potentially be shared with GRSE. Additional opportunities include the proposed procurement of three additional Scorpene-class submarines valued at approximately INR 350 billion and the Next Generation Destroyer programme (Project-18) valued at approximately INR 800 billion, for which Acceptance of Necessity (AoN) is expected during mid-2026.

The current order book itself remains diversified across high-value naval programmes, including Project 17A frigates (INR 82.6 billion), ONGC offshore projects (INR 33.2 billion), Indian Coast Guard ships (INR 26.9 billion), Project-75 Kalvari submarines (INR 17.2 billion), AIP submarine upgrades (INR 16.9 billion), Project 15B destroyers (INR 8.6 billion), submarine life-cycle refits (INR 7.5 billion), multipurpose vessels (INR 7.2 billion) and SCI PSV contracts (INR 3.7 billion).

CMP	2542
Target Price	2905
Upside%	14%
Recommendation	BUY

MARKET DATA	
Market Cap (INR mn)	1014238.5
Outstanding Shares (mn)	403.38
Face Value (INR)	5
Dividend Yield (%)	0.72
TTM P/E	49.85
Industry P/E (X)	39.77
Beta	1.4236
52 Week High/ low	3369.3/
BSE Code	543237
NSE Code	MAZDOCK
Reuters Ticket	MAZG.BO
Bloomberg Ticker	MAZDOCKS IN

MARKET DATA	
Promoters %	81.22%
Institutions %	6.88%
Non-Institutions %	11.90%



Company Coverage | Mazagon Dock Shipbuilders Ltd.

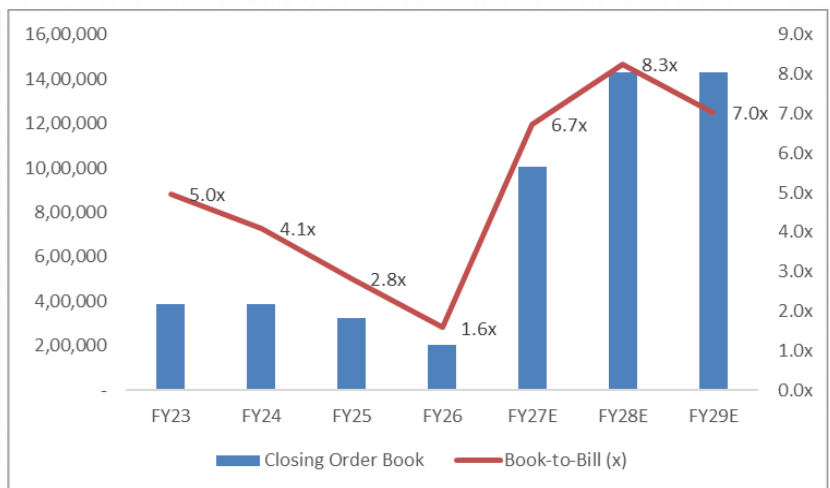
Importantly, MAZDOCKS remains India's only proven builder of conventional submarines and one of the few shipyards capable of constructing advanced destroyers. This sole-supplier status creates a significant competitive moat and makes the company a strategically indispensable asset within India's maritime defence ecosystem. As these programmes move from tendering to execution, management's aspiration of building an order book approaching INR 1 trillion appears increasingly achievable, providing visibility for sustained revenue growth well into the next decade.

MOAT

MAZDOCKS is India's ONLY proven submarine builder - a strategic national asset with no domestic alternative. This sole-supplier status makes it irreplaceable within India's deterrence architecture.

Order Book Composition (31 March 2026, INR Mn)

Project	Value (INR Mn)
Project 17A (Frigates)	82,570
ONGC Offshore Projects	33,200
ICGS (Indian Coast Guard Ships)	26,900
P-75 Kalvari (Submarines)	17,220
AIP Submarine Upgrades	16,870
P-15B Destroyers	8,630
MRLC of Submarines	7,540
Multipurpose Vessels	7,170
SCI PSV	3,650
Others	1,600
Total	2,05,350



INR 200 Billion Capacity Expansion Creates the Foundation for the Next Growth Phase: While order inflows provide revenue visibility, capacity expansion is the critical enabler that allows MAZDOCKS to execute larger and more complex programmes. The company is currently undertaking one of the most ambitious expansion plans in the Indian shipbuilding industry, with aggregate investments of nearly INR 200 billion aimed at transforming its production capabilities.

The Mumbai shipyard expansion, involving land reclamation and new dry dock facilities, forms part of a medium-term investment programme of approximately INR 65–70 billion and is expected to increase capacity to roughly 80,000 DWT. Simultaneously, the Nhava yard expansion, involving investments of approximately INR 10 billion, is expected to scale capacity to nearly 200,000 DWT and position the facility for next-generation aircraft carrier construction. The most transformative project remains the greenfield Tuticorin shipyard, where Phase-I investment of approximately INR 50 billion forms part of a broader INR 150–180 billion development plan. Upon completion, the facility is expected to support vessels of up to 300,000 DWT, including Very Large Crude Carriers (VLCCs) and large commercial vessels.

Collectively, these initiatives increase aggregate shipbuilding capacity from approximately 40,000 DWT to more than 200,000 DWT, representing a five-fold expansion. This scale-up significantly broadens MAZDOCKS' addressable market by enabling participation in aircraft carrier support vessels, landing platform docks, large naval platforms and commercial shipping projects.

The operating leverage arising from this capacity expansion is already reflected in financial forecasts. Revenue is expected to increase from INR 130.1 billion in FY26 to INR 203.0 billion by FY29, representing a CAGR of approximately 16%. EBITDA is projected to grow from INR 22.7 billion to INR 37.8 billion over the same period, while EBITDA margins expand from 17.4% to 18.6%. This reflects improved asset utilization, greater economies of scale and an increasing contribution from higher-value defence platforms.

Site	Capex	Capacity After Expansion
Mumbai Yard (Main)	Included in ~INR 65–70 Bn medium term	~80,000 DWT (via land reclamation & new dry docks)
Nhava Yard (37 acres)	INR 10 Bn	Scaled to 200,000 DWT — next-gen aircraft carriers
Tuticorin Greenfield	INR 150–180 Bn (Phase 1: INR 50 Bn)	300,000 DWT — capable of building world's largest ships

Aggregate capacity expansion: 40,000 DWT → 200,000+ DWT = 5x increase. Enables VLCC construction, LPDs, and aircraft carrier support vessels.

Commercial Shipbuilding Opens a New Multi-Decade Growth Avenue: Beyond defence, MAZDOCKS is positioning itself to participate in the structural growth opportunity emerging in commercial shipbuilding. The global shipbuilding market is expected to expand to approximately USD 231 billion by 2035, while India's market share remains below 1%, leaving significant room for domestic industry expansion under the government's maritime development agenda.

Even modest gains in India's global market share create substantial revenue opportunities. If India captures 3% of the global shipbuilding market, the domestic market could reach approximately USD 4.5 billion. At a 5% share, the opportunity expands to approximately USD 7.5 billion, while a 10% market share would imply a domestic shipbuilding market of approximately USD 16.5 billion.

Assuming MAZDOCKS captures 20–30% of this opportunity, potential incremental revenue could range between INR 81–126 billion under a 3% market share scenario, INR 162–207 billion under a 5% scenario, and INR 297–450 billion under a 10% market share scenario. The Tuticorin facility is expected to serve as the primary platform for this commercial expansion strategy, particularly in large vessel construction and export-oriented shipbuilding.

Additionally, the acquisition of Colombo Dockyard provides MAZDOCKS with access to the commercial maintenance, repair and overhaul (MRO) market across the Indian Ocean Region. Coupled with growing defence export opportunities in Southeast Asia, Africa and the Middle East, commercial shipbuilding and MRO services provide a second growth engine that complements the company's traditional defence business.

Taken together, MAZDOCKS offers a unique combination of long-duration defence order visibility, significant capacity expansion and optionality from commercial shipbuilding. As India's only proven submarine builder and a strategic naval asset, the company is positioned to be a key beneficiary of India's defence modernization and maritime industrialization over the coming decade.

Metric	Current @2026	India @ 3%	India @ 5%	India @ 10%
Global Shipbuilding Market (USD Bn)	164	164	164	164
India's Share (%)	<1%	3%	5%	10%
India's Market Size (USD Bn)	~1–1.5	~4.5	~7.5	~16.5
MAZDOCKS' Share (20–30%)	—	~0.9–1.4	~1.8–2.3	~3.3–5.0
Incremental Revenue (INR Bn)	—	~81–126	~162–207	~297–450

MAZDOCKS SWOT Analysis

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Only Indian shipyard building both destroyers and conventional submarines for the Navy • World-class infrastructure for 10 warships and 11 submarines concurrently • Navaratna status; zero-debt balance sheet; strong dividends • Proven execution: 808 vessels since 1960, including 33 warships 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Extended project gestation due to tech complexity • Significant reliance on foreign OEMs for sensors and weapons • Revenue risk from single-customer (Navy) concentration. However, with commercial shipbuilding this seems to be mitigated. • Milestone-based billing creates quarterly earnings lumpiness
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • P-75I + P-17B together represent ~INR 1.4 Tn of near-term orders • Commercial shipbuilding via Tuticorin greenfield (VLCCs) • Colombo Dockyard acquisition opens IOR commercial MRO • Defence exports to Southeast Asia and Africa 	<p>THREATS</p> <ul style="list-style-type: none"> • Geopolitical risks and sanctions disrupting supply chains • Margin pressure from fixed-price contracts during cost inflation • Intense price competition from Chinese, Korean, Japanese yards • Tech transfer delays (e.g., submarine engines) stalling execution

Company Coverage | Mazagon Dock Shipbuilders Ltd.

Valuation and Outlook: MAZDOCKS is well positioned to benefit from India's naval modernization cycle, supported by a robust order book of approximately INR 205 billion, equivalent to 1.6x FY26 revenue, providing strong medium-term revenue visibility. Beyond the existing backlog, the company is pursuing a sizeable opportunity pipeline of nearly INR 3.4 trillion, including the P-75I submarine programme, Project 17B frigates, additional Scorpene submarines and next-generation destroyers. Coupled with its planned INR 200 billion capacity expansion across Mumbai, Nhava and Tuticorin facilities, MAZDOCKS is building the foundation for sustained growth over the coming decade. We expect the company to deliver Revenue, EBITDA and PAT CAGR of 16.0%, 18.6% and 17.7%, respectively, over FY26–FY29E, driven by healthy order execution, operating leverage and an improving project mix. Revenue is projected to increase from INR 130.1 billion in FY26 to INR 203.0 billion by FY29E, while EBITDA is expected to grow from INR 22.7 billion to INR 37.8 billion, resulting in EBITDA margin expansion from 17.4% to 18.6%. PAT is forecast to rise from INR 25.8 billion to INR 42 billion, supported by strong operating performance and a sizeable cash balance that continues to generate healthy treasury income. Accordingly, we recommend buy with a target price of INR 2905 which is based on 35x FY28E EPS of INR 83.



Income Statement (INR Mn)				
	FY25	FY26	FY27E	FY28E
Revenue from Operations	1,14,319	1,30,063	1,49,573	1,73,504
Revenue YoY Growth %	20.8%	13.8%	15.0%	16.0%
Raw Material	(45,307)	(73,391)	(84,508)	(97,336)
Gross Profit	69,012	56,672	65,064	76,168
Gross Margin %	60.4%	43.6%	43.5%	43.9%
Employee Cost	(9,788)	(10,405)	(16,453)	(18,738)
Other Expenses	(83,842)	(23,611)	(13,162)	(15,095)
Total Operating Cost	(93,630)	(1,07,407)	(1,22,949)	(1,41,753)
EBITDA	20,689	22,656	26,624	31,751
EBITDA Margin %	18.1%	17.4%	17.8%	18.3%
Depreciation & Amortisation	(1,152)	(967)	(1,336)	(1,709)
EBIT (Operating Profit)	19,537	21,689	25,288	30,042
Other Income	11,212	11,394	13,013	15,268
Interest Cost	(133)	(716)	(823)	(954)
PBT (Profit Before Tax)	30,617	32,367	37,478	44,356
Tax Expense	(7,654)	(7,768)	(8,995)	(10,646)
PAT (Profit After Tax)	22,962	24,599	28,483	33,711
PAT Margin %	20.1%	18.9%	19.0%	19.4%
Shares Outstanding (Mn)	403.4	403.4	403.4	403.4
EPS (INR)	56.92	64.00	70.61	83.57

Cash Flow Statement (INR Mn)				
	FY25	FY26	FY27E	FY28E
CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax (PBT)	30,617	32,367	37,478	44,356
Depreciation & Amortisation	1,152	967	1,336	1,709
Finance Costs	133	716	823	954
Other / Treasury Income				
Operating Profit before Working Capital Changes	20,785	22,656	26,624	31,751
Increase in Trade Receivables	7,797	(15,385)	5,568	(3,278)
Increase in Inventories	11,763	19,202	(14,810)	(6,557)
Increase in Trade Payables	(6,915)	7,743	8,146	8,524
Increase in Contract Liabilities / Advances	16,944	(51,915)	19,907	19,670
Increase in Other Current Assets	(621)	(35,621)	(7,757)	(17,948)
Increase in Other Current Liabilities	(22,130)	(1,47,445)	(655)	73
Cash Generated from Operations	27,623	(2,00,765)	37,024	32,235
Income Taxes Paid	(7,654)	(7,768)	(8,995)	(10,646)
NET CASH FROM OPERATING ACTIVITIES	19,969	(2,08,533)	28,029	21,589
CASH FLOW FROM INVESTING ACTIVITIES				
Investment in Fixed Assets	(7,430)	(710)	(10,538)	(11,479)
Other Income Received (treasury)	11,116	11,394	13,013	15,268
Change in Other Non-Current Assets	(4,889)	12,488	(7,400)	(10,081)
NET CASH FROM INVESTING ACTIVITIES	(1,203)	23,172	(4,925)	(6,292)
CASH FLOW FROM FINANCING ACTIVITIES				
Dividends & Equity Distributions	(5,998)	(4,158)	(8,700)	(10,300)
Net Debt Raised / (Repaid)	-	-	-	-
Interest Paid	(241)	(716)	(823)	(954)
Change in Other Non-Current Liabilities	2,448	6,734	2,044	692
NET CASH FROM FINANCING ACTIVITIES	(3,791)	1,860	(7,479)	(10,562)
Net Increase / (Decrease) in Cash	14,975	(1,83,501)	15,625	4,735
Opening Cash Balance	1,72,038	1,71,266	1,39,706	1,55,331
Closing Cash Balance	1,87,013	(12,236)	1,55,331	1,60,066

Balance Sheet (INR Mn)				
	FY25	FY26	FY27E	FY28E
NON-CURRENT ASSETS				
Gross Block	20,910	21,620	32,158	43,637
Accumulated Depreciation	(6,253)	(7,220)	(8,556)	(10,265)
Net Fixed Assets (NBV)	14,657	14,400	23,602	33,372
Other Non-Current Assets	41,373	28,885	36,285	46,366
Total Non-Current Assets	56,030	43,285	59,887	79,738
CURRENT ASSETS				
Inventories	45,371	26,169	40,979	47,535
Trade Receivables	10,672	26,057	20,489	23,768
Cash & Bank Balances	1,71,266	1,39,706	1,55,331	1,60,066
Other Current Assets	3,739	39,360	47,117	65,065
Total Current Assets	2,31,047	2,31,292	2,63,916	2,96,434
TOTAL ASSETS	2,87,077	2,74,577	3,23,803	3,76,172
EQUITY & LIABILITIES				
Total Share holders fund	79,399	99,840	1,19,623	1,43,034
Total Borrowings (Debt)	-	-	-	-
Other Non-Current Liabilities	9,448	16,182	18,226	18,918
CURRENT LIABILITIES				
Trade Payables	37,383	45,126	53,272	61,796
Contract Liabilities (Advances)	1,54,944	1,03,029	1,22,936	1,42,606
Other Current Liabilities	1,57,845	10,400	9,745	9,818
Total Current Liabilities	1,98,230	1,58,555	1,85,954	2,14,220
TOTAL EQUITY & LIABILITIES	2,87,077	2,74,577	3,23,803	3,76,172

Ratio Analysis				
	FY25	FY26	FY27E	FY28E
VALUATION RATIOS				
P/E (x)	44.2x	38.4x	34.8x	29.4x
EV/EBITDA (x)	28.4x	37.6x	31.4x	26.2x
EV/Revenue (x)	7.9x	6.5x	5.6x	4.8x
P/BV (x)	13.4x	9.9x	8.3x	6.9x
Book Value per Share (INR)	196.82	247.50	296.54	354.57
RETURN RATIOS				
ROE %	28.9%	24.6%	23.8%	23.6%
ROCE %	24.6%	21.7%	21.1%	21.0%
ROA %	8.0%	9.0%	8.8%	9.0%
GROWTH & MARGINS				
Revenue Growth %	20.8%	13.8%	15.0%	16.0%
EBITDA Growth %	45.6%	9.5%	17.5%	19.3%
PAT Growth %	26.3%	7.1%	15.8%	18.4%
LEVERAGE & LIQUIDITY				
Debt / Equity (x)	0.0x	0.0x	0.0x	0.0x
Net Debt / EBITDA (x)	-8.3x	-6.2x	-5.8x	-5.0x
Interest Coverage (x)	81.1x	30.3x	30.7x	31.5x
Current Ratio (x)	1.2x	1.5x	1.4x	1.4x
DEFENCE SHIPBUILDING KPIs				
Order Book (INR Mn)	3,23,015	2,05,350	10,05,777	14,32,000
Book-to-Bill (x)	2.8x	1.6x	6.7x	8.3x
Net Order Accretion (INR Mn)	51,000	12,398	9,50,000	5,99,727
Fixed Asset Turnover (x)	7.8x	9.0x	6.3x	5.2x
Cash Conversion Cycle (days)	59	19	20	20
Dividend Payout %	31.4%	30.5%	30.5%	30.6%
EV / Order Book (x)	2.5x	4.1x	0.8x	0.6x

Company Overview:

GRSE: ENGINEERING INDIA'S MARITIME SOVEREIGNTY

OPERATIONAL HERITAGE & SCALE

- 70+ YEARS** OF SHIPBUILDING EXCELLENCE: Established as a premier defence shipyard with over seven decades of specialised domain expertise under the Ministry of Defence.
- 800+** TOTAL PLATFORMS DELIVERED: A massive historical output demonstrating reliable execution across maritime and engineering sectors.
- 111** WARSHIPS COMMISSIONED: A proven track record in the design and delivery of complex naval combatants for national security.

REVENUE & PORTFOLIO DIVERSIFICATION

- HIGH-COMPLEXITY NAVAL PORTFOLIO:** Core revenue is driven by the construction of stealth frigates, anti-submarine warfare (ASW) vessels, and next-generation naval platforms.
- MULTI-STREAM REVENUE MODEL:** Income is supplemented by ship repair activities, naval weapon systems, and exports.
- ENGINEERING & INFRASTRUCTURE PRODUCTS:** Beyond shipbuilding, GRSE maintains a specialized niche in the production of portable steel bridges.

STRATEGIC GROWTH & MODERNIZATION

- INDIAN OCEAN REGION (IOR) EXPANSION:** Strategically positioned to support the expansion of India's maritime capabilities and regional security horizons.
- ARCHITECTURAL SOVEREIGNTY:** Acts as a critical partner in the Indian Navy's fleet modernisation, ensuring domestic control over naval assets.

ALIGNMENT WITH "ATMANIRBHAR BHARAT"

GRSE is a primary beneficiary of the national mandate for indigenous defence manufacturing and localized production.

Garden Reach Shipbuilders & Engineers (GRSE) is one of India's premier defence shipyards and a strategically important naval asset under the Ministry of Defence. With more than seven decades of shipbuilding experience and over 800 platforms delivered, including 111 warships, GRSE has established itself as a key partner in India's maritime defence modernisation programme.

The company derives the majority of its revenue from the design, construction and delivery of complex naval platforms for the Indian Navy and Indian Coast Guard, supplemented by exports, engineering products, portable steel bridges, naval weapon systems and ship repair activities. Its shipbuilding portfolio spans stealth frigates, anti-submarine warfare vessels, offshore patrol vessels, corvettes, research vessels and next-generation naval platforms.

GRSE occupies a critical position within India's defence manufacturing ecosystem owing to its proven execution capabilities, long-standing relationship with the Indian Navy and growing participation in indigenous naval programmes. The company's strategic relevance is expected to strengthen further as India accelerates fleet modernisation, expands maritime capabilities across the Indian Ocean Region and increases localisation under the Atmanirbhar Bharat initiative.

Investment Rationale:

Order Book Inflection Point Could Drive the Next Leg of Growth: GRSE ended FY26 with an order book of ₹153.2 billion across 39 platforms, equivalent to approximately 2.2x FY26 revenue of ₹70.0 billion, providing strong medium-term revenue visibility. The current backlog is diversified across major naval programmes including P-17A Frigates (₹58.7 billion), Next Generation Offshore Patrol Vessels (₹51.7 billion), Anti-Submarine Warfare Shallow Water Craft (₹20.4 billion) and export Multi-Purpose Vessels (₹13.5 billion). With the majority of these projects entering advanced execution stages, the company is well positioned to sustain a strong revenue growth trajectory over the next three years.

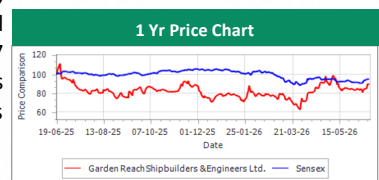
The larger opportunity lies ahead. Management indicated that GRSE remains the L1 bidder for the Next Generation Corvette (NGC) programme, with its share estimated at approximately ₹330 billion. If awarded, the NGC contract alone would increase the order book to over ₹480 billion, more than 6.8x FY26 revenue. In addition, the company is targeting upcoming opportunities including P-17 Bravo frigates (~₹300 billion potential share), Mine Countermeasure Vessels (~₹128 billion potential share), Landing Platform Docks (~₹175 billion potential share) and multiple Coast Guard programmes. Management estimates the aggregate addressable opportunity pipeline at approximately ₹1.5 trillion, excluding NGC, underscoring the scale of the upcoming naval procurement cycle.

CATALYST	NGC contract alone will more than double GRSE's order book from INR 153 Bn to ~INR 483 Bn. Combined with P-17B, the order book could approach INR 750–800 Bn by FY28E — 7x book-to-bill providing earnings visibility through FY35.
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CMP	2860
Target Price	5075
Upside%	77%
Recommendation	BUY

MARKET DATA	
Market Cap (INR mn)	320436.31
Outstanding Shares (mn)	114.55
Face Value (INR)	10
Dividend Yield (%)	0.7
TTM P/E	42.84
Industry P/E (X)	45.04
Beta	1.6123
52 Week High/ low	3535/1965
BSE Code	542011
NSE Code	GRSE
Reuters Ticket	GRSE.BO
Bloomberg Ticker	GRSE IN

MARKET DATA	
Promoters %	74.50%
Institutions %	5.20%
Non-Institutions %	20.32%



GRSE Order Book Composition (March 2026)

Category / Project	Outstanding Value (INR Mn)	Remaining Qty	Expected Completion
P-17A Frigates	58,680	1 ship	CY26 (74% physical progress)
Next-Gen OPV (NGOPV)	34,580	4 ships	FY29
ASW Shallow Water Craft	20,350	4 ships	FY27
MPV Export (Germany)	13,450	12 vessels	Keel laying for 3 ships done
Ocean Research Vessel	7,490	1 vessel	50% progress; CY26 launch
Acoustic Research Ship	4,560	1 ship	~20% progress
Coastal Research Vessels	2,600	2 vessels	On track
Hybrid Ferries	2,070	13 ferries	End-FY27
Dredger (Bangladesh)	660	1	FY27 launch
Others	8,800	—	—



First-Mover Advantage in Green Maritime Solutions Opens a ₹130–290 Billion Long-Term Opportunity: We believe GRSE is emerging as one of the earliest domestic shipyards to establish meaningful capabilities in green and hybrid maritime platforms, positioning the company to benefit from a structural shift towards sustainable vessel procurement. While India's green maritime ecosystem remains in its infancy, increasing regulatory focus on decarbonisation, electrification of inland waterways and modernization of port infrastructure is creating a sizeable addressable market across commercial, passenger and specialised vessel categories.

Based on currently visible policy initiatives and replacement demand, we estimate an addressable opportunity of approximately ₹130–290 billion by 2035, comprising ₹80–180 billion from the Green Tug Transition Programme, ₹15–25 billion from inland waterway electrification,

₹10–40 billion from coastal and RoPax vessels, and a further ₹25–45 billion from hybrid defence and export platforms. GRSE has already demonstrated execution capabilities through hybrid ferry projects and is actively expanding its presence in adjacent green vessel segments, providing an early-mover advantage as demand begins to scale.

More importantly, the opportunity extends beyond initial vessel construction. Green vessels typically require battery replacement every 8–10 years, periodic technology upgrades, mid-life refits and long-term maintenance support. As a result, lifecycle revenues can potentially reach 1.3–1.6x the original contract value over a 25–30 year operating life. This creates a recurring, higher-visibility revenue stream that complements the inherently cyclical nature of shipbuilding contracts.

Given its established shipbuilding infrastructure, engineering expertise and early participation in hybrid vessel development, GRSE is well positioned to capture a disproportionate share of this emerging market. We believe the company's first-mover advantage, combined with favourable policy support and growing customer adoption, could create a meaningful long-term growth vector alongside its core defence shipbuilding business.

Segment	Key Drivers	Est. Volume	Opportunity (INR Bn)
Green Tugs	Green Tug Transition Programme (MoPSW)	200–300 tugs	80–180
Inland Ferries	Electrification via IWA1	100+ vessels	15–25
Coastal / RoPax	Island connectivity, tourism	50–100 vessels	10–40
Defence & Exports	Hybrid patrol vessels, ASEAN/Africa	—	25–45
Total			130–290

Lifecycle Economics: Each green vessel generates ~1.3–1.6x of initial contract value over 25–30 year life via battery replacements (every 8–10 years), mid-life refits, and maintenance. OEM lock-in creates annuity-like revenue streams.

Execution Momentum Supports Sustained Earnings Growth: GRSE delivered its strongest operational performance in FY26, reporting revenue growth of 38% YoY to ₹70.0 billion while profit after tax increased 42% YoY to ₹7.5 billion. The improvement was driven by record ship deliveries, including eight warships delivered to the Indian Navy during the year. Notably, management highlighted that three vessels were delivered on a single day, reflecting a significant improvement in execution capability and project throughput.

The execution outlook remains robust. The remaining P-17A frigate is already 74% complete and scheduled for delivery during CY26, while four remaining ASW Shallow Water Craft vessels are between 60% and 80% complete. The Ocean Research Vessel has reached approximately 50% construction progress, while the NGOPV programme has entered the launch phase with completion targeted by FY29. This mature project mix provides a visible revenue conversion pipeline and reduces execution risk over the medium term.

Margin Expansion Driven by Scale and Operating Leverage: GRSE's EBITDA margin expanded from 8.3% in FY25 to 11.4% in FY26, representing a 310 basis point improvement driven by higher shipbuilding throughput, better absorption of fixed costs and improved project execution. Management has indicated confidence in maintaining similar profitability levels going forward despite commodity volatility, supported by advance procurement and fixed-price vendor arrangements.

The margin story remains underappreciated. As revenue scales from ₹70.0 billion in FY26 towards an estimated ₹105.0 billion by FY28, operating leverage should continue to support profitability. Higher utilisation of shipyard infrastructure, increasing indigenisation levels and the execution of follow-on programmes built on existing naval platforms are expected to reduce engineering and vendor qualification costs. Consequently, EBITDA margins are expected to sustain in the 11-12% range versus the historical 7-8% range, supporting stronger earnings growth than revenue growth over the medium term.

Balance Sheet Strength and Emerging Export Opportunities Provide Additional Upside: Unlike many capital-intensive industrial companies, GRSE operates with a net cash balance sheet supported by milestone-based customer advances. As of March 2025, the company held cash and bank balances of ₹37.3 billion against negligible debt, providing significant financial flexibility to pursue capacity expansion while maintaining strong shareholder returns. Interest income alone contributed approximately ₹2.5 billion during FY25, providing an additional earnings buffer.

Beyond defence shipbuilding, exports are becoming an increasingly meaningful growth driver. GRSE generated record export revenue exceeding ₹2.7 billion during FY26 and is currently executing a 12-vessel export order for Germany valued at approximately ₹13.5 billion. Management also highlighted increasing demand from European shipowners as traditional shipbuilding centres face capacity constraints. Combined with India's ₹697 billion shipbuilding revitalisation programme and growing commercial vessel demand, exports and commercial shipbuilding could emerge as incremental growth engines alongside the company's core naval business.

Valuation and Outlook: GRSE appears to be at the beginning of a favourable earnings cycle driven by a combination of strong order visibility, improving execution and increasing operating leverage. The company currently possesses an order book of ₹153.2 billion, implying a book-to-bill ratio of approximately 2.2x FY26 revenue of ₹70.0 billion. NGC contract alone will more than double GRSE's order book from INR 153 Bn to ~INR 483 Bn. Combined with P-17B, the order book could approach INR 750–800 Bn by FY28E which is 7x book-to-bill providing earnings visibility through FY35. The investment case is increasingly shifting from order acquisition to execution. Several key programmes including P-17A Frigates, ASW Shallow Water Craft and NGOPVs are already in advanced stages of construction, supporting a visible revenue conversion pipeline. As these projects move through peak execution phases, revenue recognition is expected to accelerate, driving higher asset utilisation and improved absorption of fixed shipyard costs. This operating leverage has already become visible through EBITDA margin expansion from 8.3% in FY25 to 11.4% in FY26 and could remain a structural earnings driver as throughput increases. Importantly, GRSE's balance sheet remains a key competitive advantage. The company operates with a net cash position, supported by milestone-based customer advances and cash balances of approximately ₹37.3 billion. This provides the financial flexibility to undertake planned brownfield and greenfield capacity expansion without materially stressing the balance sheet, while simultaneously supporting working capital requirements for larger naval programmes. As revenue scales, margin expansion and capital-efficient growth are expected to drive further improvement in return ratios. ROE improved from 28.1% in FY25 to 31.8% in FY26, while ROCE expanded from 32.4% to 36.8%. With limited leverage, rising earnings and improving asset utilisation, GRSE remains well positioned to sustain superior returns on capital while benefiting from India's expanding naval procurement cycle and maritime indigenisation agenda. We initiate coverage on GRSE, a key player in India's defence shipbuilding segment with strong execution across complex naval platforms and a growing order pipeline. Its healthy order book of ~INR 153 Bn (~2.2x FY26 revenue) provides strong revenue visibility. We expect Revenue/EBITDA/PAT CAGR of 21.6%/23.0%/23.0%, respectively, over FY26–29E, driven by execution rampup, operating leverage and an improving mix. We recommend BUY with a target price of INR 5075 valuing the stock at 35x FY28E EPS of INR 145.

Income Statement (INR Mn)				
	FY25	FY26	FY27E	FY28E
Revenue from Operations	50,757	70,022	87,528	1,05,033
Revenue YoY Growth %	41.3%	38.0%	25.0%	20.0%
Raw Material	(35,354)	(40,597)	(54,617)	(64,910)
Gross Profit	15,403	29,425	32,910	40,123
Gross Margin %	30.3%	42.0%	37.6%	38.2%
Employee Cost	(6,091)	(7,002)	(9,190)	(10,923)
Other Expenses	(5,099)	(14,470)	(8,403)	(10,083)
Total Operating Cost	(46,544)	(62,069)	(72,210)	(85,917)
EBITDA	4,213	7,953	15,317	19,116
EBITDA Margin %	8.3%	11.4%	17.5%	18.2%
Depreciation & Amortisation	(425)	(489)	(567)	(731)
EBIT (Operating Profit)	3,788	7,464	14,750	18,385
Other Income				
Interest Cost	3,348	2,744	3,238	3,991
PBT (Profit Before Tax)	(103)	(161)	(155)	(197)
Tax Expense	7,033	10,047	17,833	22,179
PAT (Profit After Tax)	(1,758)	(2,612)	(4,458)	(5,545)
PAT Margin %	5,275	7,435	13,375	16,634
Shares Outstanding (Mn)	10.4%	10.6%	15.3%	15.8%
EPS (INR)	114.6	114.6	114.6	114.6
EPS (INR)	46.03	64.88	116.71	145.15

Ratio Analysis				
	FY25	FY26	FY27E	FY28E
CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax (PBT)	7,033	10,047	17,833	22,179
Depreciation & Amortisation	425	489	567	731
Finance Costs	103	161	155	197
Other / Treasury Income	(3,348)	(2,744)	(3,238)	(3,991)
Operating Profit before Working Capital Changes	4,213	7,953	15,317	19,116
Increase in Trade Receivables	(795)	(9,614)	219	(2,398)
Increase in Inventories	(7,522)	1,500	(1,948)	(5,180)
Increase in Trade Payables	2,514	6,763	5,703	3,645
Increase in Contract Liabilities / Advances	13,000	(11,378)	14,318	14,388
Increase in Other Current Assets	(5,806)	2,951	(11,592)	(6,215)
Increase in Other Current Liabilities	228	1,715	987	1,787
Cash Generated from Operations	5,832	(110)	23,005	25,143
Income Taxes Paid	(1,758)	(2,612)	(4,458)	(5,545)
NET CASH FROM OPERATING ACTIVITIES	4,074	(2,722)	18,546	19,599
CASH FLOW FROM INVESTING ACTIVITIES				
Investment in Fixed Assets	(650)	398	(1,875)	(1,924)
Other Income Received (treasury)	3,348	2,744	3,238	3,991
Change in Other Non-Current Assets	(869)	(527)	(1,857)	(2,101)
NET CASH FROM INVESTING ACTIVITIES	1,829	2,615	(494)	(34)
CASH FLOW FROM FINANCING ACTIVITIES				
Dividends & Equity Distributions	(2,482)	(1,967)	(2,400)	(2,900)
Net Debt Raised / (Repaid)	-	-	-	-
Interest Paid	(103)	(161)	(155)	(197)
Change in Other Non-Current Liabilities	257	250	1,199	1,050
NET CASH FROM FINANCING ACTIVITIES	(2,328)	(1,878)	(1,356)	(2,047)
Net Increase / (Decrease) in Cash	3,575	(1,985)	16,696	17,518
Opening Cash Balance	34,024	37,599	35,614	52,310
Closing Cash Balance	37,599	35,614	52,310	69,828

Balance Sheet (INR Mn)				
	FY25	FY26	FY27E	FY28E
NON-CURRENT ASSETS				
Gross Block	8,161	8,728	9,469	9,931
Accumulated Depreciation	(3,010)	(4,464)	(3,897)	(3,166)
Net Fixed Assets (NBV)	5,151	4,264	5,572	6,765
Other Non-Current Assets	2,869	3,396	5,253	7,354
Total Non-Current Assets	8,020	7,660	10,825	14,119
CURRENT ASSETS				
Inventories	35,522	34,022	35,970	41,150
Trade Receivables	2,595	12,209	11,990	14,388
Cash & Bank Balances	37,599	35,614	52,310	69,828
Other Current Assets	19,806	16,855	28,447	34,662
Total Current Assets	95,522	98,700	1,28,718	1,60,028
TOTAL ASSETS	1,03,542	1,06,360	1,39,543	1,74,147
EQUITY & LIABILITIES				
Total Share holders fund	20,793	26,261	37,236	50,970
Total Borrowings (Debt)	-	-	-	-
Other Non-Current Liabilities	1,257	1,507	2,706	3,756
CURRENT LIABILITIES				
Trade Payables	11,514	18,277	23,980	27,625
Contract Liabilities (Advances)	69,000	57,622	71,940	86,328
Other Current Liabilities	978	2,693	3,680	5,467
Total Current Liabilities	81,492	78,592	99,601	1,19,421
TOTAL EQUITY & LIABILITIES	1,03,542	1,06,360	1,39,543	1,74,147

Cash Flow Statement (INR Mn)				
	FY25	FY26	FY27E	FY28E
VALUATION RATIOS				
P/E (x)	36.6x	41.0x	22.8x	18.3x
EV/EBITDA (x)	20.4x	33.8x	16.5x	12.3x
EV/Revenue (x)	20.4x	3.8x	2.9x	2.2x
P/BV (x)	9.3x	11.6x	8.2x	6.0x
Book Value per Share (INR)	181.44	229.15	324.92	444.77
RETURN RATIOS				
ROE %	25.4%	28.3%	35.9%	32.6%
ROCE %	18.2%	28.4%	39.6%	36.1%
ROA %	5.1%	7.0%	9.6%	9.6%
GROWTH & MARGINS				
Revenue Growth %	41.3%	38.0%	25.0%	20.0%
EBITDA Growth %	59.4%	88.8%	92.6%	24.8%
PAT Growth %	49.2%	41.0%	79.9%	24.4%
LEVERAGE & LIQUIDITY				
Debt / Equity (x)	0.0x	0.0x	0.0x	0.0x
Net Debt / EBITDA (x)	-8.9x	-4.5x	-3.4x	-3.7x
Interest Coverage (x)	36.8x	46.4x	95.2x	93.3x
Current Ratio (x)	1.2x	1.3x	1.3x	1.3x
DEFENCE SHIPBUILDING KPIs				
Order Book (INR Mn)	2,27,000	1,53,241	4,64,000	7,53,000
Book-to-Bill (x)	4.5x	2.2x	5.3x	7.2x
Net Order Accretion (INR Mn)	50,757	(3,737)	3,98,287	3,94,033
Fixed Asset Turnover (x)	9.9x	16.4x	15.7x	15.5x
Cash Conversion Cycle (days)	192	146	100	97
Dividend Payout %	35.4%	30.1%	17.9%	17.4%
EV / Order Book (x)	1.2x	1.8x	0.5x	0.3x

Company Overview:

Cochin Shipyard Limited (COCHIN):
India's Maritime Infrastructure & Defence Leader

India's Largest Integrated Shipyard

COCHIN is the leading domestic provider for both defence and commercial shipbuilding and maintenance, repair, and overhaul (MRO) services.

Sole Aircraft Carrier Repair Capability

It remains the only shipyard in India with the technical infrastructure and expertise to undertake complex repairs for the Indian Navy's aircraft carrier fleet.

45% Ship Repair Market Share

The company commands nearly half of the domestic ship repair market, bolstered by recently commissioned dry docks and specialized repair facilities.

Revenue Mix & Backlog Analysis

9M FY26 Revenue Breakdown

₹203.4 Billion

As of Q3 FY26, the company maintains a robust backlog, ensuring high revenue visibility for the medium term.

Government-Linked Revenue Stability

Over 63% of the current order book is tied to Government of India and Indian Navy contracts, reducing private sector counterparty risk.

Future Growth & Green Innovation

Evolution to Lifecycle Solutions

Transitioning from a traditional builder to a diversified maritime infrastructure provider through expanded MRO and export opportunities.

Green Maritime Pivot

Increasing participation in high-tech sustainable vessel construction, specifically targeting LNG, hydrogen, and electric-powered platforms.

Infrastructure Expansion

Growth is supported by the commissioning of new dry dock facilities and specialized ship repair units to capture global demand.

Cochin Shipyard Limited (COCHIN) is India's largest integrated shipbuilding and ship repair company, operating across defence shipbuilding, commercial shipbuilding, maintenance, repair and overhaul (MRO), and emerging green maritime solutions. Established in 1972 and majority owned by the Government of India, the company occupies a strategically important position within India's maritime ecosystem, supported by its proven execution capabilities across complex naval and commercial platforms.

COCHIN derives revenue from three key segments: shipbuilding (58% of 9M FY26 revenue), ship repair (35%) and other maritime services (7%). The company has built and delivered India's first indigenous aircraft carrier, INS

Vikrant, alongside a broad range of defence and commercial vessels. As of Q3 FY26, the company possessed an order book of approximately ₹203.4 billion, with over 63% linked to government and Indian Navy contracts, providing strong medium-term revenue visibility.

Unlike most domestic shipyards, COCHIN combines new vessel construction with a leading ship repair franchise, commanding approximately 45% of India's ship repair market and remaining the only domestic yard capable of undertaking aircraft carrier repairs. Supported by recently commissioned dry dock and ship repair facilities, growing export opportunities and increasing participation in LNG, hydrogen and electric vessel construction, COCHIN is evolving into a diversified maritime infrastructure and lifecycle solutions provider with multiple long-term growth drivers.

Investment Rationale

Lifecycle Revenue Model Creates a Structural Earnings Moat: We believe Cochin Shipyard's most underappreciated asset is its lifecycle services franchise. While ship construction provides the initial revenue opportunity, naval platforms typically remain operational for 30–40 years and require continuous maintenance, repairs, refits, upgrades and life-extension programmes. Industry estimates suggest that initial construction accounts for only 15–20% of a platform's lifetime expenditure, while total lifecycle spending can reach ₹940–1,200 billion for an aircraft carrier with an initial build value of approximately ₹200 billion. This implies that for every ₹1 spent on construction, an additional ₹4–6 may be spent throughout the vessel's operational life. Mid-life refits alone can equal 70–100% of the original build value. As the only Indian shipyard capable of aircraft carrier repairs and with approximately 45% market share in ship repair, COCHIN is uniquely positioned to capture these recurring, high-visibility revenue streams.

Cost Head	% of Lifetime Cost	Value (INR Bn)	Remarks
Initial Construction	15–20%	200	One-time shipyard revenue
Operations & Maintenance	35–40%	400–500	Crew, fuel, routine maintenance
Mid-life Refit	15–20%	160–240	Happens after 20–25 years
Upgrades & Modernisation	10–15%	120–160	Sensors, electronics, aviation systems
Spares & Docking	5–10%	60–100	Periodic dry-docking
Total Lifetime Cost	100%	940–1,200	Over 40 years

Platform: Aircraft Carrier (IAC-class) | Build Cost: ~INR 200 Bn | Service Life: 40 years | Source: Company Research

MOAT

COCHIN commands ~45% of India's ship repair market and is the ONLY Indian yard capable of aircraft carrier repairs. Its new 310m dry dock can handle next-gen carriers up to 70,000 tonnes — every new carrier delivery seeds 30–40 years of high-confidence aftermarket revenue.

CMP	1476
Target Price	2555
Upside%	73%
Recommendation	BUY

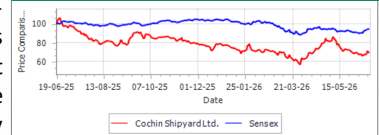
MARKET DATA

Market Cap (INR mn)	383663.86
Outstanding Shares (mn)	263.08
Face Value (INR)	5
Dividend Yield (%)	0.62
TTM P/E	53.53
Industry P/E (X)	49.85
Beta	1.341
52 Week High/low	2280/1186.5
BSE Code	540678
NSE Code	COCHINSHIP
Reuters Ticket	COCH.BO
Bloomberg Ticker	COCHIN IN

MARKET DATA

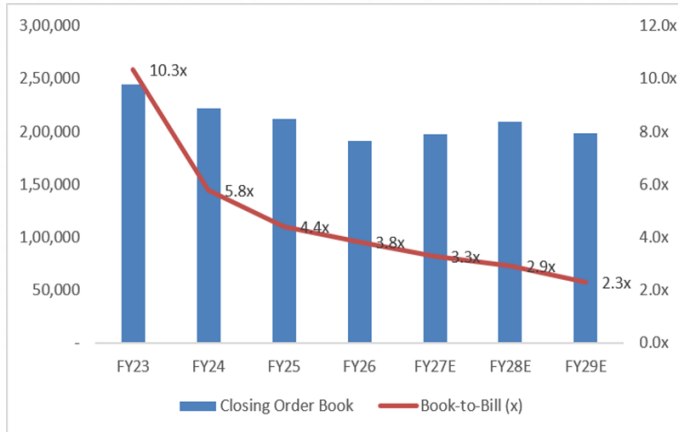
Promoters %	67.91%
Institutions %	9.15%
Non-Institutions %	22.95%

1 Yr Price Chart



Company Coverage | Cochin Shipyard Ltd.

Book-to-Bill of ~3.8x Provides Strong Revenue Visibility: COCHIN's order book of approximately ₹190–203 billion represents nearly 3.8x FY26 estimated revenue, providing 3–4 years of execution visibility. The backlog comprises 75 vessels at various stages of execution, with 65–70% linked to defence programmes benefiting from sovereign funding support and low cancellation risk. Beyond the existing backlog, the company is exposed to a defence shipbuilding pipeline estimated at approximately ₹2.85 trillion, including P-17 Bravo frigates, Mine Countermeasure Vessels, Landing Platform Docks and the proposed Indigenous Aircraft Carrier-II programme. The company's unique aircraft carrier design and construction capabilities position it favourably for future strategic naval programmes.



Capacity Expansion and Operating Leverage Support Margin Growth: COCHIN has recently completed one of the largest infrastructure expansion programmes in its history, commissioning the ₹17.99 billion New Dry Dock and the ₹9.70 billion International Ship Repair Facility. These assets significantly expand shipbuilding and repair capacity while enabling the company to handle larger and more sophisticated vessels. With major capex largely completed, future revenue growth should translate into improved fixed-cost absorption and operating leverage. As execution ramps up across the current order book, EBITDA is expected to grow faster than revenue, supporting margin expansion and improving return ratios over the medium term.

Green Maritime and Export Businesses Create a Second Growth Engine: Beyond defence, COCHIN is emerging as an early beneficiary of global maritime decarbonisation trends. The company has delivered

India's first hydrogen fuel-cell vessel, is executing a fully electric autonomous ferry for Norway and secured a ₹32.5 billion contract from CMA CGM for six LNG-fuelled feeder vessels. Strategic partnerships with global shipbuilding leaders and increasing export penetration provide diversification beyond domestic defence spending. As global shipping transitions toward alternative-fuel vessels and environmental compliance becomes increasingly important, COCHIN is well positioned to capture opportunities across LNG, hydrogen, electric and hybrid vessel categories, creating a meaningful long-term growth vector.

COCHIN Fleet Age Distribution — MRO Pipeline

Age Cohort	Platform Count	% of Fleet	MRO Implication
0–5 years	19	20%	Minimal maintenance — warranty & OEM-supervised refits
5–10 years	12	13%	Scheduled dockings begin; system checks intensify
10–20 years (MRO-intensive)	32	34%	Peak MRO intensity — mid-life refits begin
20–30 years	17	18%	Structural refurbishment; obsolescence management
>30 years	14	15%	Life-extension programmes; major hull and systems work

Valuation & Outlook

We remain constructive on Cochin Shipyard's medium-to-long-term prospects, supported by a differentiated business model that combines defence shipbuilding, ship repair, lifecycle services and emerging green maritime opportunities. The company's order book of approximately ₹190–203 billion, representing nearly 3.8x FY26 revenue, provides strong execution visibility over the next three to four years and underpins a predictable revenue growth trajectory. As recently commissioned assets, including the ₹17.99 billion New Dry Dock and ₹9.70 billion International Ship Repair Facility, ramp up utilisation, operating leverage is expected to improve, enabling earnings growth to outpace revenue growth. More importantly, Cochin Shipyard's leadership in ship repair and exclusive capability in aircraft carrier maintenance create a recurring lifecycle revenue stream that extends well beyond the initial shipbuilding contract. With every major naval platform generating maintenance, refit and upgrade opportunities over a 30–40 year lifecycle, the company benefits from higher earnings visibility and superior business quality relative to traditional shipbuilders. Additionally, opportunities from P-17 Bravo frigates, Landing Platform Docks, the proposed Indigenous Aircraft Carrier-II programme, LNG-fuelled vessels and export contracts provide multiple growth levers. We expect Revenue, EBITDA and PAT to grow at CAGRs of approximately 19.8%, 24.7% and 26.4%, respectively, over FY26–FY29E, supporting improving ROE and ROCE profiles. Given its strong order visibility, recurring lifecycle revenues, expanding export franchise and strategic importance within India's maritime ecosystem, we believe a valuation of 35x FY28E EPS of ₹73 is justified, supporting a target price of ₹2555.



Income Statement (INR Mn)				
	FY25	FY26	FY27E	FY28E
Revenue from Operations	48,200	50,219	60,012	72,014
Revenue YoY Growth %	25.8%	4.2%	19.5%	20.0%
Raw Material	(21,288)	(22,031)	(26,285)	(31,470)
Gross Profit	26,912	28,188	33,727	40,544
Gross Margin %	55.8%	56.1%	56.2%	56.3%
Employee Cost	(4,244)	(4,723)	(7,201)	(8,642)
Other Expenses	(13,890)	(15,352)	(7,321)	(8,714)
Total Operating Cost	(39,422)	(42,106)	(49,810)	(59,772)
EBITDA	8,778	8,113	10,202	12,242
EBITDA Margin %	18.2%	16.2%	17.0%	17.0%
Depreciation & Amortisation	(1,032)	(1,298)	(1,409)	(1,479)
EBIT (Operating Profit)	7,746	6,815	8,793	10,763
Other Income	3,891	4,098	4,921	5,761
Interest Cost	(386)	(924)	(1,315)	(1,364)
PBT (Profit Before Tax)	11,251	9,989	12,399	15,160
Tax Expense	(2,982)	(2,827)	(3,286)	(4,018)
PAT (Profit After Tax)	8,269	7,162	9,113	11,143
PAT Margin %	17.2%	14.3%	15.2%	15.5%
Shares Outstanding (Mn)	263.1	263.1	263.1	263.1
EPS (INR)	31.43	27.22	34.64	42.35

Cash Flow Statement (INR Mn)				
	FY25	FY26	FY27E	FY28E
CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax (PBT)	11,251	9,989	12,399	15,160
Depreciation & Amortisation	1,032	1,298	1,409	1,479
Finance Costs	386	924	1,315	1,364
Other / Treasury Income	(3,891)	(4,098)	(4,921)	(5,761)
Operating Profit before Working Capital Changes	8,778	8,113	10,202	12,242
Increase in Trade Receivables	(348)	(1,984)	(700)	(986)
Increase in Inventories	(2,461)	(3,923)	(1,614)	(3,913)
Increase in Trade Payables	741	4,683	(1,732)	1,184
Increase in Contract Liabilities / Advances	9,370	(7,941)	3,049	8,550
Increase in Other Current Assets	(4,480)	(10,561)	(7,114)	(10,742)
Increase in Other Current Liabilities	500	500	300	300
Cash Generated from Operations	12,100	(11,113)	2,390	6,634
Income Taxes Paid	(2,982)	(2,827)	(3,286)	(4,018)
NET CASH FROM OPERATING ACTIVITIES	9,118	(13,940)	(895)	2,617
CASH FLOW FROM INVESTING ACTIVITIES				
Investment in Fixed Assets	(21,826)	(3,762)	(4,546)	(2,461)
Other Income Received (treasury)	3,891	4,098	4,921	5,761
Change in Other Non-Current Assets	(150)	(36)	(100)	36
NET CASH FROM INVESTING ACTIVITIES	(18,085)	300	275	3,336
CASH FLOW FROM FINANCING ACTIVITIES				
Dividends & Equity Distributions	(2,476)	(4,227)	(2,800)	(3,200)
Net Debt Raised / (Repaid)	90	10,299	-	-
Interest Paid	(386)	(924)	(1,315)	(1,364)
Change in Other Non-Current Liabilities	699	1,338	2,195	540
NET CASH FROM FINANCING ACTIVITIES	(2,073)	6,486	(1,920)	(4,024)
Net Increase / (Decrease) in Cash	(11,040)	(7,154)	(2,540)	1,929
Opening Cash Balance	51,324	40,284	33,130	30,590
Closing Cash Balance	40,284	33,130	30,590	32,518

Balance Sheet (INR Mn)				
	FY25	FY26	FY27E	FY28E
NON-CURRENT ASSETS				
Gross Block	36,259	37,425	41,971	44,432
Accumulated Depreciation	(5,789)	(4,491)	(5,900)	(7,379)
Net Fixed Assets (NBV)	30,470	32,934	36,071	37,053
Other Non-Current Assets	1,550	1,586	1,686	1,650
Total Non-Current Assets	32,020	34,520	37,757	38,703
CURRENT ASSETS				
Inventories	18,961	22,884	24,498	28,411
Trade Receivables	2,248	4,232	4,932	5,919
Cash & Bank Balances	40,284	33,130	30,590	32,518
Other Current Assets	44,480	55,041	62,155	72,897
Total Current Assets	1,05,973	1,15,287	1,22,175	1,39,745
TOTAL ASSETS	1,37,993	1,49,807	1,59,932	1,78,448
EQUITY & LIABILITIES				
Total Share holders fund	55,793	58,728	65,041	72,984
Total Borrowings (Debt)	690	10,989	10,989	10,989
Other Non-Current Liabilities	5,199	6,537	8,732	9,272
CURRENT LIABILITIES				
Trade Payables	4,941	9,624	7,892	9,076
Contract Liabilities (Advances)	67,370	59,429	62,478	71,028
Other Current Liabilities	4,000	4,500	4,800	5,100
Total Current Liabilities	76,311	73,553	75,170	85,203
TOTAL EQUITY & LIABILITIES	1,37,993	1,49,807	1,59,932	1,78,448

Ratio Analysis				
	FY25	FY26	FY27E	FY28E
VALUATION RATIOS				
P/E (x)	44.7x	52.9x	41.5x	34.0x
EV/EBITDA (x)	26.5x	43.9x	35.2x	29.2x
EV/Revenue (x)	7.0x	7.1x	6.0x	5.0x
P/BV (x)	6.6x	6.4x	5.8x	5.2x
Book Value per Share (INR)	212.06	223.22	247.21	277.40
RETURN RATIOS				
ROE %	14.8%	12.2%	14.0%	15.3%
ROCE %	13.7%	9.8%	11.6%	12.8%
ROA %	6.0%	4.8%	5.7%	6.2%
GROWTH & MARGINS				
Revenue Growth %	25.8%	4.2%	19.5%	20.0%
EBITDA Growth %	0.1%	-7.6%	25.7%	20.0%
PAT Growth %	4.3%	-13.4%	27.2%	22.3%
LEVERAGE & LIQUIDITY				
Debt / Equity (x)	0.0x	0.2x	0.2x	0.2x
Net Debt / EBITDA (x)	-4.5x	-2.7x	-1.9x	-1.8x
Interest Coverage (x)	20.1x	7.4x	6.7x	7.9x
Current Ratio (x)	1.4x	1.6x	1.6x	1.6x
DEFENCE SHIPBUILDING KPIs				
Order Book (INR Mn)	2,11,800	1,91,000	1,96,988	2,08,974
Book-to-Bill (x)	4.4x	3.8x	3.3x	2.9x
Net Order Accretion (INR Mn)	38,305	29,419	66,000	84,000
Fixed Asset Turnover (x)	1.6x	1.5x	1.7x	1.9x
Cash Conversion Cycle (days)	124	127	131	128
Dividend Payout %	29.4%	36.3%	30.7%	28.7%
EV / Order Book (x)	1.6x	1.9x	1.8x	1.7x

PEER COMPARISON & RELATIVE ANALYSIS

6. Relative / Peer Comparison

6.1 Financial Metrics Comparison (FY26)

Financial Metric	MAZDOCKS	COCHIN	GRSE
Order Book (INR Mn)	2,05,350	~1,90,577	1,53,241
Order Book / Revenue (x)	1.6	3.8	2.2
Market Cap (INR Bn)	977	377	304
P/E (x) — FY26	37.8	52.8	40.7
EV/EBITDA (x) — FY26	37.6	45.8	34.1
EBITDA Margin (%) — FY26	17.4	16.2	11.4
PAT Margin (%) — FY26	19.8	14.3	10.7
ROE (%) — FY26	28.8	12.5	31.8
ROCE (%) — FY26	28.5	16.7	36.8
Revenue CAGR FY26–29E	16.0%	19.8%	21.6%
EBITDA CAGR FY26–29E	18.6%	24.7%	23.0%
PAT CAGR FY26–29E	17.7%	26.4%	23.0%
Debt/Equity (x)	0.0	0.3	0.0
Defence vs. Non-Defence OB	78% / 22%	~72% / 28%	77% / 23%
Ship Repair % of Revenue	~5%	30%	<3%
Export Orders % of OB	~4%	~20%	~9%

Note: FY26 numbers | Source: Company Filings, Analyst Estimates

6.2 Core Competency & Moat Matrix

Dimension	MAZDOCKS	GRSE	COCHIN
Primary Vessel Class	Destroyers & Submarines (P-15B, P-75I)	Frigates & Corvettes (P-17A, ASW Corvettes)	Offshore, Commercial, IAC repair
Key Competitive Advantage	Sole Supplier — No domestic alternative for submarines	Execution Velocity — Delivers ahead of schedule; highest warship count	Aftermarket Monopoly — Only AC repair yard; 45% MRO market share
Primary Risk Factor	Tech Transfer delays from foreign OEMs stall projects	Platform margin ceiling; lower-complexity builds vs peers	Cyclicality in commercial shipping / offshore capex
Growth Catalyst	P-75I signing (~INR 700 Bn); P-17B allocation	NGC contract crystallisation (~INR 330 Bn)	IAC-2 programme; ISRF ramp-up; CMA CGM LNG

6.3 Revenue, EBITDA & PAT Growth — 3-Year CAGR Summary

Company	Rev FY23	Rev FY26	Rev FY29E	Rev CAGR FY26–29E	EBITDA CAGR	PAT CAGR
MAZDOCKS	78,272	1,30,063	2,03,000	16.0%	18.6%	17.7%
GRSE	25,611	70,022	1,26,039	21.6%	23.0%	23.0%
COCHIN	23,646	50,219	86,416	19.8%	24.7%	26.4%

Source: Company Filings, Analyst Estimates (INR Mn for revenue figures)

Analyst Certification:

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